

SAMHSA’s Center for Financing Reform & Innovations (CFRI)

Financing Focus: May 16, 2013

Implementing the Affordable Care Act (ACA)	1
• HHS streamlines consumer Health Insurance Marketplace application	2
• ACA could provide Marketplace tax credits for 25.7 million individuals, Families USA finds	2
• CO, KY, MD, and ND expand Medicaid; AR approves premium assistance plan	2
• HHS to allocate \$859.6 million for Marketplace development	2
• California & Connecticut Marketplaces to offer SHOP in 2013	3
• HHS shifts states’ Pre-Existing Condition Insurance Plans to fixed appropriations	3
• Community health centers to receive \$150 million in HHS support for insurance enrollment assistance	3
National News	3
• President Obama’s proposed FY2014 budget would provide \$235 million in new behavioral health funds	3
• Medicaid per capita expenditure increases lower than Medicare and private insurance	4
• SAMHSA to award up to \$61.5 million for youth & homeless substance abuse treatment	4
• SAMHSA offering up to \$14.2 million for SBIRT training and Early Diversion Grants	4
State News	4
• Alabama Legislature approves Medicaid managed care	4
• Arkansas sets health insurance navigator requirements	4
• California: Non-profit allocates \$26.5 million for Medicaid outreach	5
• California aligns state insurance law with ACA	5
• Colorado allocates \$19.7 million for behavioral health hotline and crisis centers	5
• Colorado Marketplace launches \$2 million outreach campaign	5
• Connecticut developing new behavioral health claims tool kit	5
• Illinois Marketplace offers \$28 million in navigator grants	6
• Maryland aligns laws to implement ACA, awards \$24 million for navigators	6
• Oregon: Randomized Medicaid experiment shows increased service utilization, limited outcome impact	6
• Utah: HHS approves two Marketplace systems	6
• Vermont: Court places MHPAEA’s burden of proof on insurers	6
• West Virginia expands drug courts & other criminal justice substance abuse programs	6
Financing Reports	7

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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Implementing the Affordable Care Act (ACA)

- **HHS streamlines consumer Health Insurance Marketplace application.** To simplify the consumer application process for federally-facilitated and state partnership **Health Insurance Marketplace** coverage, the U.S. Department of Health and Human Services (HHS) shortened the proposed 21-page application for single individuals to a new [three-page form](#) and developed a [ten-page form](#) for families. According to the Washington Post, HHS will release longer forms for individuals and families who must submit additional information. In addition, HHS officials say that individuals and families who apply for coverage online will complete a more “dynamic” form that adjusts to previous responses ([Washington Post, 4/30a](#); [Bloomberg, 5/1](#); [Toledo Blade, 4/30](#)).
- **ACA could provide Marketplace tax credits for 25.7 million individuals, Families USA finds.** On April 18, **Families USA** released a [report](#) detailing the potential impact of **Health Insurance Marketplaces’ premium tax credits** on private insurance coverage at the national and state levels. Under the ACA, most uninsured individuals with incomes between 100 and 400 percent of the federal poverty level (FPL) will be eligible for fully refundable monthly tax credits to help subsidize health insurance purchased through a Marketplace. Families USA estimates that 25.7 million individuals will be eligible for tax credits in 2014, with 57 percent under age 34 ([Kaiser Health News, 4/18](#)).
- **CO, KY, MD, and ND expand Medicaid; AR approves premium assistance plan.** As authorized under the ACA, the governors of [Maryland](#) and [North Dakota](#) signed bills **expanding Medicaid** to all individuals with incomes up to 138 percent of the federal poverty level (FPL). Meanwhile, **Colorado Governor John Hickenlooper** (D) is expected sign a similar bill ([SB 13-200](#)) and **Kentucky Governor Steve Beshear** (D) plans to expand the state’s Medicaid program to ACA levels unilaterally. In place of traditional expansion, **Arkansas Governor Mike Beebe** (D) signed a bill ([SB 1020](#)) to provide health coverage to the state’s expansion population through **private health plan premium assistance**. Though the HHS has not approved Arkansas’ plan, according to a previous announcement, HHS may approve a “limited number” **Section 1115 Research and Demonstration** waivers permitting premium assistance for the expansion population. Finally, on April 25, HHS released a [Frequently Asked Questions](#) (FAQ) document explaining how states claim enhanced federal funding under the expansion ([AP via Minnesota Public Radio, 4/16](#); [Baltimore Sun, 3/27](#); [Baltimore Post-Examiner, 4/11](#); [Kaiser Health News, 4/29](#); [Office of Governor Beshear, 5/9](#); [Lexington Herald-Leader, 5/9](#); [Bloomberg Businessweek, 4/16](#); [AP via Yahoo! News, 4/18](#)).
- **HHS to allocate \$859.6 million for Marketplace development.** Through three separate allocations, HHS is continuing its efforts to develop **Health Insurance Marketplaces** before open enrollment begins on October 1. To support state efforts, HHS awarded Arkansas, Illinois, New Hampshire, and Rhode Island a total of \$147.5 million in **Level One Establishment** grants and allocated Hawaii a \$128.1 million **Level Two Establishment** grant. HHS also awarded **Vangent, Inc.** a \$530 million contract to create and operate a 24-hour call center for consumer inquires related to all federally-facilitated and state partnership Marketplaces. Finally, HHS announced plans to award up to \$54 million in [Cooperative Agreements to Support Navigators in](#)

