

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

Financing Focus: October 15, 2013

National News	2
• Health Insurance Marketplace and Medicaid enrollment begins	2
• HHS: Seven million individuals visited federally-facilitated Marketplaces in first 48 hours	2
• Marketplace plans under \$100 per month available for 56 percent of eligible uninsured individuals	2
• OPM selects Blue Cross Blue Shield Association to participate in Multi-State Plan Program	2
• HHS finalizes \$1.1 billion reduction in Medicaid DSH payments	3
• HHS awards \$67 million to health centers, proposes FQHC reimbursement increase	3
• Insurance rate review provisions saved consumers \$1.2 billion in 2012	3
State News	3
• Michigan finalizes Medicaid expansion, Pennsylvania to submit premium assistance waiver	3
• HHS approves Arkansas’ premium assistance waiver for expansion population	4
• Marketplaces in CO and DC postpone online eligibility verification but maintain online enrollment	4
• HHS: 900 organizations volunteer for health insurance outreach assistance, FL restricts navigators	4
• California: Court ruling expands access to autism therapy	4
• Mississippi: HHS approves state-based SHOP	5
• Nevada: San Francisco files lawsuit over psychiatric “patient bussing”	5
• New Mexico: Department requests 1.8 percent reduction in state Medicaid funding	5
• Oklahoma: HHS approves Insure Oklahoma extension	5
• Tennessee health insurer to award \$1 million for housing for individuals with mental illness	5
• Washington, D.C. suspends Medicaid reimbursements during federal government shutdown	6
• Wisconsin improperly claimed \$22.8 million in mental health Medicaid reimbursements, HHS OIG finds	6
Summary of State Health Insurance Marketplace Awards from Previous Foci	6
Financing Reports	8

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

- **Health Insurance Marketplace and Medicaid enrollment begins.** On October 1, enrollment began for the ACA's Medicaid expansion, **Health Insurance Marketplaces**, and the **Small Business Health Options Program (SHOP)**. Marketplace open enrollment for Plan Year 2014 ends March 31, 2014, while enrollment for the Medicaid expansion is not restricted. Qualified businesses may purchase SHOP coverage at any time; however, businesses and their employees must complete enrollment by December 15, 2013 to ensure that coverage begins on January 1, 2014. Prior to the start of each plan year, SHOPS must provide participating businesses an election period of at least 30 days to change their participation, and provide participating businesses' employees an open enrollment period of at least 30 days. According to HHS, SHOP enrollment in federally-facilitated Marketplaces will be limited to hardcopy applications until November 1, 2013. HHS also announced that federally-facilitated Marketplaces will begin electronically transferring Medicaid applications to state agencies on November 1, 2013 and that the Spanish-language version of the federally-facilitated Marketplaces will begin enrollment on October 21, 2013 ([HHS, 10/1](#); [HHS, 9/26](#); [Washington Post, 9/26](#); [FierceHealthFinance, 9/26](#); [Kaiser Health News, 9/26](#)).
- **HHS: Seven million individuals visited federally-facilitated Marketplaces in first 48 hours.** Largely attributing error messages and delays to heavy demand, HHS announced that seven million individuals visited [HealthCare.gov](#) in its first 48 hours of operations. The website, which serves as the consumer portal for 34 federally-facilitated **Health Insurance Marketplaces**, has already seen average wait times reduced by one-third, as HHS works to expand capacity. Additionally, in its first 48 hours of operation, HHS call centers received 300,000 calls, and enrollment assistance personnel received 167,000 requests for live web chats. Several state-based Marketplaces also released information about consumer interest, including Kentucky's **Kynect**, which announced that nearly 118,000 individuals visited its consumer portal, 8,309 individuals and families completed applications, and 3,505 individuals and families successfully enrolled in coverage, all within 48 hours of "going live." According to the **Advisory Board Company's enrollment tracking data**, over 130,000 individuals applied for coverage through state-based Marketplaces within their first two weeks of operations ([Washington Post, 10/3](#); [The Hill, 10/3](#); [LifeHealthPro, 10/3](#); [Kentucky.gov, 10/3](#)).
- **Marketplace plans under \$100 per month available for 56 percent of eligible uninsured individuals.** According to an HHS [report](#), after accounting for federal subsidies, 56 percent of eligible, uninsured residents will be able to purchase **Health Insurance Marketplace** coverage for less than \$100 per month. Meanwhile, HHS released another [report](#), finding that eligible individuals can choose from an average of 53 health plans. The report finds that 95 percent of eligible uninsured individuals reside in states with lower-than-expected premiums and notes that average national premiums are 16 percent lower than expected ([New York Times, 9/25](#); [HHS, 9/17](#); [HHS, 9/25](#); [Kaiser Health News, 9/17](#)).
- **OPM selects Blue Cross Blue Shield Association to participate in Multi-State Plan Program.** To increase insurer competition in **Health Insurance Marketplaces**, the **U.S. Office of Personnel Management (OPM)** issued the **Blue Cross Blue Shield Association (BCBS)** a contract

