SAMHSA's Center for Financing Reform & Innovations (CFRI)
Financing Focus: February 17, 2015

The Center for Financing Reform and Innovations (CFRI) provides information, analysis, products, and technical assistance to address changes in the organization and financing of behavioral health care, and to guide Federal officials, States, Territories, Tribes, communities, and private payers on the most effective and efficient use of available resources to meet the prevention, treatment, and recovery support needs of the American public.

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National News

- **President Obama's proposed budget would increase behavioral health funding**. On February 2, **President Obama** released his FY2016 federal budget proposal, which would allocate approximately $1.15 trillion for federal discretionary programs and lift Medicare's 190-day lifetime limit on inpatient services at psychiatric hospitals. The budget would provide $83.8 billion for **U.S. Department of Health and Human Services** (HHS) discretionary programs, an increase of $4.8 billion from FY2015. Among other increases, HHS requested an additional $99 million to decrease the rates of opioid and prescription drug abuse and $58 million to expand youth and young adult mental health treatment through **SAMHSA** and the **Centers for Disease Control and Prevention** (CDC). SAMHSA's overall budget request is $3.7 billion, or $44.6 million more than FY2015 enacted funding levels. HHS' fact sheet offers additional highlights from the budget proposal (White House Office of Management and Budget, 2/2; New York Times, 2/2).
- **Congress approves veterans suicide prevention bill**. On February 3, **Congress** unanimously approved the **Clay Hunt Suicide Prevention for American Veterans Act** (HR203), expanding the **U.S. Department of Veterans' Affairs**' (VA) suicide prevention efforts. Among other changes, the bill will require the VA to evaluate all of its suicide prevention programs annually, develop additional peer support programs for veterans, and create a "one-stop" website to detail all of the mental health resources available to veterans. The bill will also authorize the VA to create a student loan repayment pilot program as a recruitment incentive for mental health professionals. **President Obama** is expected to sign the bill (Washington Post, 2/3; Military Times, 2/3).
- **Supreme Court hears case on providers' standing to challenge state Medicaid rates**. On January 20, the **Supreme Court** heard arguments in *Armstrong v. Exceptional Child Center, Inc.*, which will consider whether health care providers have standing to sue states over the adequacy of **Medicaid reimbursement rates**. Because of the U.S. Constitution's **supremacy clause,** the plaintiffs argue that federal law requiring Medicaid programs to provide adequate coverage for enrollees supersedes state laws setting reimbursement rates. The plaintiffs further argue that, as providers, they are directly affected by those rates and should have standing to sue states if they believe that those rates violate the federal requirement. The defendant, the state of **Idaho**, argues that only the federal government can challenge reimbursement rates, which would occur during the approval process for Medicaid state plans, amendments, and waivers. According to Bloomberg Businessweek, 27 states and the **U.S. Department of Justice** (DOJ) filed amicus briefs supporting Idaho (Bloomberg Businessweek, 1/20; Bloomberg, 1/20).
- **CBO: ACA will cost the federal government $101 billion less than projected**. On January 26, the **Congressional Budget Office** (CBO) released its most recent Budget and Economic Outlook report, estimating federal revenues and expenditures through FY2025. Among other findings, the CBO estimates that the gross federal cost of the ACA's insurance coverage provisions will total $76 billion in FY2015 and $1.350 trillion from FY2016 through FY2025, a reduction of $101 billion from its April 2014 projection. Additionally, the CBO estimates that costs from FY2015 through FY2019 will be 20 percent lower than its baseline estimate, released in 2010. According to the newest report, the reduction is primarily due to lower estimates of

subsidy spending for **Health Insurance Marketplaces**, which the CBO attributes to lower-than-expected insurance premiums and a decrease in the estimated cost of the marketplace subsidies. Although the report does not estimate the savings produced by the ACA, a CBO report published in July 2012 projects that the law will produce net savings for the federal government (New York Times, 1/26).

