

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

Financing Focus: November 19, 2014

National News	2
• Supreme Court to hear case on Health Insurance Marketplace subsidies	2
• SAMHSA awards up to \$1.23 billion for children’s behavioral health	2
• HHS announces \$840 million initiative to improve care and reduce costs	2
• SAMHSA offers \$82 million to support criminal-justice-involved individuals	2
• HHS awards \$51.3 million for behavioral health services at health centers	3
• CMS prepares for Marketplace open enrollment	3
• CMS finalizes Medicare payment rules	3
• NIH awards \$11 million to study social media’s role in treating and preventing substance use	3
• Merck subsidiary reaches \$31 million Medicaid settlement with states	3
• CMS offering up to \$114 million to support Medicare Accountable Care Organizations	4
State News	4
• CA awards \$13.4 million for Marketplace enrollment assistance, CO proposes Marketplace fee	4
• Delaware modernizes mental health commitment laws	4
• Louisiana reaches settlement over Medicaid claim denial notices	4
• Massachusetts: CMS approves five-year extension of MassHealth Medicaid waiver	4
• Massachusetts awards \$60 million to expand care coordination and access to behavioral health services	5
• New York allocates \$5.6 million for community-based mental health services	5
• Utah announces Medicaid expansion agreement	5
• Washington orders reevaluation of mental health claims after Supreme Court ruling	5
Financing Reports	6

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

- **Supreme Court to hear case on Health Insurance Marketplace subsidies.** On November 7, the **U.S. Supreme Court** [announced](#) that it would hear *King v. Burwell* during its October 2014 Term. In the case, the plaintiffs argue that the ACA restricts access to federal insurance subsidies to individuals “enrolled in an Exchange established by the state” and that federally-facilitated **Health Insurance Marketplaces** may not offer subsidies. Previously, a three-judge panel of the **U.S. Court of Appeals for the Fourth Circuit** ruled against the plaintiffs, finding that the **Internal Revenue Service** (IRS) may finalize rules that offer subsidies in all states, because the ACA is unclear regarding subsidies offered through a federally-facilitated Marketplace. According to *Kaiser Health News*, approximately 4.6 million individuals receive subsidies through federally-facilitated Marketplaces. The Duke Center for Health Policy & Inequalities Research has created a [summary](#) of other relevant cases decided by lower courts or that are now pending, including *Halbig v. Burwell*, *Pruitt v. Burwell* and *Indiana v. IRS* ([Washington Post, 11/7](#); [Bloomberg 11/8](#); [Kaiser Health News, 7/31](#); [Health Affairs Blog, 11/7](#)).
- **SAMHSA awards up to \$1.23 billion for children’s behavioral health.** Through more than 20 grant programs, **SAMHSA** awarded up to \$1.23 billion to support behavioral health prevention, treatment, and recovery services for children, youth, and their families. Among the awards, SAMHSA allocated funding for a wide spectrum of behavioral health issues, including expanding the use of community services, supporting substance use prevention, enhancing suicide prevention, improving care coordination, and increasing minority access to services. Additionally, SAMHSA allocated \$294 million to programs targeting American Indian and Alaskan Native youth. Separately, SAMHSA also announced \$1.2 million in supplemental funding for the **Suicide Prevention Resource Center** ([SAMHSA, 10/16](#); [SAMHSA, 10/14a](#); [SAMHSA, 10/14b](#); [SAMHSA, 10/17](#)).
- **HHS announces \$840 million initiative to improve care and reduce costs.** On October 23, **U.S. Department of Health and Human Services (HHS) Secretary Sylvia M. Burwell** announced \$840 million in funding opportunities through the **Transforming Clinical Practice Initiative**. Funded in part through the ACA, the four-year initiative will support health care providers’ efforts to implement new care coordination and payment systems, as well as other strategies to improve care and reduce costs. Under the initiative, HHS will fund up to 150,000 health care providers that achieve progress toward measurable goals, including improving clinical outcomes, reducing unnecessary testing, achieving cost savings, and avoiding unnecessary hospitalizations. Additional information about the initiative, including eligibility requirements and how to participate, is [available](#) from the **Centers for Medicare & Medicaid Services (CMS)** ([HHS, 10/23](#)).
- **SAMHSA offers \$82 million to support criminal-justice-involved individuals.** On October 15, **SAMHSA** announced plans to award up to \$82 million to behavioral health service programs for criminal-justice-involved individuals, including individuals incarcerated, paroled, on probation, or accused of an offense. SAMHSA will provide funding through several programs, including: (1) **Grants to Develop and Expand Behavioral Health Treatment Court Collaboratives**; (2) **Grants to Expand Substance Abuse Treatment Capacity in Adult, Juvenile,**

