

# SAMHSA's Center for Financing Reform & Innovations (CFRI)

## Financing Focus: November 18, 2013

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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

- **MHPAEA final rule published.** On November 8, the **U.S. Department of Health and Human Services (HHS)**, the **U.S. Department of Labor (DOL)**, and the **U.S. Department of the Treasury (Treasury)**, issued a [final rule](#) implementing the [Mental Health Parity and Addiction Equity Act of 2008](#) (MHPAEA). Under the rule, affected health plans may not provide behavioral health coverage that is more restrictive than general medical coverage. Additionally, the rule implements numerous consumer protections, including ensuring that parity applies to intermediate levels of care, clarifying that parity applies to all plan standards, eliminating the “clinically appropriate standards of care” exemption to parity requirements, and clarifying the required scope of insurer transparency. According to the departments, the rule was developed after reviewing over 5,400 public comments on the [interim final rule](#), published in 2010. The **Centers for Medicare & Medicaid Services (CMS)** released a [factsheet](#) providing additional details about the rule ([New York Times, 11/8](#); [HHS, 11/8](#)).
- **HHS: 106,185 individuals selected Marketplace plans through November 2.** On November 13, HHS released a [report](#) detailing enrollment and other statistics for all **Health Insurance Marketplaces**. According to the report, 846,184 applications covering 1,509,883 individuals were submitted to federal and state Marketplaces, with 1,081,592 individuals determined eligible for Marketplace coverage and an additional 396,261 individuals determined eligible for Medicaid or CHIP. The report noted that 79,391 individuals selected plans in state-based Marketplaces, while 26,794 individuals selected plans in federally-facilitated Marketplaces. In addition, 26,876,527 individuals visited state and federal Marketplace websites, including **healthcare.gov**. Additional data breakdowns by state are available through the HHS [report](#). Meanwhile, Marketplaces continue to implement IT solutions to improve functionality ([HHS, 11/13](#); [Washington Post, 11/13](#); [Politico, 11/5](#)).
- **Individual mandate aligned with Marketplace open enrollment.** Providing additional time to purchase insurance before the ACA’s **individual mandate** begins, HHS released a [Question and Answer](#) (Q&A) document that aligns the start of the mandate with the end of the **Health Insurance Marketplace** open enrollment period for Plan Year 2014. In the document, HHS announced that individuals who purchase coverage at any point during open enrollment will not be subject to the mandate’s penalty. Previously, individuals had to purchase coverage by February 15, 2014 to avoid the mandate’s penalty, although open enrollment ends March 31, 2014. According to HHS, affected individuals will be able to claim the ACA’s hardship exemption to avoid the penalty, and additional guidance will be released in 2014 ([New York Times, 10/23](#); [Washington Post, 10/23](#); [Kaiser Health News, 10/23](#); [Politico, 10/23](#)).
- **Budget bill increases federal Marketplace income eligibility oversight.** In addition to ending the partial federal government shutdown by providing federal discretionary appropriations through January 15 and suspending the federal debt ceiling until February 7, [HR 2775](#) also requires HHS to report to Congress on select ACA provisions. Under the bill, signed on October 16, **HHS Secretary Kathleen Sebelius** must submit a report by January 1, detailing the procedures that **Health Insurance Marketplaces** use to verify consumers’ eligibility for federal subsidies. Furthermore, by July 1, the bill requires the **HHS Office of the Inspector General (OIG)**

to submit an additional report that details the effectiveness of those income verification procedures. According to a **Kaiser Family Foundation** (KFF) [report](#), over 17 million individuals will be eligible for Marketplace subsidies in 2014 ([Politico, 10/17](#); [Politico, 10/28](#)).