- **SAMHSA offers up to $163.2 million for integrated care**. On January 22, **SAMHSA** announced plans to award up to $163.2 million in **Primary and Behavioral Health Care Integration** (PBHCI) grants. Under the program, grantees will co-locate primary and specialty medical services in community-based behavioral health settings, focusing on adults with SMI who have or are at risk for co-occurring primary care conditions and chronic diseases. Separately, SAMHSA also announced plans to award up to $18.8 million for **Screening, Brief Intervention, and Referral to Treatment** (SBIRT) **Health Professions Student Training** to develop and implement training programs to teach health care students to provide SBIRT (SAMHSA, 1/22; SAMHSA, 1/26a).
- **SAMHSA to award up to $175.7 million for youth and families' behavioral health care**. Through six separate programs announced over two months, **SAMHSA** plans to award up to $175.7 million to help serve youth and families. SAMHSA is offering up to $140 million in **Strategic Prevention Framework Partnerships for Success State and Tribal Initiative** grants to address underage drinking and prescription drug use among youth. SAMHSA will also award up to $21.3 million in **Drug-Free Communities Support Program** grants to strengthen community collaboration and $1.4 million in **Statewide Family Network Program** (SFNP) grants to enhance states' capacity to serve youth with serious emotional disturbance. Finally, SAMHSA announced $9.6 million in **Cooperative Agreements for State Adolescent and Transitional Aged Youth Treatment Enhancement and Dissemination Implementation** (SYT) grants and $3.4 million in **Cooperative Agreements for Project LAUNCH** (Linking Actions for Unmet Needs in Children's Health) **State/Tribal Expansion** grants. The SYT grants will support statewide networks that develop policies, expand workforce capacity, disseminate evidence-based practices (EBPs), and implement financial reforms, while the LAUNCH grants will improve early childhood systems, strengthen parenting competencies, and improve children's outcomes (SAMHSA, 1/23a; SAMHSA, 1/16a; SAMHSA, 2/3a; SAMHSA, 2/3b; SAMHSA, 1/28; SAMHSA, 1/26b).
- **SAMHSA offers up to $47.6 million for suicide prevention, drug courts, and individuals with SMI**. To build capacity for suicide prevention, **SAMHSA** announced plans to award up to $28.1 million for a **Suicide Prevention Resource Center** (SPRC) and $6.2 million for a **Cooperative Agreement for Networking, Certifying, and Training Suicide Prevention Hotlines and the Disaster Distress Helpline** (Lifeline/DDH). The SPRC will provide technical assistance, training, and resources to develop suicide prevention strategies that advance the 2012 **National Strategy for Suicide Prevention**, while the Lifeline/DDH grantee will manage and support SAMHSA's **National Suicide Prevention Lifeline** system of toll-free numbers, including 1-800-273-TALK (8255) and SAMHSA's **National Disaster Distress Helpline**. SAMHSA also announced plans to award up to $11.3 million in **Grants to Expand Substance Abuse Treatment Capacity in Adult and Family Drug Courts**, which will provide funding for existing drug courts to expand capacity and improve coordination between criminal justice and behavioral health agencies.

Finally, SAMHSA announced plans to award up to $2 million in **Statewide Consumer Network** grants to support consumer-run organizations that provide mental health services to individuals with SMI (SAMHSA, 1/23b; SAMHSA, 1/16b; SAMHSA, 1/26c; SAMHSA, 1/23c).

- **CVS announces $5 million in youth tobacco prevention grants**. One year after announcing that CVS stores would no longer sell tobacco products, **CVS Health** announced plans to award $5 million in **Making the Next Generation Tobacco-Free** grants. Available through the **Campaign for Tobacco-Free Kids**, the grants will support public health strategies that reduce youth tobacco use and exposure to second-hand smoke (CVS Health, 2/5).