to provide multi-state health insurance plans through the **Multi-State Plan Program (MSPP)**. Authorized under the ACA, OPM is required to ensure that at least one multi-state plan is offered in at least 30 states by 2014, and that at least two plans are offered in all 50 states and the District of Columbia by 2017. According to OPM, BCBS will offer 150 plan options in 30 states and the District ([ModernHealthcare, 9/30](#); [OPM](#)).

- **HHS finalizes \$1.1 billion reduction in Medicaid DSH payments.** On September 13, HHS finalized a [rule](#) implementing a \$1.1 billion reduction in FY2014 and FY2015 Medicaid **disproportionate share hospital (DSH)** payments. Authorized under the ACA, the rule establishes five factors HHS will use to create a formula that determines state-specific DSH reductions. HHS must consider the extent to which a state included its DSH allotment in budget neutrality calculations for a Medicaid expansion, while the other four factors are: smaller percentage reductions for low DSH states, larger percentage reductions for states with the lowest percentages of uninsured individuals, larger percentage reductions for states that do not target their DSH payments on hospitals with high volumes of Medicaid inpatients, and larger percentage reductions for states that do not target their DSH payments on hospitals with high levels of uncompensated care. The rule does not implement the ACA's Medicaid DSH reductions for FY2016 through FY2020, instead stating that those reductions will be implemented in a future rule ([Healthcare Finance News, 9/20](#); [Modern Healthcare, 9/13](#)).
- **HHS awards health centers \$67 million, proposes FQHC reimbursement increase.** On September 13, HHS awarded approximately 1,200 **Federally Qualified Health Centers (FQHCs)**, FQHC "look-alikes", and tribal outpatient health centers a total of \$48 million to support "ongoing operations and quality improvement activities." The same day, HHS also awarded \$19 million to establish 32 new health centers, which the department expects to serve approximately 130,000 individuals. In related news, HHS proposed a [rule](#) that would modify Medicare Part B's FQHC reimbursement system to increase reimbursements by 30 percent for FQHCs in medically underserved areas. Under the proposed rule, HHS would reimburse FQHCs for all services at a single daily encounter rate for each enrollee, which may be adjusted for a variety of factors, including geographic location ([HHS, 9/6](#); [HHS, 9/13](#)).
- **Insurance rate review provisions saved consumers \$1.2 billion in 2012.** According to a new HHS [report](#), the ACA's health insurance rate review standards saved consumers \$1.2 billion in 2012. Under the ACA, insurers must submit their rates for public review if seeking premium increases of 10 percent or more for individual or small group plans. According to the report, on average, final individual premium increases were 12 percent lower than originally requested, while small group increases were 19 percent lower. The report estimates that the rate review saved individual plan consumers \$311 million and small group consumers \$866 million ([HHS, 9/12](#); [FierceHealthPayer, 9/13](#)).