[Federally-Facilitated and State Partnership Exchanges](#) to fund individuals and organizations interested in becoming Marketplace **navigators** for federally-facilitated or state partnership Marketplaces. Navigators will provide education and assistance in all public aspects of the Marketplaces. HHS also released [navigator guidance](#) to provide additional information for potential awardees ([CMS](#); [Kaiser Health News, 5/3](#); [Kaiser Health News, 4/26](#); [CMS, 4/9](#); [Kaiser Health News, 4/9](#); [Washington Post, 4/30b](#)).

- **California & Connecticut Marketplaces to offer SHOP in 2013.** Despite HHS [regulations](#) permitting state-based **Health Insurance Marketplaces** to delay the **employee choice component** of the **Small Business Health Options Program (SHOP)** until 2015, California and Connecticut's Marketplaces will offer SHOP when Marketplace enrollment begins on October 1. Through SHOP, participating small businesses may purchase a single health plan for employees or allow employees to choose from any qualified Marketplace plan offered at a pre-determined benefit level ([LifeHealthPro, 4/5](#); [New York Times, 4/2](#); [ModernHealthcare, 4/18](#); [Marketwired via Wall Street Journal, 4/17](#)).
- **HHS shifts states' Pre-Existing Condition Insurance Plans to fixed appropriations.** To ensure that **Pre-Existing Condition Insurance Plan (PCIP)** funding lasts through December 2013, HHS will shift state-based PCIPs to fixed appropriations and stop providing additional funding to states with cost-overruns. In addition, HHS will assume administration of PCIPs in states that do not approve the change. Created under the ACA, PCIP is a temporary program providing health insurance coverage to individuals with pre-existing conditions in all 50 states and the District of Columbia. HHS runs PCIPs in 23 states and the District of Columbia, while 27 states run their own PCIPs using federal funds. All PCIPs expire when **Health Insurance Marketplaces** open on January 1, 2014 ([CMS, 5/3](#); [AP via LifeHealthPro, 5/3](#)).
- **Community health centers to receive \$150 million in HHS support for insurance enrollment assistance.** On May 9, **HHS Secretary Kathleen Sebelius** announced plans to award \$150 million in **FY2013 Health Center Outreach and Enrollment Assistance** funding to support in-person health insurance enrollment assistance through 1,200 community health centers. Under the ACA, community health centers help uninsured consumers understand and enroll in Health Insurance Marketplaces, qualified health plans, Medicaid, and the Children's Health Insurance Program (CHIP) ([HHS, 5/9](#); [Washington Post, 5/9](#)).