State News

- **CMS approves Indiana premium assistance waiver and Ohio proposes premiums for Medicaid expansion**. Effective February 1, the **Centers for Medicare & Medicaid Services** (CMS) approved the **Indiana Family and Social Services Administration's** (IFSSA) Section 1115 Research and Demonstration waiver to provide private health insurance premium assistance using federal **Medicaid expansion funds**. Under the waiver, IFFSA will modify its current premium assistance program, **Healthy Indiana Plan** (HIP), to comply with ACA requirements and offer enrollment to all individuals eligible for the ACA's Medicaid expansion. Under the modified program, known as **HIP 2.0**, IFFSA will offer two enrollment options: **HIP Plus** and **HIP Basic**. HIP Plus will be available to all expansion-eligible individuals, while HIP Basic will be available only to individuals with incomes below 100 percent of the federal poverty level (FPL). HIP Plus enrollees will pay monthly premiums with no other cost-sharing requirements and will receive enhanced coverage, including vision and dental. HIP Basic enrollees will pay no premiums but will receive coverage only for essential health benefits and must pay copayments not to exceed five percent of their income. Meanwhile, **Ohio Governor John Kasich** (R) proposed adding premiums to the state's existing **Medicaid expansion**, which would require individuals with incomes from 100 to 138 percent of the FPL to pay $15 to $20 per month. The premiums require approval from the Ohio Legislature and CMS (CMS, 1/27; Indianapolis Star, 1/27; Cincinnati Enquirer, 2/2).
- **Arkansas legislature renews premium assistance waiver**. On February 5, the **Arkansas Legislature** reauthorized the state's existing premium assistance waiver program through the end of FY2016 (SB101). The state constitution requires annual approval of all components of the state budget, and **Arkansas Governor Asa Hutchinson** (R) is expected to sign the reauthorization. Governor Hutchinson previously announced that he supports temporarily maintaining the waiver program while creating a task force to develop **Section 1332 waiver** reforms. Authorized under the ACA, Section 1332 waivers may be submitted to CMS beginning in FY2017 and will allow states wide flexibility in reforming their health insurance and health care delivery systems. Governor Hutchinson said that any reforms would maintain coverage for all currently eligible individuals (Arkansas Times, 1/22; AP via ABC News, 2/5).
- **California proposes strategic plan governing $60 million to reduce behavioral health disparities**. On January 12, the **California Department of Public Health** (CDPH) working with the California Pan-Ethnic Health Network proposed a strategic plan for the **California Reducing Disparities Project** (CDRP), which aims to reduce behavioral health disparities in racial, ethnic, and lesbian, gay, bisexual, transgender, and questioning (LGBTQ) communities. Funded with $60

million from the **California Mental Health Services Act**, the CDRP will fund and evaluate culturally and linguistically appropriate strategies to improve behavioral health access, services, and outcomes. Slated to govern the implementation of CDRP, the strategic plan was created after four years of community collaboration and identifies the strategies that the CDRP will fund as well those that the CDRP will recommend for additional state funding and evaluation. The California Pan-Ethnic Health Network is currently holding public forums and CDPH is currently reviewing public comments on the plan, which must be in place prior to the project's implementation (California Healthline, 1/14; CDPH, 1/12).