- **HHS awards \$150 million for new community health centers.** On November 7, HHS awarded \$150 million in **Health Center New Access Point** grants to establish 236 new community health centers. Authorized under the ACA, the funding will support care for over one million individuals in 44 states, the District of Columbia, Puerto Rico, and American Samoa. According to HHS, in addition to primary health care services, community health centers also provide ACA outreach and enrollment assistance ([HHS, 11/7](#)).
- **CMS finalizes Medicare conditions of participation for community mental health centers.** On October 29, CMS finalized [conditions of participation](#) (CoPs) for **community mental health centers** (CMHCs) seeking Medicare reimbursement for partial hospitalization services. According to CMS, although Medicare already reimbursed for these services, with no prior CoPs, an “insufficient regulatory basis existed” for CMS to ensure the quality and/or safety of CMHCs. Under the CoPs, to maintain their Medicare certification, CMHCs must meet staff and provider operational requirements with a focus on “short-term, person-centered, outcome-oriented processes that promote quality care” ([Courthouse News Service, 11/2](#)).
- **Army expands mental health treatment program.** To expand soldiers’ access to mental health services, the **U.S. Army** announced plans to increase annual funding for the **Comprehensive Soldier Fitness** program from \$50 million to \$75 million. Now renamed the **Comprehensive Solider and Family Fitness** program, the program teaches coping skills, designed to address anxiety, depression, and post-traumatic stress disorder (PTSD), to soldiers and their families. Critics of the expansion cite a 2011 U.S. Army [report](#) that found no direct link between the program and reduced rates of anxiety, depression, or PTSD ([USA Today, 10/7](#)).
- **SAMHSA begins “Assessing the Evidence Base” series summarizing behavioral health research findings.** To inform the selection of evidence-based interventions that best meet the needs of local populations, **SAMHSA** funded a series of reviews that summarize research findings on 14 commonly-used, recovery-focused mental health and substance abuse treatment services. Called the **Assessing the Evidence Base Series**, the reviews were conducted by experts and peer reviewed by a panel of *Psychiatric Services* reviewers. On October 21st, *Psychiatric Services* launched an [Introduction](#) to the series and a review of [Recovery Housing](#). The journal will publish the remaining reviews throughout 2013-2014.
- **SAMHSA: Behavioral health spending increased from 2000 to 2009.** On October 29, SAMHSA released [Behavioral Health, United States, 2012](#), detailing federal and state mental health and substance abuse statistics from over 40 data sources. According to the report, from 2000 to 2009, total annual mental health treatment spending increased from \$105.6 billion to \$155.3 billion, while total annual substance abuse treatment spending increased from \$21.4 billion to \$25.6 billion. Furthermore, in 2009, 60 percent of mental health services and 69 percent of substance abuse services were publicly financed ([SAMHSA, 10/29](#)).
- **SAMHSA awards \$56.9 million to support safe schools and communities.** On October 23, **SAMHSA** awarded \$56.9 million in **FY2013 Safe Schools/Healthy Students** grants to state

agencies in CT, MI, NH, NV, OH, PA, and WI. The funding will support state and community partnerships to develop and implement evidence-based programs, effective policies, and innovative strategies that address youth violence and promote wellness. Grantees will receive up to \$2.04 million annually for up to four years ([SAMHSA, 10/23](#)).

- **Marketplace subsidy lawsuit to proceed, court denies preliminary injunction.** On October 22, the **U.S. District Court for the District of Columbia** [ruled](#) that a [lawsuit](#) questioning the legality of ACA consumer subsidies in **federally-facilitated Marketplaces** may proceed. According to plaintiffs, the ACA only authorizes state-based Marketplaces to offer subsidies, but HHS contends that Congress intended the ACA to offer subsidies in every state, regardless of how their Marketplaces are administered. The District Court denied the plaintiff's request to issue a preliminary injunction preventing federally-facilitated Marketplaces from offering subsidies. A summary judgment will be issued by February 15, 2014 ([New York Times, 10/22](#); [Politico, 10/23](#); [Reuters, 10/22](#)).
- **Hurricane Sandy recovery research receives \$8.6 million from HHS.** On October 22, HHS awarded \$8.6 million under the **Hurricane Sandy Recovery and Rebuilding Supplemental Appropriation Act of 2013** to research the physical and behavioral health of communities and individuals recovering from Hurricane Sandy. Researchers funded under the awards will share their findings with affected communities to "bring together networks of community members and organizations needed to foster a strong recovery." HHS awarded \$5 million to eight universities, with an additional \$3.6 million allocated to "support additional research requirements and resources." According to HHS, this is the first time the department has "funded research needed by local communities to support long-term recovery efforts" ([HHS, 10/22](#)).
- **DOJ reaches \$2.2 billion settlement with Johnson & Johnson.** To resolve criminal and civil allegations related to the improper marketing of three drugs, including the anti-psychotic drugs Risperdal and Invega, **Johnson & Johnson (J&J)** reached a \$2.2 billion settlement with the **U.S. Department of Justice (DOJ)**. Under the settlement, J&J and its subsidiaries agreed to pay \$485 million in federal criminal fines and forfeitures as well as \$1.7 billion in state and federal civil penalties. A J&J subsidiary also pled guilty to a criminal charge for misbranding Risperdal ([DOJ, 11/4](#); [Washington Post, 11/4](#)).

