

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

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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

- **HHS proposes automatic re-enrollment for Marketplace plans.** On June 26, the **U.S. Department of Health and Human Services (HHS)** issued a proposed [rule](#), outlining additional eligibility determination and enrollment standards for individuals enrolling in federally-facilitated **Health Insurance Marketplace** plans during the 2015 open enrollment period. Among other changes, the rule would allow individuals who previously purchased Marketplace coverage to automatically re-enroll in their plans for the upcoming year if they wish do so. Individuals whose plans are no longer offered would be automatically enrolled in the most comparable plan available. To qualify for automatic re-enrollment, enrollees must report any relevant changes in income or insurance coverage and authorize **Healthcare.gov** to verify their income tax records. Individuals whose income has changed, or wish to enroll in another plan, will need to do so through the Marketplace. State-operated Marketplaces may use an approach similar to HHS or develop an alternative approach ([HHS, 6/26](#); [Washington Post, 6/26](#); [New York Times, 6/26](#)).
- **Employee insurance waiting period capped at 90 days, small business tax credit finalized.** On June 25, **HHS**, the **U.S. Department of Labor (DOL)**, and the **Internal Revenue Service (IRS)** finalized a [rule](#), limiting waiting periods for employer-based health insurance to 90 days. Authorized under the ACA, the rule takes effect January 1, 2015 and applies to all employers that offer health insurance. In a separate move, the IRS finalized a [rule](#) to set the eligibility requirements for tax credits to small businesses (25 or fewer employees) that offer health coverage to employees. According to the IRS, the rule does not significantly alter the credit's previous requirements, which had been in place since 2010. The IRS released a [Frequently Asked Questions document](#) with additional information about the tax credit ([Health Affairs Blog, 6/21](#); [Modern Healthcare, 6/27](#)).
- **CMS offers up to \$60 million to Marketplace navigators, launches public information campaign.** To support **Health Insurance Marketplace** navigator efforts, the **Centers for Medicare & Medicaid Services (CMS)** will award up to \$60 million in **Cooperative Agreements to Support Navigators in Federally-facilitated and State Partnership Marketplaces**. Under the awards, navigators must provide face-to-face consumer assistance and submit weekly reports on their community interactions to CMS. Meanwhile, to answer consumers' questions about their existing health plans, CMS launched the **From Coverage to Care (C2C)** public information campaign, which offers multilingual booklets and video clips explaining the practical applications of the ACA's health insurance provisions ([The Hill, 6/10](#); [CMS, 6/16](#); [The Hill, 6/16](#); [CMS, 6/10](#)).
- **SAMHSA offers up to \$8.3 million for suicide prevention and \$800,000 for peer recovery.** To support states' suicide prevention efforts, **SAMHSA** announced plans to award up to \$5.6 million in **2014 Cooperative Agreements to Implement the National Strategy for Suicide Prevention**, up to \$1.5 million in supplemental funding through a **Cooperative Agreement for Networking, Certifying and Training Suicide Prevention Hotlines**, and \$1.2 million for supplemental **Suicide Prevention Resource Center (SPRC)** technical assistance. Under the National Strategy cooperative agreements, up to four awardees will receive funding to prevent suicide and suicide attempts among adults ages 25-64, while the Hotline funding will expand the

National Suicide Prevention Lifeline to be operational 24 hours a day. The Lifeline provides toll-free access to suicide prevention crisis intervention services, including through the **1-800-273-TALK (8255)** hotline. Finally, in a separate move, SAMHSA announced plans to award up to \$800,000 in **Statewide Peer Networks for Recovery and Resiliency** grants to unify existing behavioral health peer networks ([SAMHSA, 6/12](#); [SAMHSA, 6/18](#); [SAMHSA, 7/3](#); [SAMHSA, 6/6](#)).