National News

- **President Obama's proposed FY2014 budget would provide \$235 million in new behavioral health funds.** On April 10, **President Obama** released a \$3.8 trillion [budget proposal](#) to fund the federal government for FY2014. In accordance with his gun violence reduction [plan](#), the budget would provide \$235 million in new behavioral health funding to improve access to care and train new providers. Additionally, the budget would allocate nearly \$7 billion for the **U.S. Department of Veterans Affairs'** (VA) behavioral health services, increasing funding 15.4 percent from FY2012. The President's budget would also request \$1.5 billion in additional funding to administer and operate the 33 federally-facilitated and state partnership **Health Insurance Marketplaces** and delay the ACA's reduction in **Disproportionate Share Hospital (DSH)** payments to January 1, 2015. Under current law, DSH payment reductions

begin in 2014 ([Washington Post, 4/9](#); [HHS, 4/9](#); [Kaiser Health News, 4/11](#); [LifeHealthPro, 4/18](#); [Washington Post, 4/10](#)).

- **Medicaid per capita expenditure increases lower than Medicare and private insurance.** Analyzing **Centers for Medicare & Medicaid Services (CMS)** data, **Kaiser Family Foundation (KFF)** [found](#) that state and federal Medicaid expenditures grew from \$292.7 billion in FY2007 to \$381.5 billion in FY2011; however, Medicaid enrollment grew from 42.3 million to 52.6 million over the same period. According to KFF, Medicaid's per enrollee expenditures grew by an average of 2.3 percent annually, lower than the corresponding rates for Medicare or private insurance, at 3.3 percent and 5.3 percent, respectively ([KFF, 4/17](#)).
- **SAMHSA to award up to \$61.5 million for youth & homeless substance abuse treatment.** To improve substance abuse treatment and recovery support services, **SAMHSA** announced plans to award up to \$38 million through the **State Adolescent and Transitional Aged Youth Treatment Enhancement and Dissemination (SYT)** program and up to \$23.5 million in **Cooperative Agreements to Benefit Homeless Individuals for States (CABHI-States)** grants. CABHI-States funding will also fund permanent supportive housing for homeless individuals. SAMHSA expects to award up to 10, four-year SYT grants and up to 11, three-year CABHI-States grants ([SAMHSA 4/11](#); [SAMHSA, 4/12](#)).
- **SAMHSA offering up to \$14.2 million for SBIRT training and Early Diversion Grants.** In April, **SAMHSA** began accepting applications for up to \$11.3 million in **Screening, Brief Intervention, and Referral to Treatment Medical Professional Training Program (SBIRT Training)** grants and up to \$2.9 million in **Law Enforcement and Behavioral Health Partnerships for Early Diversion (Early Diversion)** grants. The SBIRT Training program will develop and implement training programs to teach health professionals to provide SBIRT, while the Early Diversion program will develop community-based diversion services to keep individuals with behavioral health issues out of the criminal justice system. SAMHSA expects to award to 12, three-year SBIRT Training grants and up to three, three-year Early Diversion grants ([SAMHSA, 4/22](#); [SAMHSA, 4/29](#)).

State News

- **Alabama Legislature approves Medicaid managed care.** The Alabama Legislature approved a bill ([SB 340](#)) transitioning the state's entire Medicaid population from fee-for-service (FFS) to managed care. The bill authorizes the **Alabama Medicaid Agency** to organize the state by geographic regions and contract with private, for-profit **Regional Care Organizations (RCOs)** to provide care for Medicaid enrollees. The bill also directs state officials to seek any required HHS approval and complete RCO contracts by October 1, 2016. **Alabama Governor Robert Bentley (R)** is expected to sign the bill, which does not expand Medicaid eligibility ([Montgomery Advertiser, 5/8](#)).
- **Arkansas sets health insurance navigator requirements.** On April 23, **Arkansas Governor Mike Beebe (D)** signed a bill ([SB 1189](#)) setting licensing requirements for "navigators" within the state's partnership **Health Insurance Marketplace**. The bill creates four categories of consumer assistance employees: certified licensed producers, navigators, certified application counselors, and guides. While the requirements and duties of each category vary, all must undergo a

background check and meet applicable state insurance laws. Additionally, only certified licensed producers may receive compensation from health insurers ([LifeHealthPro, 4/22](#)).