and Family Drug Courts; (3) Grants to Expand Substance Abuse Treatment Capacity in Adult Tribal Healing to Wellness Courts and Juvenile Drug Courts; and (4) Joint Adult Drug Court Solicitation to Enhance Services, Coordination, and Treatment programs ([SAMHSA, 10/15](#)).

- **HHS awards \$51.3 million for behavioral health services at health centers.** To expand access to behavioral health services, HHS awarded 210 health centers across 47 states, the District of Columbia, and Puerto Rico \$51.3 million in **Behavioral Health Integration** grants. This recent round of awards comes in addition to \$54.5 million in Behavioral Health Integration grants awarded in July to 223 separate health centers. Under the grants, awardees will hire new behavioral health professionals, add behavioral health services, and develop integrated primary care models. According to HHS, this round of awards will expand access to behavioral health services for nearly 440,000 individuals ([Health Resources and Services Administration, 11/6](#)).
- **CMS prepares for Marketplace open enrollment.** To support consumers during the **Health Insurance Marketplace** open enrollment period running November 15, 2014 to February 15, 2015, CMS hired 1,000 extra support personnel to staff consumer call centers. Additionally, CMS sent notices to Marketplace consumers explaining the plan renewal process, including the auto-renewal option, and released the “[5 Steps to Staying Covered](#)” pamphlet as an educational tool for consumers. CMS has previously released materials for enrollees through its [From Coverage to Care](#) initiative on how to use insurance to promote overall health ([CMS, 10/15a](#); [CMS, 6/16](#)).
- **CMS finalizes Medicare payment rules.** In November, CMS [finalized rules](#) revising the Medicare physician fee schedule and updating payment formulas and quality reporting systems for services at hospital outpatient and ambulatory surgical centers. Among other changes, the physician fee schedule rule expands the list of covered telemedicine services to include psychoanalysis and family therapy, with and without the client present. Additionally, the rule allows providers to bill Medicare for telemedicine services provided to patients residing in any rural census tract, including those in metropolitan statistical areas (MSAs). Previously, patients residing in MSAs were ineligible for telemedicine. Meanwhile, the hospital outpatient rule also discusses several issues relevant to behavioral health, including partial hospitalization and the **Hospital Outpatient Quality Reporting** program ([CMS, 10/31](#)).
- **NIH awards \$11 million to study social media’s role in treating and preventing substance use.** On October 16, the **National Institutes of Health** (NIH) awarded 11 researchers a total of \$11 million over three years to “support research exploring the use of social media to advance the scientific understanding, prevention, and treatment of substance use and addiction.” According to NIH, awardees will analyze social media interactions to learn about patterns of use, risk factors, and behaviors associated with substance use. NIH issued the awards through its **Collaborative Research on Addiction at NIH** (CRAN) consortium, which includes the **National Institute on Alcohol Abuse and Alcoholism** (NIAAA), the **National Institute on Drug Abuse** (NIDA), and the **National Cancer Institute** (NCI) ([NIH, 10/16](#)).
- **Merck subsidiary reaches \$31 million Medicaid settlement with states.** On October 15, several state attorneys general announced that **Organon USA**, a subsidiary of **Merck**, agreed to a \$31 million settlement with 49 states and the District of Columbia. The settlement resolves allegations that Organon USA overcharged Medicaid programs for the antidepressant **Remeron**

and improperly marketed the drug to children and teens. Under the settlement, Merck did not admit any wrongdoing ([Reuters, 10/15](#); [Wall Street Journal, 10/16](#); [Office of the Maryland Attorney General, 10/20](#); [Office of the Idaho Attorney General, 10/15](#)).

- **CMS offering up to \$114 million to support Medicare Accountable Care Organizations.** To support infrastructure and service investments, **CMS** announced plans to award up to \$114 million to **Accountable Care Organizations** (ACOs) that join the **Medicare Shared Savings Program** through 2016. According to CMS, the funding will help currently participating ACOs assume additional financial risk and improve patient care, while encouraging newly participating ACOs to expand services to underserved areas, including rural populations. CMS provides [additional information](#) on the funding opportunity ([CMS, 10/15b](#); [Fierce Health IT, 10/16](#)).