- **California: Court requires Medicaid coverage during lengthy eligibility determinations**. On January 20, **Alameda County Superior Court Judge Evelio Grillo** ordered the **California Department of Health Care Services** (CDHCS) to provide temporary Medicaid coverage to all individuals whose Medicaid eligibility applications take longer than 45 days to process. According to the judge, the order was necessary because the state did not "comply with the timeliness standard for making eligibility determinations to the irreparable harm of petitioners and many others." CDHCS noted that its application backlog has fallen from a peak of 900,000 in May 2014 to 45,000 in January and that the state has already begun providing temporary Medicaid coverage to most applicants who wait more than 45 days for a determination (Los Angeles Times, 1/23; Kaiser Health News, 1/23).
- **Iowa proposes closing two inpatient mental health facilities**. On January 15, **Iowa Governor Terry Branstad** (R) proposed closing the **Mount Pleasant Mental Health Institute** and the **Clarinda Mental Health Institute**, two of the state's four inpatient mental health facilities. Although the proposal requires approval from the **Iowa Legislature**, the **Iowa Department of Human Services** (IDHS) has already directed the two facilities to stop accepting new patients and hiring new staff. Governor Branstad cited the cost and difficulty of recruiting mental health professionals as the impetus for the closures and said that shifting all inpatient clients to Iowa's other facilities or private programs would improve quality and outcomes. IDHS officials note that, although the Mount Pleasant and Clarinda institutes have a combined capacity of 113 beds, only 71 are currently in use. Advocates and some state legislators contend that the proposed closures are illegal under state law (Des Moines Register, 1/15a; Des Moines Register, 1/15b; Des Moines Register, 1/24).
- **Kansas proposes Medicaid managed care reforms and behavioral health drug formulary**. On January 16, **Kansas Governor Sam Brownback** (R) released his proposed FY2016 state budget, designed to close an estimated $650 million budget gap. To achieve $50 million in savings, the governor's budget would make numerous changes to **KanCare**, the state's Medicaid program. The proposed reforms include shifting responsibility for Medicaid eligibility determinations from the **Kansas Department for Children and Families** to the **Kansas Department of Health and Environment** and modifying prescription drug reimbursement procedures to adjust dispensing fees, billing codes, and the price formulary. According to the Kansas Budget Director, the modifications would establish a behavioral health drug formulary that would allow managed care organizations (MCOs) to implement regulations such as prior authorization requirements and preferred drug lists for behavioral health prescriptions. The budget also proposes increasing the "privilege fee" on MCO revenue to drawdown additional

federal matching funds, while increasing the MCO reimbursement rate to offset the effect on MCOs (Kansas Health Institute, 1/16).

- **Massachusetts governor eliminates $5 million for substance abuse services**. In response to a $768 million midyear budget deficit, on February 3, **Massachusetts Governor Charlie Baker** (R) unveiled $232 million in unilateral spending reductions and $282 million in reductions that require legislative approval. The unilateral reductions include $5 million originally intended to increase the number of substance abuse counselors in the state; however, state officials say that the funding had not yet been allocated and that the change will not affect current counselors (Boston Globe, 2/3).
- **New Jersey streamlines access to substance use treatment, plans offender reentry program**. In his "state of the state" address, **New Jersey Governor Chris Christie** (R) announced the creation of a new call line, **NJ Connect for Recovery**, to link individuals with substance use disorders to treatment services. Operated by the **Mental Health Association in New Jersey** and funded by **Actavis**, the line will connect any individual with the treatment program that is most appropriate for them. Governor Christie also announced plans to implement Hudson County Correctional Facility's **offender re-entry program** at correctional facilities in Newark, Paterson, Toms River, Trenton, and Atlantic City. Created in 2009, the program provides substance use treatment to participants during incarceration and connects them with employment, housing, and additional treatment opportunities upon their release (New Jersey Advance Media, 1/13a; New Jersey Advance Media, 1/13b; New Jersey Advance Media, 1/6).
- **New York requires private insurers to cover telehealth and telemedicine**. On January 9, **New York Governor Andrew Cuomo** (D) signed a bill (S7852) requiring private insurers to provide **telehealth** or **telemedicine** coverage for all covered in-person services, including behavioral health services. Retroactive to January 1, the bill also prohibits insurers from implementing any coverage conditions for "tele" services that differ from those for in-person services. The bill defines telehealth as the delivery of health care services through "information and communication technologies" and telemedicine as the delivery of health care services through "real-time two-way electronic audiovisual communications" (Health Care Law Today, 1/9; Fierce Health IT, 1/12).
- **South Carolina announces preliminary agreement to improve inmate mental health services**. On January 15, the **South Carolina Department of Corrections** (SCDC) announced a preliminary agreement to settle an ongoing lawsuit, which alleges that the state failed to provide adequate mental health services for inmates. Under the agreement, SCDC will allocate $8 million over three years to hire eight psychiatrists, 20 mental health counselors, and 30 mental health technicians. SCDC will also continue pursuing the reforms that the department initiated unilaterally in 2005, including training correctional officers to work with inmates with mental illnesses. The agreement requires approval from the **South Carolina Fifth Judicial Circuit,** and the **South Carolina General Assembly** must authorize the funding allocations (Charleston Post Courier, 1/15; WLTX 19, 1/15).