State News

- **Michigan finalizes Medicaid expansion, Pennsylvania to submit premium assistance waiver.** As authorized under the ACA, **Michigan Governor Rick Snyder (R)** signed a bill ([HB 4714](#)) to **expand Medicaid** to all individuals with incomes up to 138 percent of the federal poverty level (FPL). The bill implements the expansion on April 1, 2014, and contains several

provisions that will require HHS approval, including cost-sharing requirements. Meanwhile, on September 16, **Pennsylvania Governor Tom Corbett** (R) announced plans to submit a **Section 1115 Research and Demonstration waiver** that would use federal Medicaid expansion funds to provide private insurance premium assistance to the entire expansion population. Governor Corbett said that the waiver would ask HHS to approve certain additional reforms, including sliding scale enrollee premiums and a requirement that unemployed enrollees participate in job training or job search programs. According to a spokesperson, the governor has the authority to submit the waiver without approval from the state legislature ([CBS Detroit, 9/16](#); [Politico, 9/17](#)).

- **HHS approves Arkansas' premium assistance waiver for Medicaid expansion population.** On September 27, HHS [approved](#) the **Arkansas Department of Human Services'** (ADHS) [Section 1115 Research and Demonstration waiver](#) to provide private **premium assistance** with ACA Medicaid expansion funds. Under the waiver, ADHS will offer the state's expansion population at least two **qualified health plans** that provide benefits comparable to Medicaid benchmark plans. The waiver will cover Arkansas' entire Medicaid expansion population, except the medically frail, Native Americans, and others who receive traditional, non-benchmark Medicaid coverage under the ACA. According to a March 2013 [Frequently Asked Questions](#) (FAQ) document, premium assistance waivers must cost the federal government no more than the "planned" Medicaid expansion. Several other states have submitted or are considering premium assistance proposals ([Washington Post, 9/27](#); [New York Times, 9/27](#)).
- **Marketplaces in CO and DC postpone online eligibility verification but maintain online enrollment.** Citing information technology issues, Colorado and the District of Columbia postponed online income eligibility verification for **Health Insurance Marketplaces** subsidies. However, both Colorado and the District announced that individuals may use in-person or over-the-phone resources to determine their eligibility, and emphasized that residents may still enroll in Marketplace plans online. According to Marketplace officials in both jurisdictions, the online portals are undergoing further testing to improve their eligibility determinations. The District also postponed online eligibility verification for the Medicaid expansion ([Washington Post, 9/25](#); [Reuters, 9/25](#)).
- **HHS: 900 organizations volunteer for health insurance outreach assistance, FL restricts navigators.** According to HHS, over 900 organizations have volunteered to provide Marketplace education and outreach assistance to uninsured individuals in their states. Under the **Champions for Coverage** program, volunteers use publicly-available CMS materials to "help members of their communities understand their new options through the Marketplace." Meanwhile, the **Florida Department of Health** (FDOH) announced that ACA-funded **navigators** may not enter **County Health Departments**, which provide outpatient and public health services in Florida. FDOH also announced that county health departments may not publicly display navigators' informational materials, though they may accept those materials and provide them to consumers upon request ([HHS, 9/9](#); [HHS, 9/13](#); [HHS, 9/30](#); [AP via LifeHealthPro, 9/12](#)).
- **California: Court ruling expands access to autism therapy.** On September 10, the **California Court of Appeals for the 2nd District** [ruled](#) that the **California Department of Managed Health Care** (CDMHC) may not allow insurers to deny applied behavioral analysis (ABA) therapy coverage for individuals with autism on the basis of medical or psychological

licensure. Previously, CDMHC allowed insurers to cover only ABA therapy performed by ABA-certified therapists who were also licensed doctors or psychologists. CDMH regulates most managed care plans in California ([CaliforniaHealthline, 9/17](#)).