State News

- **CT, MA, NH, RI, & VT announce regional substance abuse treatment strategy.** To better address rising rates of heroin and prescription drug abuse, the governors of Connecticut, Massachusetts, New Hampshire, Rhode Island, and Vermont unveiled plans to undertake cooperative treatment and prescription drug monitoring efforts for the region. According to **Massachusetts Governor Deval Patrick** (D), the states will pursue **treatment agreements** that will enable Medicaid enrollees to receive substance abuse treatment across state lines, and the regional approach will implement cross-border data sharing for **Prescription Monitoring Programs** (PMPs). As part of the strategy, the states will also develop coordinated regional and state-based substance abuse prevention campaigns. Governor Patrick said that the governors expect Maine to participate in the strategy and plan to invite New York and Canada to participate in future efforts ([New York Times, 6/17](#); [Office of Massachusetts Governor Patrick, 6/17](#)).
- **Indiana submits premium assistance waiver, Virginia legislature restricts Medicaid expansion.** On July 2, the **Indiana Family and Social Services Administration** (IFSSA) submitted a [Section 1115 Research and Demonstration waiver](#) that would provide private health insurance premium assistance using Federal Medicaid expansion funds. Under the waiver, IFSSA would reform its current premium assistance program (**Healthy Indiana Plan**) to comply with ACA requirements and offer enrollment to all individuals eligible for the ACA's Medicaid expansion. Meanwhile, on June 20, **Virginia Governor Terry McAuliffe** (D) signed a series of bills implementing a \$96 billion biennial budget for FY2015-16. Among other provisions, the bills included an amendment preventing the governor from **expanding Medicaid** without approval from the **Virginia General Assembly**. Virginia's Governor and legislature continue to discuss whether Virginia will or should expand Medicaid ([Courier-Journal, 7/2](#); [Office of Indiana Governor Mike Pence, 5/15](#); [Office of Virginia Governor McAuliffe, 6/23](#); [Washington Post, 6/23](#); [Washington Post, 6/20](#)).
- **CO approves insurance assessment, OR issues transition contract & LA implements navigator regulations.** To meet ACA **Health Insurance Marketplace** self-financing requirements, **Colorado** instituted a \$1.25 monthly assessment on all small group, individual, and stop-loss health plans sold in the state. According to state officials, the assessment is expected to generate \$13 million annually and, when combined with a previously enacted 1.4 percent premium tax on Marketplace plans, will help finance the Marketplace's \$66 million FY2015 budget. Meanwhile, **Oregon** issued **Deloitte** an \$18.4 million systems integrator contract to facilitate its transition to **Healthcare.gov** and oversee scheduled improvements to the state's Medicaid expansion eligibility systems. Finally, on June 12, **Louisiana Governor Bobby Jindal** (R) signed a bill ([HB 764](#)) requiring Marketplace navigators to register with and obtain licenses from

the **Louisiana Department of Insurance**. Under the bill, navigators must complete 30 hours of initial training, perform 15 hours of annual follow-up training, and submit to criminal background checks ([Denver Post, 6/9](#); [The Oregonian, 7/1](#); [Insurance Journal, 6/16](#)).