## State News

- **MD, VA, and DC: CareFirst offering \$1.5 million to expand telepsychiatry.** To expand access to behavioral health services, **CareFirst BlueCross BlueShield** announced plans to award \$1.5 million to health care providers in Maryland, Virginia, and the District of Columbia. According to CareFirst, the funds will help providers expand or create behavioral health programs that use telepsychiatric technology to reach clients. CareFirst will award funding through three-year grants and announced that proposals should place a strong emphasis on sustainability ([mHealthNews, 10/21](#); [CareFirst, 10/15](#)).
- **California: Autism coverage mandate extended.** On October 10, **California Governor Jerry Brown (D)** signed a bill ([SB126](#)) extending the **California Autism Insurance Mandate** through January 1, 2017. Originally slated to expire July 1, 2014, the mandate requires health insurers to

cover behavioral health treatment for children with autism or pervasive developmental disorders. According to the bill's sponsor, the mandate has affected 12,500 children since it began in 2011 ([Los Angeles Times, 10/10](#)).

- **Connecticut releases new behavioral health claims toolkit.** To improve access to health care, the **Connecticut Insurance Department (CID)** released a new "[health insurance claims toolkit](#)" for behavioral health consumers and providers. The toolkit includes consumer guidance on how to ensure that services are covered and a checklist of information to gather when appealing a denied claim. The toolkit also contains guidance for filing insurance claims, featuring advice for consumers seeking reimbursement for treatment from out-of-network providers who receive payment directly from the consumer ([Connecticut Mirror, 10/24](#)).
- **Georgia approves Medicaid care coordination services and reimbursement increase.** On October 10, the **Georgia Department of Community Health (GDCH)** granted initial approval for the state's Medicaid program to provide care coordination services for "aged, blind, and disabled" beneficiaries. According to the GDCH commissioner, these individuals represent 28 percent of the state's Medicaid population but account for 60 percent of Medicaid expenses, and the optional coordination services are expected to save Georgia up to \$10 million annually. At the same time, GDCH also increased the Medicaid reimbursement rates for family physicians, internists, and pediatricians to match the Medicare rates. Authorized under the ACA, the reimbursement change will apply retroactively to January 1, 2013 and expire on January 1, 2015 ([Georgia Health News, 10/10](#)).
- **Indiana: Attorney General files lawsuit contesting ACA employer mandate.** On October 8, the **Office of the Indiana Attorney General** and 15 Indiana public schools filed a [lawsuit](#) in the **U.S. District Court for the Southern District of Indiana**, arguing that the State of Indiana and Indiana public schools should be exempt from the **ACA's employer mandate**. According to the plaintiffs, the mandate violates the 10<sup>th</sup> Amendment of the U.S. Constitution by "interfering" with the state's employment contracts. The lawsuit also challenges federally-facilitated **Health Insurance Marketplace** subsidies ([Indianapolis Star, 10/9](#); [North West Indiana Politics, 10/8](#)).
- **Iowa to transition to state-based Health Insurance Marketplace by 2016.** To achieve greater autonomy over its **Health Insurance Marketplace**, the **Iowa Department of Human Services (IDHS)** announced plans to transition its state-federal partnership Marketplace to a state-based Marketplace by 2016. HHS has awarded Iowa a \$1 million planning grant to support the transition. Only 16 states and the District of Columbia currently administer state-based Marketplaces ([Kansas Health Institute, 10/23](#); [Quad-City Times, 10/24](#)).
- **Minnesota's Marketplace awards \$4 million for outreach, receives \$41 million for operations.** To continue outreach and enrollment efforts, on October 17, Minnesota's **Health Insurance Marketplace, MNsure**, awarded \$4 million to 29 community organizations. Meanwhile, on October 24, HHS awarded MNsure a \$41 million **Level Two Establishment** grant, which will fund operations and administrative costs and help Minnesota test technological improvements ([Minnesota Star Tribune, 10/17](#); [Pioneer Press, 10/24](#)).
- **New Mexico: Two behavioral health providers reach \$4.2 million Medicaid settlement.** To resolve their involvement in an ongoing **New Mexico Attorney General's Office**

(NMAGO) investigation into alleged Medicaid overbilling by 15 behavioral health providers, **Presbyterian Medical Services** and **Youth Development** agreed to repay New Mexico's Medicaid program \$4 million and \$240,000, respectively. According to the state, both providers will receive "intensive training and oversight" from the Arizona behavioral health providers that were contracted to provide services during the investigation. Meanwhile, on October 18, NMAGO released a redacted version of the [audit](#) that led to the ongoing investigation ([Albuquerque Journal, 11/4](#); [Santa Fe New Mexican, 11/4](#); [New Mexico Telegram, 10/18](#)).