- **California: Non-profit allocates \$26.5 million for Medicaid outreach.** To promote Medicaid enrollment among the ACA's expansion population, the **California Endowment** allocated \$26.5 million for outreach efforts as part of a \$225 million, four-year commitment to help implement the ACA in California. The **California Assembly Budget Subcommittee on Human Services** accepted the funding and directed the **California Department of Health Care Services** (DHCS) to apply for federal matching funds. According to California Healthline, the non-profit funding is crucial because California will not allocate state funds for expansion outreach ([California Healthline, 5/7](#)).
- **California aligns state insurance law with ACA.** On May 9, **California Governor Jerry Brown** (D) signed two bills ([SBX1-2](#) and [ABX1-2](#)) aligning state health insurance regulations with ACA provisions. Under the bills, health insurers may not deny coverage due to pre-existing conditions or set premiums based on individuals' health status or tobacco use. Additionally, the bills authorize California's Health Insurance Marketplace, **Covered California**, to establish 19 geographic regions on which to base residents' premiums. Though states have the authority to impose more restrictive rules, under the ACA, insurers may only consider an individual's age, family size, geographic location, and tobacco use when determining premiums ([Office of Governor Brown, 5/9](#); [Sacramento Bee, 4/29](#)).
- **Colorado allocates \$19.7 million for behavioral health hotline and crisis centers.** On May 6, the Colorado Legislature approved a bill ([SB 266](#)) allocating \$19.7 million to expand the state's behavioral health system. Under the bill, the **Colorado Department of Human Services** will create a 24-hour behavioral health crisis hotline and establish an unspecified number of walk-in stabilization crisis centers. **Colorado Governor John Hickenlooper's** (D) originally proposed \$10.2 million for the effort and is expected to sign the bill ([Denver Post, 4/30](#); [AP via San Francisco Chronicle, 5/6](#)).
- **Colorado Marketplace launches \$2 million outreach campaign.** Becoming the first state-based Marketplace to launch an outreach and public awareness effort, on May 8, Colorado's **Health Insurance Marketplace** announced a \$2 million, two-month media campaign, featuring television, print, radio, and billboard advertisements. According to a Marketplace spokesperson, only 10 percent of residents are familiar with the Colorado's Marketplace. State officials also announced plans for additional outreach efforts later this year ([Kaiser Health News, 5/8](#)).
- **Connecticut developing new behavioral health claims tool kit.** To improve access to care, the **Connecticut Insurance Department** (CDI) and the **University of Connecticut Health Center** are jointly developing a new health insurance "claims tool kit" for behavioral health consumers and practitioners. According to **Connecticut Governor Dannel Malloy** (D), the new tool kit will contain a "plain language" claims template to reduce the number of claims containing incomplete or incorrect information, coding errors, or other documentation issues that often result in denials. The toolkit will help providers and consumers file claims with

insurers, especially for treatment from out-of-network providers who receive payment directly from the consumer ([Office of Governor Mallory, 4/9](#); [NBC Connecticut, 4/9](#)).