State News

- **CA awards \$13.4 million for Marketplace enrollment assistance; CO proposes Marketplace fee.** To reduce wait times for enrollment assistance during the upcoming **Health Insurance Marketplace** open enrollment period, California's Marketplace awarded \$13.4 million in additional funding for two call center contractors. According to the *Los Angeles Times*, the Marketplace already added 650 new call center staff and, together with this new funding, the Marketplace aims to respond to at least 80 percent of calls within 30 seconds. Meanwhile, to fund Marketplace activities, the **Colorado Department of Regulatory Agencies** [proposed](#) implementing a \$1.50 per enrollee per month fee on health insurers. The fee would take effect January 1, 2015 ([Los Angeles Times, 10/17](#)).
- **Delaware modernizes mental health commitment laws.** On October 14, **Delaware Governor Jack Markell** (D) signed a bill ([HB 346](#)) to modernize the state's **civil mental health commitment laws**, reduce the number of involuntary commitments, and better ensure civil rights and due process protections for committed individuals. Among other changes, the bill authorizes mental health screenings at the site of crisis incidents rather than requiring police to transport individuals to a screening location. The bill also restricts the authority to order involuntary commitments of juveniles to psychiatrists and Certified Juvenile Mental Health Screeners. Additionally, the bill implements new hearing procedures for involuntary commitments, updates state mental health language and definitions, and streamlines other existing regulations ([Office of Delaware Governor Markell, 10/14](#)).
- **Louisiana reaches settlement over Medicaid claim denial notices.** On October 30, the **U.S. District Court for the Middle District of Louisiana** approved a [settlement](#) between the **Louisiana Department of Health and Hospitals** (LDHH) and the **Advocacy Center** over the content of Medicaid claim denial notices. The Advocacy Center alleged that the notices sent to consumers contained insufficient information regarding the reason for the denial or the process for appealing the decision. Under the settlement, LDHH agreed to develop more comprehensive denial notifications. The court will oversee the implementation of the settlement through 2019 ([Baton Rouge Advocate, 10/30](#)).
- **Massachusetts: CMS approves five-year extension of MassHealth Medicaid waiver.** On October 30, **CMS** [approved](#) a five-year extension of **MassHealth**, Massachusetts' comprehensive **Medicaid Section 1115 Research and Demonstration** waiver. The \$41.4 billion extension

supports numerous state initiatives, including: payment system and cost containment reforms, integrated care pilot programs, support services for homeless individuals, chronic disease intervention programs, expanded substance abuse prevention and recovery services, and expanded children's behavioral health services. Additionally, the waiver authorizes the **Massachusetts Department of Health and Human Services** (MDHHS) to further integrate behavioral and physical health services through new requirements for **managed care organizations** and expand the use of community-based mental health services. According to the *Boston Globe*, CMS will provide \$20 billion for the waiver while the state will provide the remaining \$21.4 billion ([Boston Globe, 10/31](#); [WBUR, 11/1](#)).

- **Massachusetts awards \$60 million to expand care coordination and access to behavioral health services.** As part of Phase 2 of the state's **Community Hospital Acceleration, Revitalization, and Transformation** (CHART) program, the **Massachusetts Health Policy Commission** (HPC) awarded \$60 million in new funding to 28 community hospitals throughout the state. Under the awards, the hospitals will improve care coordination, increase community-based services, and expand access to behavioral health services. According to HPC, over \$30 million will fund efforts to expand and enhance services for individuals with behavioral health needs, including supporting new community and regional behavioral health service collaborations. Established in 2012 as part of the state's health cost containment law, CHART is a hospital investment program funded by an assessment on large health systems and commercial insurers. A full list of Phase 2 awards is [available](#) from HPC ([Massachusetts Executive Office for Administration and Finance, 10/22](#)).
- **New York allocates \$5.6 million for community-based mental health services.** In accordance with the New York [FY2015 budget](#), the **New York State Office of Mental Health** (NYOMH) allocated \$3.3 million in new funding for mental health programs in Nassau and Suffolk Counties and \$2.3 million for programs in Dutchess, Orange, Putnam, Rockland, Sullivan, Ulster, and Westchester Counties. As authorized under the budget, the funding will support the establishment and enhancement of community-based mental health services, with county representatives and other stakeholders working with NYOMH to develop specific targets for improvement ([NYOMH, 10/14a](#); [NYOMH, 10/14b](#)).
- **Utah announces Medicaid expansion agreement.** On October 23, **Utah Governor Gary Herbert** (R) announced that he had reached an agreement-in-principle with **HHS** over the **Healthy Utah** plan to **expand Medicaid** to individuals with incomes up to 138 percent of the FPL. According to Governor Herbert, certain specifics, including the level of enrollee copayments, have not been determined; however, he plans to submit a letter to HHS to begin formalizing the expansion process. The **Utah Legislature** will meet in January 2015 to determine whether to approve the expansion plan ([Salt Lake Tribune, 10/23](#)).
- **Washington orders reevaluation of mental health claims after Supreme Court ruling.** On October 20, **Washington Insurance Commissioner Michael Kreidler** [ordered](#) health insurers to inform all applicable enrollees of their right to have certain mental health claims reevaluated. The reevaluations are open to any enrollee who had a mental health service claim denied after January 1, 2006 due to a blanket exclusion. According to Commissioner Kreidler, the order is in