- **North Carolina launches behavioral health Crisis Solutions Initiative.** On November 7, the **North Carolina Department of Health and Human Services** established the **Crisis Solutions Initiative**, under which the department will work with stakeholders from the behavioral health and law enforcement communities to identify ways to expand local-level best practices, including walk-in crisis centers, telepsychiatry, and crisis intervention teams. The initiative will be funded through existing resources ([NCDHHS, 11/7](#); [Winston-Salem Journal, 11/7](#)).
- **Ohio expands Medicaid under the ACA.** At the request of **Ohio Governor John Kasich** (R), on October 21, the **Ohio Controlling Board** (OCB) approved the state's Medicaid expansion, as authorized under the ACA. Established as a legislative commission to oversee state agencies' requests to change authorized funding levels, OCB also has the authority to "adjust the state budget to reflect fluctuations in federal funding." According to Governor Kasich, OCB has the authority to approve the Medicaid expansion unilaterally, because the expansion functions as an increase in federal funding. However, on October 23, six members of the **Ohio General Assembly** filed a [lawsuit](#) to block the expansion, arguing that it requires approval by the full Assembly ([New York Times, 10/22](#); [Politico, 10/21](#); [Reuters, 10/23](#)).
- **Oregon cigarette tax to fund community mental health services.** To increase funding for community mental health services, **Oregon Governor John Kitzhaber** (D) signed a bill ([HB5101](#)) dedicating revenue from a state cigarette tax increase to the **Oregon Health Authority** (OHA). Enacted as part of a broader tax-reform bill ([HB3601](#)), Oregon's cigarette tax will increase by 13 cents on January 1, 2014, and by one additional cent in 2016 and 2018. Under HB5101, 77 percent of the additional revenue will be dedicated to OHA community mental health programs until January 1, 2016, when all additional revenue will be allocated to those programs ([The Oregonian, 9/30](#)).
- **Vermont: HHS renews "Global Commitment to Health" Medicaid waiver.** On October 2, HHS [renewed](#) the **Department of Vermont Health Access'** (DVHA) primary [Medicaid Section 1115 Research and Demonstration waiver](#) through December 31, 2016. Under the unique waiver, called the **Global Commitment to Health**, HHS grants DVHA additional flexibility in structuring and operating Vermont's Medicaid program, placing a global cap on federal matching funds. The renewed waiver also creates a premium assistance program for low-income individuals who are ineligible for traditional Medicaid or the Medicaid expansion. Under the new program, DVHA will provide subsidies to reduce out-of-pocket costs for individuals with incomes between 138 percent and 300 percent of the **federal poverty level** (FPL) who purchase **Health Insurance Marketplace** coverage. According to DVHA, these subsidies will be in addition to federal Marketplace subsidies, which are available to individuals with incomes between 138

percent and 400 of the FPL. The Vermont Legislature allocated \$2.87 million in the [FY2014 budget](#) and \$3.5 million in federal matching funds to finance the subsidy program ([Burlington Free Press, 10/4](#); [VTDigger, 10/3](#)).

- **Vermont extends cancelled insurance plans.** To provide additional time to purchase **Health Insurance Marketplace** coverage, **Vermont Governor Peter Shumlin** (D) ordered health insurers to extend all individual and small group plans set to expire on December 31, 2013 to March 31, 2014. According to Governor Shumlin, the extension is authorized under the 2012 law ([H 559](#)) that established Vermont's state-based Marketplace, which states that extensions may be implemented "to ensure a smooth and orderly transition" ([Burlington Free Press, 11/3](#)).
- **Washington awards \$23 million for intensive mental health services.** On November 1, the **Washington Department of Social and Health Services** (WDSHS) awarded \$23 million to the **Regional Support Networks** (RSNs) that administer public mental health services in the state. Authorized under a recent bill ([SB 5840](#)) that also set July 1, 2014 as the start date for new involuntary mental health treatment standards, the funding will support RSNs' efforts to create or expand specialized crisis services for individuals affected by the new standards. According to WDSHS, the awards will fund services including but not limited to "crisis treatment beds, intensive case management, mobile crisis response teams, and assistance for people transitioning out of hospitals" ([WDSHS, 11/1](#); [The News Tribune, 11/1](#)).