- **Mississippi: HHS approves state-based SHOP.** Following a recent federal [rule](#) that allows states to operate a SHOP independent of the federally-facilitated **Health Insurance Marketplace** for individuals, HHS granted the **Mississippi Insurance Commission** conditional approval to develop a state-based SHOP. Slated to be called “**One Mississippi**,” according to **Mississippi Insurance Commissioner Mike Chaney** (R), the program will begin operating in 2014. HHS will continue operating Mississippi’s federally-facilitated Marketplace for individual plans ([AP via Lexington Herald-Leader, 10/1](#)).
- **Nevada: San Francisco files lawsuit over psychiatric “patient bussing”.** On September 10, the **San Francisco Office of the City Attorney** filed a [class-action lawsuit](#) against the State of Nevada, alleging that the **Nevada Department of Health and Human Services’** (NDHHS) **Rawson-Neal Psychiatric Hospital** improperly discharged and transported patients out of the state. Filed on behalf of all California localities that received patients, the lawsuit alleges that Rawson-Neal placed patients on buses “without adequate food, water or medication, and without instructions or arrangements for their continued care when they reached their destination.” According to the lawsuit, 20 such patients who arrived in San Francisco between 2008 and 2013 required immediate medical care, costing San Francisco over \$500,000. The lawsuit seeks an injunction barring Rawson-Neal from using similar discharge practices and requests reimbursement from Nevada for care already delivered ([Los Angeles Times, 9/10](#); [ModernHealthcare, 9/10](#)).
- **New Mexico: Department requests 1.8 percent reduction in state Medicaid funding.** In its FY2015 budget proposal, the **New Mexico Human Services Department** (NMHSD) requested a 1.8 percent reduction in state Medicaid funding, seeking \$19 million less than FY2014 funding levels. The **NMHSD Deputy Secretary** said that low cost growth, increased federal funding, and reduced utilization all contributed to the reduced request. According to the Associated Press, NMHSD has not requested a funding reduction in more than ten years ([AP via Albuquerque Journal, 9/24](#)).
- **Oklahoma: HHS approves Insure Oklahoma extension.** On September 6, HHS [approved](#) a **Section 1115 Research and Demonstration** waiver that extends the **Insure Oklahoma** program through December 31, 2014. Originally set to expire December 31, 2013, Insure Oklahoma uses funds from Medicaid, state tobacco tax revenues, and employer contributions to provide health insurance premium assistance to up to 35,000 low-income individuals. Under the waiver, the **Oklahoma Health Care Authority** will tighten Insure Oklahoma’s eligibility cap from 200 percent of the FPL to 100 percent of the FPL. Oklahoma will transition higher income individuals to the state’s **Health Insurance Marketplace**, which offers subsidies to individuals with incomes from 100 percent to 400 percent of the FPL ([Tulsa World, 9/6](#)).
- **Tennessee health insurer to award \$1 million for housing for individuals with mental illness.** To develop housing for individuals with mental illness, **UnitedHealthcare Community Plan of Tennessee** (UHCPT) announced plans to award \$1 million in community partner grants.

Under the grants, UHCPT will work with grantees to establish 40 “safe, affordable, quality and appropriate housing” units. The **National Alliance on Mental Illness (NAMI)** estimates that 195,000 Tennessee residents with mental illness require housing assistance ([The Tennesseer, 9/28](#)).