- **California: Court of Appeal issues significant reading of state parity law.** On June 11, the **California Court of Appeal** [ruled](#) in case involving two plaintiffs with eating disorders that health insurers must cover all medically necessary services for individuals with mental illnesses, including services that do not have a physical health analog. The ruling reverses a **Los Angeles County Court** ruling that the [California Mental Health Parity Act](#) only requires health insurers to cover services specifically enumerated in the law, which came in a case where an insurer refused to cover residential treatment for eating disorders. The court noted that while the Parity Act applies to other behavioral health services, the ruling only relates to services for mental illnesses ([California Department of Insurance, 6/11](#)).
- **Illinois approves Medicaid modernization plan.** On June 16, **Illinois Governor Patrick Quinn** (D) signed a bill ([SB741](#)) making numerous changes to the state's Medicaid program and rescinding benefit cuts implemented in 2012. Among other changes, the bill implements new protections for managed care enrollees, reduces the waiting period for newly enrolled children from 12 months to 3 months, and removes prescription drug limits for enrollees taking anti-psychotic medications. Additionally, the bill extends several hospital assessment taxes used to draw down additional Federal matching funds and directs the **Illinois Department of Healthcare and Family Services** (IDHFS) to submit a waiver seeking an additional \$400 million in Federal funds for hospitals that primarily serve patients eligible for the state's **Medicaid expansion** ([Office of Illinois Governor Quinn, 6/16](#); [Chicago Tribune, 6/16](#)).
- **Illinois grants prescription privileges to clinical psychologists.** To expand access to medications for individuals with mental illnesses, on June 25, **Illinois Governor Patrick Quinn** (D) signed a bill ([SB2187](#)) allowing clinical psychologists to prescribe certain medications. The bill creates a **Prescribing Psychologist License** that the **Illinois Department of Financial and Professional Regulation** (IDFPR) may issue to doctoral-level clinical psychologists who undergo specialized training, pass an IDFPR-approved examination, and enter a written oversight agreement with a licensed physician. Under the bill, licensed psychologists may only prescribe medications for mental illnesses to patients between ages 17 and 65. After Louisiana and New Mexico, Illinois is the third state to grant psychologists prescription privileges ([Office of Illinois Governor Quinn, 6/25](#)).
- **Massachusetts unveils \$20 million opioid treatment plan.** Beyond the new regional initiative, **Massachusetts Governor Deval Patrick** (D) unveiled plans to provide \$20 million to more than 24 opioid treatment and prevention initiatives in the state. Among the initiatives, the **Massachusetts Department of Public Health** (MDPH) will provide \$4 million to expand residential opioid treatment programs and \$3 million to expand opioid treatment programs for inmates. MDPH will also establish walk-in assessment centers and a publically accessible central database with a real-time inventory of inpatient beds and other treatment resources. The plan also directs MDPH to develop new regulations to reduce the diversion and misuse of prescription drugs ([Boston Globe, 6/10](#); [WBUR, 6/10](#)).

- **Missouri governor vetoes \$34 million in mental health funding.** In addition to restricting \$641.6 million in expenditures, **Missouri Governor Jay Nixon** (D) vetoed \$144.6 million in general revenue spending in the FY2015 budget bills approved by the **Missouri General Assembly**. Among the affected state agencies, Governor Nixon vetoed \$34 million from the FY2015 **Missouri Department of Mental Health** (MDMH) budget, including \$22.7 million intended for provider payment increases, \$2.5 million for an emergency mental health services pilot program, \$1.3 million for autism diagnosis and treatment services, and \$750,000 for detoxification services. Governor Nixon’s veto will also discontinue a community re-entry program for inmates with behavioral health conditions. According to Governor Nixon, the restrictions and vetoes are necessary to balance the state budget ([MDMH, 6/24](#); [Office of Missouri Governor Nixon, 6/24](#)).
- **Nevada allocates \$3.5 million in emergency funding for mental health services.** On June 19, the **Nevada Legislative Interim Finance Committee** allocated \$3.5 million in emergency funding from the state’s **Tobacco Master Settlement Agreement Fund** to expand mental health services in Las Vegas. The funding will support 21 recently established beds at the **Rawson-Neal Psychiatric Hospital** and expand mobile crisis intervention teams for adults and children. The committee is responsible for budget decisions while the Nevada Legislature is out of session and approved the allocation at the request of **Nevada Governor Brian Sandoval** (R) ([Las Vegas Sun, 6/19](#)).
- **New Hampshire reforms Medicaid Enhancement Tax.** After a lower court ruling finding New Hampshire’s **Medicaid Enhancement Tax** (MET) on hospital revenue unconstitutional, on June 30, **New Hampshire Governor Maggie Hassan** (D) signed a bill ([SB 369](#)) implementing MET reforms. Under the bill, the MET rate will be gradually reduced from 5.5 percent in FY2014 to 5.25 percent in FY2018, all MET revenue will be dedicated to health care services, and the state will increase uncompensated care funding for hospitals. According to *New Hampshire Public Radio* (NHPR), in addition to supporting the bill, 25 hospitals agreed to voluntarily continue paying the tax even if the **New Hampshire Supreme Court** upholds the lower court’s ruling. NHPR also reports that **St. Joseph Hospital** is the only hospital to oppose the bill and has refused to settle its lawsuit over the MET ([NHPR, 6/6](#); [AP via Valley News, 6/5](#); [Office of New Hampshire Governor Hassan, 6/30](#)).
- **New York expands treatment and prevention of opioid addiction.** On June 24, **New York Governor Andrew Cuomo** (D) signed a package of bills to address rising rates of heroin and opioid prescription drug abuse, including four bills expanding treatment services ([S7903](#), [S7904](#), [S7909](#), and [S7912](#)), three bills expanding alcohol and substance abuse prevention services ([S7905](#), [S7910](#), and [S7911](#)), four bills supporting law drug enforcement efforts ([S7902](#), [S7906](#), [S7907](#), and [S7908](#)), and one bill ([S6477B](#)) allowing pharmacists to issue **Naloxone** prescriptions to certified treatment providers without specifying a patient. The treatment bills establish a non-hospital residential detoxification demonstration program, expand community referral services, enhance assessment services for children, and increase substance abuse treatment parity requirements for health insurers. The prevention bills establish the **Heroin and Opioid Pain Addiction Awareness and Education Program**, enhance junior high and high-school health