- **Illinois Marketplace offers \$28 million in navigator grants.** On May 6, Illinois' state partnership **Health Insurance Marketplace**, known as **Application for Benefits Eligibility (ABE)**, announced plans to award \$28 million to support individuals and organizations interested in becoming health insurance navigators. Applications for the **Illinois In-Person Counselor (IPC) Grant Program** are due on May 30 ([AP via 10TV, 5/6](#)).
- **Maryland aligns laws to implement ACA, awards \$24 million for navigators.** In addition to expanding Maryland's Medicaid eligibility, [the Maryland Health Progress Act of 2013](#) establishes small business health insurance regulations and outlines mandatory benefit levels for plans sold through the state's **Health Insurance Marketplace**, the **Maryland Health Benefit Exchange (MHBE)**. Signed into law on May 2, the bill also dedicates an existing two percent health premium tax to support Marketplace operations and authorizes the plan to transition Maryland's state-based PCIP enrollees to Marketplace plans. In a separate ACA-related move, the MHBE also awarded six organizations \$24 million to serve as Marketplace navigators ([Baltimore Sun, 3/27](#); [Baltimore Post-Examiner, 4/11](#); [MHBE, 4/25](#)).
- **Oregon: Randomized Medicaid experiment shows increased service utilization, limited outcome impact.** On May 1, the ongoing **Oregon Health Study**, also known as the **Oregon Health Insurance Experiment**, released a two-year longitudinal [report](#) on the impact of Medicaid coverage. The report found that enrollees' rate of depression was 30 percent lower than comparable uninsured individuals and that enrollees had few instances of medical-bill-induced bankruptcy. In addition, enrollees were more likely than uninsured individuals to utilize health care services and receive diagnoses for underlying conditions. However, the report found no differences with a variety of other outcomes. In 2008, facing nearly 90,000 eligible residents but funding for only 10,000 enrollees, the **Oregon Health Authority (OHA)** offered Medicaid coverage through a lottery system, yielding the first-ever randomized, controlled trial of health insurance coverage ([Washington Post, 5/1](#); [New York Times, 5/1](#)).
- **Utah: HHS approves two Marketplace systems.** On May 10, HHS approved Utah's proposal to use two distinct **Health Insurance Marketplaces**. Under the plan, Utah's pre-existing Marketplace, **Avenue H**, will function as the state's SHOP, continuing to offer health plans for small businesses. Meanwhile, HHS will create a separate, federally-facilitated Marketplace to offer individual plans. According to HHS, other states may consider similar proposals after a final rule is published ([AP via Washington Post, 5/10](#)).
- **Vermont: Court places MHPAEA's burden of proof on insurers.** On April 30, the **United States District Court for the District of Vermont** [held](#) that, under the [Mental Health Parity and Addiction Equity Act of 2008](#) (MHPAEA), insurers must provide a clinical reason not to cover a behavioral health service at parity with physical health. The defendant unsuccessfully argued that MHPAEA's [interim final rule](#) places the burden on the insured individual to prove that a particular service requires coverage at parity ([Psychiatric Times, 5/6](#)).
- **West Virginia expands drug courts & other criminal justice substance abuse programs.** On May 2, **West Virginia Governor Earl Ray Tomblin (D)** signed a bill ([SB 371](#))

implementing several criminal justice reforms to reduce overcrowding in state prisons. Among other provisions, the bill requires all West Virginia counties to establish drug court programs by July 1, 2016 and mandates a substance abuse risk and needs assessment for all probationers and individuals applying for parole. Additionally, the bill requires substance abuse treatment services at all **West Virginia Division of Corrections' parolee Day Reporting Centers** ([Correctional News, 4/17](#); [WBOY 12, 3/28](#)).

Financing Reports

- **ACA may have slowed healthcare cost growth, Harvard report finds.** [“If slow rate of health care spending growth persists, projections may be off by \\$770 billion”](#) *Health Affairs* 32(5): 841-850. Cutler, D. & Sahni, N. May 2013 ([New York Times, 5/6b](#)).
- **ACA needs effective consumer assistance programs.** [“Consumer assistance in health reform”](#) KFF. April 18, 2013.
- **ACA reduces Medicare payments to hospitals with excessive readmission rates.** [“Acute care readmission reduction initiatives: Major program highlights”](#) Center for Healthcare Research & Transformation (CHRT). Russell, L. & Eller, P. May 6, 2013.
- **“Comprehensive assessment of ACA factors that will affect individual market premiums in 2014”** Milliman, Inc. on behalf of America’s Health Insurance Plans (AHIP). April 25, 2013.
- **Employer-sponsored health insurance among non-elderly dropped from 69.7 to 59.5 percent from 2000 to 2010.** [“State-level trends in employer-sponsored health insurance”](#) Robert Wood Johnson Foundation (RWJF). Sonier, J. et al. April 11, 2013 ([ModernHealthcare, 4/11](#)).
- **“Essential Health Benefits: States have determined the minimum set of benefits to be included in individual and small-group insurance plans. What's next?”** RWJF. Cassidy, A. May 2, 2013.
- **Federal behavioral health spending grew an average of 11.1 percent annually from 2007 to 2009.** [“Federal spending on behavioral health accelerated during recession as individuals lost employer insurance”](#) *Health Affairs* 32(5): 952-962. Levit, K. et al. May 2013.
- **Federally-sponsored Multi-State Plans should spur competition in Health Insurance Marketplaces.** [“The Multi-State Plan program”](#) *Health Affairs* Health Policy Briefs. Goodell, S. April 3, 2012.
- **“Financial burden of medical spending by state and the implications of the 2014 Medicaid expansions”** Urban Institute. Caswell, K. et al. April 2013 ([FierceHealthFinance, 4/9](#)).
- **“Florida Medicaid: Millions in overpayments not refunded”** HHS OIG. March 28, 2013.
- **Improving Medicaid drug benefit management could save \$74.4 billion over 10 years.** [“Medicaid pharmacy savings opportunities: National and state-specific estimates”](#) Menges Group, Inc. on behalf of Pharmaceutical Care Management Association. May 2013.
- **Integrated care and risk-based payment could save the federal government \$300 billion over 10 years.** [“Bending the curve: Person-centered health care reform; A framework for improving care and slowing health care cost growth”](#) Brookings Institution. Antos, J. et al. April 2013 ([ModernHealthcare, 4/29](#)).