- Washington, D.C. suspends Medicaid reimbursements during federal government shutdown.** On October 3, the **District of Columbia Department of Health Care Finance (DHCF)** announced the suspension of all **Medicaid** and **D.C. Healthcare Alliance** reimbursements until the end of the **federal government shutdown**. The D.C. Healthcare Alliance covers health care services for low-income individuals not eligible for Medicaid. According to **District of Columbia Mayor Vincent Gray (D)**, the shutdown caused a lapse in the congressional authorization required for the District to allocate funding, including its local funds. Though the District was able to fund operations through the already-allocated **District of Columbia Contingency Reserve Fund (DCCRF)** and continue drawing down federal Medicaid funds, those Medicaid funds could not be used without congressional authorization and the DCCRF could not provide the \$89.2 million due to providers and managed care organizations (MCOs) on October 5. Mayor Gray’s spokesperson announced that providers and MCOs should continue to submit reimbursement claims and expect retroactive reimbursements after the shutdown ([Washington Post, 10/3](#); [Washington Post, 9/27](#)).
- Wisconsin improperly claimed \$22.8 million in mental health Medicaid reimbursements, HHS OIG finds.** On September 11, the **HHS Office of the Inspector General (OIG)** released an [audit](#), finding that the **Wisconsin Department of Health Services (WDHS)** did not properly verify or account for over 90 percent of its expenses at 27 residential care centers (RCCs) that provide mental health services and custodial care to youth. According to the HHS OIG, WDHS’ cost allocation methodology from October 2004 to September 2006 did not meet federal requirements and “used estimates that it could not adequately support.” The audit concludes that \$22.8 of the \$23.9 million received by RCCs was improperly claimed and should be returned to the federal government ([FierceHealthFinance, 9/23](#); [Wasusau Daily Herald, 9/19](#)).

Summary of State Health Insurance Marketplace Awards from Previous Foci

Award Date	State	Purpose	Funding Level	Awardee	Other Information
September 2013	New Mexico	Marketing	\$7 million	BVK, Inc.	Supports the “Be Well New Mexico” ad campaign
September 2013	Nevada	Development	\$3.5 million	Xerox State Healthcare, Inc.	Increases total contract to \$75.4 million
August 2013	Washington	Marketing	\$19 million	GMBB, Inc.	Part of a \$26.3 million advertising campaign

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August 2013	Minnesota	Marketing	\$9 million	BBDO Proximity Minneapolis, Inc.	Supports the "The Land of 10,000 Reasons to get Health Insurance" ad campaign
August 2013	Washington, D.C.	Outreach and Enrollment Assistance	\$6.4 million	35 community organizations	Organizations expected to hire 150 trained experts
August 2013	Hawaii	Outreach	\$6.7 million	34 community organizations	Organizations expected to hire 191 "assisters"
July 2013	New York	Enrollment Assistance	\$27 million	50 community organizations	Organizations expected to hire 430 staff
July 2013	Oregon	Marketing	\$2.9 million	North, Inc.	Supports the "Long Live Oregonians" ad campaign
July 2013	Illinois	Marketing	\$35 million	FleishmanHillard, Inc.	Includes subcontractors to reach minority populations
July 2013	Illinois	Development	\$65.5 million	CGI Technologies and Solutions, Inc.	Contains option if state transitions from a Partnership to State-based Marketplace
July 2013	Rhode Island	Administration	\$24 million	Connexions, Inc.	Includes call-center operations
July 2013	Idaho	Administration	\$1.4 million	Public Consulting Group, Inc.	The state-based Marketplace is relying on federal IT systems for 2014
June 2013	Connecticut	Marketing	\$15 million	Various	Supports the "Change" campaign
June 2013	Colorado	Outreach and Enrollment Assistance	\$17 million	58 community organizations	Supports the Colorado assistance network
June 2013	Hawaii	Administration	\$12 million	Maximus Health Services, Inc.	Supports a 4-year customer service call center
May 2013	Arkansas	Outreach, Enrollment Assistance, Administration	\$16.5 million	Various	Supports several outreach programs and a call-center

Award Date	State	Purpose	Funding Level	Awardee	Other Information
May 2013	Mississippi	Administration	\$1 million	General Dynamics, Inc.	Funded from an economic development grant
May 2013	Vermont	Outreach and Enrollment Assistance	\$2 million	18 community organizations	Supports the state navigator program
May 2013	California	Marketing	\$98 million	Weber Shandwick, Inc.	\$86 million for ads, \$12 million for placement
May 2013	California	Outreach	\$37 million	48 community organizations	\$34 million targeting consumers, \$3 million targeting businesses
April 2013	Colorado	Outreach	\$2 million	Various	The first outreach campaign, nationwide