curriculums, and require opioid overdose prevention kits to include informational cards about treatment programs. Meanwhile, the law enforcement bills establish new penalties for pharmacists who divert prescription drugs and grant additional investigative powers to the **New York Department of Health's Bureau of Narcotic Enforcement**. **New York State Senator Mike Ranzenhofer** (R) released a [press notice](#) providing a summary of each bill ([New York Times, 6/18](#); [Office of New York Governor Cuomo, 6/24](#); [Crain's New York Business, 6/18](#)).

- **Ohio allocates \$47.5 million for behavioral health services.** As part of a bill ([HB 483](#)) updating the state's FY2014-15 budget, **Ohio Governor John Kasich** (R) allocated \$47.5 million for the **Ohio Department of Mental Health and Addiction Services** (ODMHAS) to expand behavioral health services and support county efforts to meet new care coordination requirements. According to advocates, most of the newly allocated funding replaces funds that were eliminated after a formula change in the original bill ([Columbus Dispatch, 6/3](#); [Toledo Blade, 6/19](#)).
- **Oklahoma reduces Medicaid rates, proposes limited eligibility for certain behavioral health services.** Facing a \$104 million Medicaid budget shortfall, the **Oklahoma Health Care Authority** (OHCA) Board approved a 7.75 percent reduction in all Medicaid provider reimbursement rates, targeted supplemental rate reductions, and increased copayments. OHCA also proposed a [rule](#) that would restrict Medicaid enrollees' eligibility for **psychosocial rehabilitative** (PSR) behavioral health services. Under the rule, PSR services would be limited to individuals with a history of psychiatric hospitalization or crisis center admission, individuals who have been determined to be disabled for mental health reasons, adults who reside in a residential care facility, and children with a current **Individual Education Plan** for emotional disturbance. According to OHCA officials, the changes are needed because of reductions in Federal matching funds and Tobacco Settlement revenue as well as increased Medicaid enrollment ([The Oklahoman, 7/1](#); [AP via The State, 7/1](#); [FOX 25, 6/10](#)).

Financing Reports

- **ACA prevention requirements expanded coverage for 76 million individuals.** "[Increased coverage of preventive services with zero cost sharing under the Affordable Care Act](#)" HHS. Burke, A. & Simmons, A. June 27, 2014 ([HHS, 6/27](#)).
- **CBO's Federal Medicaid cost projections fell 14 percent from 2012 to 2014.** "[A look at CBO projections for Medicaid and CHIP](#)" KFF. Rudowitz, R. June 5, 2014.
- "[Crisis services: Effectiveness, cost-effectiveness, and funding strategies](#)" SAMHSA. June 2014.
- "[Deciphering the data: Health insurance rates and rate review](#)" Robert Wood Johnson Foundation (RWJF). Harrington, S. & Weiner, J. June 2014.
- **Foster children enrolled in Medicaid receive behavioral health services at significantly greater rates than other child Medicaid enrollees.** "[Medicaid behavioral health care use among children in foster care](#)" Center for Health Care Strategies (CHCS). June 2014.
- "[Health care coverage under the Affordable Care Act: A progress report](#)" *New England Journal of Medicine* published online before print. Blumenthal, D. & Collins, S. July 2, 2014.
- "[Infrastructure change is not enough: An evaluation of SAMHSA's Mental Health Transformation State Incentive grants](#)" *Psychiatric Services* 65(7). Leff, S. et al. July 1, 2014.