- [“Medicaid long-term services and supports: Key considerations for successful transitions from fee-for-service to capitated managed care programs”](#) Georgetown University on behalf of KFF. Summer, L. April 9, 2013.
- [“Medicare Provider Charge Data”](#) CMS. May 8, 2013 ([Los Angeles Times, 5/8](#)).
- [“Navigator and in-person assistance programs: A snapshot of state programs”](#) KFF. April 18, 2013.
- **Nearly half non-elderly adults were uninsured, underinsured, or unprotected from out-of-pocket costs in 2012.** [“Insuring the future: Current trends in health coverage and the effects of implementing the Affordable Care Act”](#) Commonwealth Fund. Collins, S. et al. April 26, 2013.
- **New York: ACA to lower average health premiums 4.1 to 29.1 percent.** [“Impact of the Affordable Care Act on the New York small group and non-group markets”](#) Deloitte, Inc. on behalf of New York Health Benefit Exchange. March, 2013 ([Washington Post, 5/6](#)).
- **Oregon: Health insurance rate review saved consumers \$80 million since 2010.** [“Advancing accountability: Cutting health care waste”](#) Oregon State Public Interest Research Group (OSPIRG). O’Brien, J. et al. April 2013 ([The Oregonian, 4/18](#)).
- **Over half of individual market plans do not meet EHB requirements.** [“More than half of individual health plans offer coverage that falls short of what can be sold through exchanges as of 2014”](#) *Health Affairs* 32(4): 1339-1348. Gabel, J. et al. May 2013 ([FierceHealthPayer, 4/5](#)).
- **State and local governments’ health care costs as percentage of GDP to nearly double by 2060, GAO finds.** [“State and local governments’ fiscal outlook”](#) U.S. Government Accountability Office (GAO). April 29, 2013.
- **Tennessee recovered \$181 million from Medicaid fraud.** [“Tennessee state Medicaid fraud control unit: 2012 onsite review”](#) HHS OIG. April, 2013 ([FierceHealthFinance, 4/29](#)).
- **Recession possibly responsible for slower healthcare cost growth, KFF finds.** [“Assessing the effects of the economy on the recent slowdown in health spending”](#) KFF. April 22, 2013.
- **RWJF proposes per capita Medicaid spending caps to slow spending growth.** [“Per capita caps in Medicaid”](#) RWJF. Cassidy, A. April 18, 2013.
- [“The Affordable Care Act: Shaping substance abuse treatment”](#) Carnevale Associates, LLC. April 2013.
- **VA OIG: Improve continuity of care for veterans discharged from inpatient mental health facilities.** [“Combined assessment program summary report: Evaluation of mental health treatment continuity at Veterans Health Administration facilities”](#) VA OIG. McGoff-Yost, K. et al. April 29, 2013 ([Marine Corps Times, 5/1](#)).
- **Vermont on pace to implement single payer health reform in 2017.** [“Lessons from Vermont's health care reform”](#) *New England Journal of Medicine* 368(14): 1276-1277. Grubb, L. April 4, 2013 ([WBUR, 4/8](#)).