## Financing Reports

- **ACA expected to increase enrollment in high-deductible health plans.** "[The ACA and high-deductible insurance: Strategies for sharpening a blunt instrument](#)" *New England Journal of Medicine* 369(16): 1481-1484. Wharam, J. et al. October 17, 2013.
- "[Access and cost barriers to mental health care, by insurance status, 1999–2010](#)" *Health Affairs* 32(10): 1723-1730. Rowan, K. et al. October 2013.
- **Alabama: Medicaid expansion could add 30,700 jobs annually.** "[Economic impact by industry of Medicaid expansion in Alabama under the Affordable Care Act](#)" University of Alabama on behalf of the Alabama Hospital Association. Addy, S. & Ijaz, A. October 2013 ([NBC 13 Alabama, 10/9](#)).
- "[Aligning federal and state efforts on payment reform](#)" National Academy for State Health Policy. Stanek, M. November 2013.
- **Employer-sponsored health insurance costs grew at an average annual rate of 4.9 percent from 2007 to 2011.** "[Trends underlying employer-sponsored health insurance growth for Americans younger than age sixty-five](#)" *Health Affairs* 32(10): 1715-1722. Herrera, C. et al. October 2013 ([Becker's Hospital Review, 10/9](#)).
- **In "non-expansion" states, 62 percent of uninsured are ineligible for ACA assistance.** "[Eligibility for assistance and projected changes in coverage under the ACA: Variation across states](#)" Urban Institute on behalf of RWJF. Buettgens, M. et al. October 2013 ([FierceHealthcare, 10/10](#)).
- **Investment in administrative capacity key to fulfilling Medicaid requirements.** "[Managing a high-performance Medicaid program](#)" KFF. Griffin, E. et al. October 7, 2013.
- **Louisiana: Medicaid behavioral health program improperly reimbursed \$1.7 million for deceased enrollees.** "[Medicaid participant fees paid for deceased individuals in the Louisiana](#)

- [Behavioral Health Partnership and Bayou Health programs: Department of Health and Hospitals](#)” Louisiana Legislative Auditor. October 30, 2013 ([New Orleans Times-Picayune, 11/4](#)).
- **Medicaid accountable care models often complicated by joint federal-state funding structure.** [“Early experiences with accountable care in Medicaid: Special challenges, big opportunities”](#) Brookings Institute. Kocot, S. et al. October 2013.
  - **Medicaid FY2014 enrollment to increase significantly even in non-expansion states.** [“Medicaid in a historic time of transformation: Results from a 50-state Medicaid budget survey for state fiscal years 2013 and 2014”](#) KFF. Smith, V. et al. October 7, 2013 ([FierceHealthcare, 10/9](#)).
  - **Most states with childless adult Medicaid coverage waivers plan to transition that population to Medicaid expansion.** [“A look at Section 1115 Medicaid Demonstration Waivers under the ACA: A focus on childless adults”](#) KFF. Rudowitz, R. et al. October 9, 2013.
  - **“Nearly 5 in 10 uninsured single young adults eligible for the Health Insurance Marketplace could pay \$50 or less per month for coverage in 2014”** HHS. Skopec, L. & Gee, E. October 28, 2013.
  - **North Carolina Medicaid medical home program led to increased interaction among provider organizations.** [“Managing care transitions in Medicaid: Spotlight on community care of North Carolina”](#) KFF. Gold, M. & Wang, W. October 8, 2013.
  - **Oregon: Medicaid coverage associated with 30 percent reduction in adult depression rate.** [“What does expanding Medicaid do for low-income adults? Evidence from Oregon's health insurance lottery”](#) Robert Wood Johnson Foundation (RWJF). Matras, H. October 14, 2013.
  - **Over 25 million uninsured individuals eligible for ACA coverage in 2014.** [“Eligibility for assistance and projected changes in coverage under the ACA: Variation across states”](#) Urban Institute on behalf of RWJF. Buettgens, M. et al. October 2013.
  - **“Reaching and enrolling the uninsured: Early efforts to implement the Affordable Care Act”** Urban Institute. Hill, I. et al. October 2013.
  - **“State parity laws and access to treatment for substance use disorder in the United States: Implications for federal parity legislation”** *Journal of the American Medical Association: Psychiatry* published online before print. Wen, H. et al. October 23, 2013 ([Behavioral Healthcare, 10/24](#)).
  - **“Strategies to reduce costs and improve care for high-utilizing Medicaid patients: Reflections on pioneering programs”** Center for Health Care Strategies. Bodenheimer, T. October 2013.
  - **Technical issues within Marketplaces have increased importance of navigators.** [“Navigators and assisters”](#) *Health Affairs* Health Policy Brief. Goodell, S. October 31, 2013.
  - **“The Affordable Care Act’s lower-than-projected premiums will save \$190 billion”** Center for American Progress. Spiro, T. & Gruber, J. October 21, 2013.
  - **Utah Medicaid OIG recovered \$24.8 million in FY2013 from improper reimbursements.** [“Office of the Inspector General of Medicaid Services annual report”](#) Utah Office of the Inspector General of Medicaid Services. September 25, 2013 ([Salt Lake Tribune, 10/8](#)).