- **Inpatient hospital psychiatric service utilization among young adults increased following ACA parental extension.** [“Access to health insurance and the use of inpatient medical care: Evidence from the Affordable Care Act young adult mandate”](#) National Bureau of Economic Research. Antwi, A. et al. June 2014 ([Kaiser Health News, 6/11](#)).
- **“Making the connection: Meeting requirements to enroll people with mental illnesses in healthcare coverage”** Bazelon Center for Mental Health Law. Mathis, J. et al. June 2014.
- **Marketplace monthly premiums average \$82 in 2014, after Federal subsidies.** [“Premium affordability, competition, and choice in the Health Insurance Marketplace, 2014”](#) HHS. Burke, A. et al. June 18, 2014 ([CNN, 6/18](#)).
- **“Massachusetts health care coverage: Enrollment trends”** Massachusetts Center for Health Information and Analysis. June 2014 ([Health Care For All, 6/9](#)).
- **Medicaid enrollment could help reduce recidivism among individuals formerly involved with the criminal justice system.** [“The truth about health reform’s Medicaid expansion and people leaving jail”](#) Center on Budget and Policy Priorities. Solomon, J. June 25, 2014.
- **“Medicaid innovation: Delivery system reform inventive pools”** National Association of Medicaid Directors. June 30, 2014.
- **“Medicaid program integrity: Increased oversight needed to ensure integrity of growing managed care expenditures”** Government Accountability Office. June 18, 2014.
- **“Not all internal controls implemented by the Federal, California, and Connecticut Marketplaces were effective in ensuring that individuals were enrolled in qualified health plans according to Federal requirements”** HHS Office of the Inspector General. June 30, 2014 ([Washington Post, 7/1](#)).
- **“Olmstead’s role in community integration for people with disabilities under Medicaid: 15 years after the Supreme Court’s Olmstead decision”** KFF. Musumeci, M. & Claypool, H. June 18, 2014.
- **Risk corridors encourage health insurers to participate in Marketplaces.** [“Risk corridors”](#) *Health Affairs* Health Policy Brief. Goodell, S. June 26, 2014.
- **“Shifting the open enrollment period for ACA Marketplaces could increase enrollment and improve plan choices”** *Health Affairs* 33(6) published online before print. Swartz, K. & Graves, J. June 2014 ([Fierce Health Payer, 6/25](#)).
- **States increasingly integrating physical, behavioral, public health, and social services for Medicaid enrollees.** [“A state policy framework for integrating health and social services”](#) Commonwealth Fund. McGinnis, T. et al. July 2014.
- **“Strategies in 4 safety-net hospitals to adapt to the ACA”** KFF. Coughlin, T. et al. June 11, 2014.
- **“Strategies to facilitate managed care implementation for Medicare-Medicaid enrollees”** CHCS. Kruse, A. June 2014.
- **“The ACA and America's cities: Fewer uninsured and more Federal dollars”** RWJF. Buettgens, M. & Dev, J. June 2014.
- **“The impacts of the Affordable Care Act on preparedness resources and programs - Workshop Summary”** Institute of Medicine, National Academy of Science, National Academies. June 13, 2014.

- [“The role of health information technology in improving care for people with serious mental illness in state mental health systems”](#) National Association of State Mental Health Program Directors (NASMHPD). Miller, J. et al. June 2014.
- [“Using recent revisions to Federal surveys for measuring the effects of the Affordable Care Act”](#) RWJF. Planalp, C. et al. June 2014.