Financing Reports

- **ACA provisions will reduce individuals' out-of-pocket spending and risk of catastrophic health expenditures.** [“Effects of the Affordable Care Act on consumer health care spending and risk of catastrophic health costs”](#) RAND Corporation. Nowak, S. et al. September 2013.
- **Behavioral health “carve-outs” slowed implementation of Colorado’s Medicaid coordinated care initiatives.** [“Data analytics in Medicaid: Spotlight on Colorado’s Accountable Care Collaborative”](#) Kaiser Family Foundation (KFF). Paradise, J. et al. October 1, 2013.
- **Children’s health coverage increased 5.5 percent from 2008 to 2011.** [“Medicaid/CHIP participation rates among children: An update”](#) RWJF. Kenney, G. et al. September 2013.
- **Delaying the individual mandate by one year would increase the number of uninsured individuals by 11 million.** [“Congressional Budget Office cost estimate: H.R 2668”](#) Congressional Budget Office (CBO). September 6, 2013 ([LifeHealthPro, 9/6](#)).
- [“Delaying the individual mandate would disrupt overall implementation of the Affordable Care Act”](#) Urban Institute. Blumberg, L. & Holahan, J. September 2013.
- [“Delaying the individual mandate would result in millions more uninsured and higher premiums”](#) Center on Budget and Policy Priorities (CBPP). Park, E. September 30, 2013.
- [“Examples of how Health Insurance Exchanges can create greater value for consumers: Lessons from three other marketplaces”](#) *Health Management, Policy and Innovation* 1(4): 49-60. Lieberthal, R. et al. September 2013.
- [“Getting into gear for 2014: An early look at branding and marketing of new Health Insurance Marketplaces”](#) KFF. Stephens, J. et al. September 24, 2013.
- [“Health reform not causing significant shift to part-time work: But raising threshold to 40 hours a week would make a sizeable shift likely”](#) CBPP. Van de Water, P. October 2, 2013.

- **[“If the price is right, most uninsured—even Young Invincibles—likely to consider new Health Insurance Marketplaces”](#)** RWJF. Cunningham, P. & Bond, A. September 2013.
- **Integrated eligibility and enrollment systems posed greatest ACA implementation challenge for three states.** [“Getting into gear for 2014: Insights from three states leading the way in preparing for outreach and enrollment in the Affordable Care Act”](#) KFF. Artiga, S. & Stephens, J. September 24, 2013.
- **Many states interested in integrating behavioral health services with general medical services.** [“Key issues in state implementation of the new and expanded home and community-based services options available under the Affordable Care Act”](#) KFF. Musumeci, M. et al. September 25, 2013.
- **Medical loss ratio rules increased medical spending as a percentage of gross income among for-profit individual market insurers’.** [“Impact of medical loss regulation on the financial performance of health insurers”](#) The Commonwealth Fund. McCue, M. et al. September 10, 2013.
- **[“National health expenditure projections, 2012–22: Slow growth until coverage expands and economy improves”](#)** *Health Affairs* published online before print. Cuckler, G. et al. September 2013 ([Kaiser Health News, 9/18](#)).
- **Navigators had limited time and resources to develop assistance programs.** [“Helping hands: A look at state consumer assistance programs under the Affordable Care Act”](#) KFF. September 24, 2013.
- **[“Potential adult Medicaid beneficiaries under the Patient Protection and Affordable Care Act compared with current adult Medicaid beneficiaries”](#)** *Annals of Family Medicine* 11(5): 406-411. Chang, T. & Davis, M. September 2013 ([Kaiser Health News, 9/9](#)).
- **[“Providing outreach and enrollment assistance: lessons learned from community health centers in Massachusetts”](#)** KFF. Paradise, J. et al. September 24, 2013.