- **Virginia launches Medicaid program for individuals with SMI**. On January 13, **Virginia Governor Terry McAuliffe** (D) announced the start of the **Governor's Access Plan** (GAP), a **Medicaid Section 1115 Research and Demonstration waiver** that provides Medicaid coverage to individuals with SMI who have incomes up to 100 percent of the FPL. Approved by **CMS**, the waiver authorizes a five-year demonstration that is expected to provide coverage to up to 20,000 individuals; however, state funding for GAP will expire at the end of FY2015 without approval from **Virginia Legislature**. According to state officials, GAP will cost the state $13 million for the remainder of FY2015 and would cost $77 million for FY2016, while also drawing down federal matching funds (Office of Virginia Governor Terry McAuliffe, 1/13; Richmond Times-Dispatch, 1/13; Washington Post, 9/2014).

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- "**Federal and state standards for "essential community providers" under the ACA and implications for women's health**" Kaiser Family Foundation (KFF). Peña, C. et al. January 23, 2015.
- "**HHS leadership needed to coordinate federal efforts related to serious mental illness**" U.S. Government Accountability Office (GAO). December 2014.
- "**Medicaid as an investment in children: What is the long-term impact on tax receipts?**" National Bureau of Economic Research. Brown, D. et al. January 2015 (New York Times, 1/12).
- **Medicaid: Average annual per-enrollee spending varied from $4,100 in NV to $11,091 in MA**. "Medicaid per enrollee spending: Variation across states" Kaiser Family Foundation (KFF). Young, K. et al. January 28, 2015.
- "**Medicaid expansion in opt-out states would produce consumer savings and less financial burden than exchange coverage**" *Health Affairs* published online before print. Hill, S. January 2015.
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- **Missouri: Medicaid expansion could save state up to $100 million annually**. "Medicaid makes (dollars &) sense: Savings improve Missouri's fiscal picture" Missouri Budget Project. January 2015 (KCUR, 1/12).
- "**Modern era Medicaid: Findings from a 50-state survey of eligibility, enrollment, renewal, and cost-sharing policies in Medicaid and CHIP as of January 2015**" KFF. Brooks, T. et al. January 20, 2015.
- **National single-payer health care system could save up to $375 billion in annual administrative costs**. "Billing and insurance-related administrative costs in United States' health care: Synthesis of micro-costing evidence" *BMC Health Services Research* open access. Jiwani, A. et al. 2014 (Fierce Health Payer, 1/14).

- "**Prenatal drug use and newborn health: Federal efforts need better planning and coordination**" GAO. February 10, 2015.
- **Tennessee: Expanding Medicaid could create up to 15,000 new jobs**. "Who benefits under insure Tennessee?" Center for Business & Economic Research. Fox, W. et al. January 2015.
- "**The implications of a Supreme Court finding for the plaintiff in King vs. Burwell: 8.2 million more uninsured and 35% higher premiums**" & "**Characteristics of those affected by a Supreme Court finding for the plaintiff in King v. Burwell**" RWJF. Blumberg, L. et al. January 2015.
- **The percentage of private-sector employers offering health coverage fell from 55.7 percent in 2005 to 50.0 percent in 2013**. "State-level trends in employer-sponsored health insurance: A state-by-state analysis" RWJF. Planalp, C. et al. January 29, 2015.
- **The percentage of young adults receiving mental health services increased from 10.9 percent in 2010 to 11.9 percent in 2012**. "Trends in insurance coverage and treatment utilization by young adults" SAMHSA. January 29, 2015 (SAMHSA, 1/29).
- "**The stage is set: Predicting state and federal reactions to King v. Burwell**" Leavitt Partners. Bordelon, A. et al. January 2015 (Fierce Health Payer, 1/13).