response to a **Washington Supreme Court [decision](#)** issued on October 8, which bans blanket exclusions of mental health services deemed medically necessary. Commissioner Kreidler also announced that his office will review insurers' current blanket exclusions to ensure that they do not include any mental health services and unveiled [proposed rules](#) that would prevent insurers from implementing future blanket exclusions that cover mental health services ([Office of the Washington State Insurance Commissioner, 10/20](#); [Seattle Times, 10/20](#)).

Financing Reports

- **Eliminating federal subsidies would decrease Marketplace plan enrollment by 70 percent and increase premiums by 45 percent.** "[Assessing alternative modifications to the Affordable Care Act: Impact on individual market premiums and insurance coverage](#)" RAND Corporation. Eibner, C. & Saltzman, E. October 21, 2014.
- "[Essential health benefits: 50-state variations on a theme](#)" University of Pennsylvania. Weiner, J. & Colameco, C. October 2014.
- "[Explaining health care reform: Questions about health insurance subsidies](#)" KFF. October 27, 2014.
- "[In states that don't expand Medicaid, who gets new coverage assistance under the ACA and who doesn't?](#)" Urban Institute & RWJF. Dorn, S. et al. October 2014.
- "[Income variability and eligibility for ACA subsidies](#)" Robert Wood Johnson Foundation (RWJF). Matras, H. October 25, 2014.
- **Indiana: Components of the proposed Medicaid expansion waiver may be incompatible with ACA requirements.** "[Indiana's Medicaid expansion waiver proposal needs significant revision](#)" Center on Budget and Policy Priorities. Schubel, J. & Cross-Call, J. October 17, 2014.
- "[Marketplace insurance premiums in early approval states: Most markets will have reductions or small increases in 2015](#)" RWJF/Urban Institute. Holahan, J. et al. November 2014.
- **Medicaid and CHIP had 67.9 million enrollees in August 2014.** "[Medicaid & CHIP: August 2014 monthly applications, eligibility determinations and enrollment report](#)" CMS. October 17, 2014 & "[Recent trends in Medicaid and CHIP enrollment: Analysis of CMS performance measure data through August 2014](#)" KFF. Artiga, S. et al. October 28, 2014.
- **More than two-fifths of states expanded Medicaid benefits in FY2014.** "[Medicaid in an era of health & delivery system reform: Results from a 50-state Medicaid budget survey for state fiscal years 2014 and 2015](#)" KFF. Smith, V. et al. October 14, 2014.
- "[Obamacare's enrollment increase: Mainly due to Medicaid expansion](#)" Heritage Foundation. Haislmaier, E. & Gonshorowski, D. October 22, 2014.
- **State Medicaid spending increased more among states not participating in the Medicaid expansion.** "[Implementing the ACA: Medicaid Spending & Enrollment Growth for FY 2014 and FY 2015](#)" KFF. Rudowitz, R. et al. October 14, 2014.
- "[Tax subsidies for private health insurance](#)" KFF. Rae, M. et al. October 27, 2014.
- "[The essential role of states in financing, regulating, and creating accountable care organizations](#)" National Academy for State Health Policy. Stanek, M. & Takach, M. October 2014.