SAMHSA's Center for Financing Reform & Innovations (CFRI)
Financing Focus: April 20, 2015

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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

- **CMS proposes rule applying parity requirements to Medicaid and CHIP**. On April 6, the **Centers for Medicare & Medicaid Services** (CMS) proposed a rule that would apply certain parity provisions from the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) to **Medicaid** and the **Children's Health Insurance Program** (CHIP). Under the proposed rule, Medicaid managed care plans, Medicaid alternate benefit plans, and CHIP plans must provide coverage for mental health and substance use services that is no more restrictive than medical and surgical coverage. The proposed rule would also apply in states that "carve out" some Medicaid benefits under a separate managed care behavioral health plan but would not apply to traditional Medicaid fee-for-service plans. CMS announced that the rule would align Medicaid and CHIP coverage requirements with the coverage requirements implemented in a November 2013 final rule applying to group and individual health plans. CMS also released a fact sheet with additional information on the proposed rule (CMS, 4/6; Kaiser Health News, 4/7).
- **NAMI finds lack of behavioral health parity in private health insurance**. On April 1, the **National Alliance on Mental Illness** (NAMI) released a report that summarizes findings from a survey of private health plan enrollees and a supporting analysis of 84 selected plans. According to NAMI, many private plans—including those offered through **the Affordable Care Act Marketplaces**—do not include all types of behavioral health providers in their networks; therapists, counselors, inpatient programs, and residential programs are among those excluded from some private plans. The report also found that private plans **deny behavioral health service claims on the basis of medical necessity** more frequently than physical health claims, denying 29 percent of mental health claims and 18 percent of substance use claims compared to 14 percent of physical health claims. Additionally, the report found that private plans **cover a smaller percentage of available psychiatric medications**, with more than half of the analyzed plans covering fewer than 50 percent of the antipsychotic medications studied in the report. Among other recommendations, NAMI proposes stronger MHPAEA enforcement and additional transparency regarding network providers and claims denial criteria (Bloomberg BNA, 4/1).
- **Supreme Court: Providers lack standing to challenge state Medicaid rates**. On March 31, the **Supreme Court** ruled 5-4 that health care providers do not have standing to sue states over the adequacy of their **Medicaid reimbursement rates**. The ruling, which came in *Armstrong v. Exceptional Child Center, Inc.*, found that neither the U.S. Constitution nor federal law authorizes providers to seek court enforcement of the federal requirement that state reimbursement rates be "sufficient to enlist enough providers so that care and services are available." The Court ruled that it is the federal government's role to challenge rates and that allowing providers to directly challenge rates would lead to "increased litigation, inconsistent results, and disorderly administration of highly complex federal programs that demand public consultation, administrative guidance and coherence for their success." Among others, the **National Council for Behavioral Health** and **NAMI** filed a Brief *amici curiae* with the Supreme Court supporting the ability of providers to sue to enforce federal requirements (Washington Post, 3/31; Kaiser Family Foundation, 1/14).

- **Congress votes to replace Medicare SGR formula, extend CHIP through FY2017**. On April 14, **Congress** approved the bipartisan **Medicare Access and CHIP Reauthorization Act of 2015** (HR2) to replace the **Medicare Sustainable Growth Rate** (SGR) formula with a new physician payment formula. According to the **Congressional Budget Office** (CBO), the bill would replace a scheduled 21 percent reduction to the Medicare physician reimbursement rate with an annual 0.5 percent rate increase through FY2019. Additionally, beginning in FY2019, physicians would be required to participate in the **Merit-Based Incentive Payment System** (MIPS) or the **Alternative Payment Model** (APM) program, which would adjust physicians' reimbursements based on their performance. The bill also would provide $39.7 billion to fund **CHIP** for two additional years. Under current law, CHIP funding is scheduled to expire on September 30, 2015. **President Obama** announced that he will sign the bill (Kaiser Health News, 4/15; Washington Post, 3/26; Reuters, 3/25; CBO, 3/25).
- **CBO lowers estimated federal cost of ACA by additional $142 billion**. On March 9, the **Congressional Budget Office** (CBO) released an update to its January 2015 Budget and Economic Outlook report, estimating federal revenues and expenditures through FY2025. The CBO now estimates that the gross federal cost of the **Affordable Care Act's** (ACA) insurance coverage provisions will total $1.207 trillion from FY2016 through FY2025, a reduction of $142 billion from the January 2015 report and a $243 billion reduction from the April 2014 projection. According to the newest report, the reduction is due primarily to lower estimates of subsidy spending for **the Affordable Care Act Marketplaces**, which the CBO attributes to lower-than-expected growth of insurance premiums and a slight reduction in the expected number of uninsured individuals who will obtain marketplace coverage (New York Times, 3/9; Washington Post, 3/9).
- **HHS to expand efforts to combat opioid overdoses**. On March 26, the **U.S. Department of Health and Human Services** (HHS) announced plans to expand efforts in three priority areas: providing training and educational resources to prescribers, increasing the use of naloxone, and expanding the use of **Medication-Assisted Treatment** (MAT). Among other efforts, HHS intends to further support **prescription drug monitoring programs** (PDMPs), promote state use of **Substance Abuse Block Grant** funds to purchase naloxone, and launch a grant program to expand access to MAT (HHS, 3/26).
- **HHS launches Health Care Payment Learning and Action Network**. To facilitate alternate health care payment models, on March 25, **HHS Secretary Sylvia M. Burwell** held the inaugural meeting of the Health Care Payment Learning and Action Network with **President Obama**, state representatives, insurers, providers, business leaders, and consumers in attendance. Through the Network, HHS will develop summary papers to disseminate alternate payment models and convene participants to spread best practices for implementing those models. HHS also released a fact sheet with additional information (HHS, 3/25).
- **HHS announces Next Generation Accountable Care Organization program for Medicare**. On March 10, **HHS** announced plans to launch a new Medicare payment and care delivery pilot program, the **Next Generation Accountable Care Organization** (ACO) model. Authorized under the ACA, the program will allow participants to retain a larger portion of their savings if they accept responsibility for a larger portion of their losses than currently allowed

through HHS' other ACO models, the **Pioneer ACO** model and the **Medicare Shared Savings Program**. HHS will accept program participants through two rounds of applications in 2015 and 2016. Letters of intent for the 2015 applications are due May 1 (HHS, 3/10).

- **SAMHSA offers up to $59.2 million for behavioral health services**. To expand behavioral health and HIV services for high-risk populations, **SAMHSA** announced plans to award up to $37.6 million in **Targeted Capacity Expansion: Substance Use Disorder Treatment for Racial/Ethnic Minority Populations at High-Risk for HIV/AIDS** (TCE-HIV) grants. Available to nonprofit community based organizations, tribes, and tribal organizations in areas with high HIV prevalence rates, TCE-HIV grants are intended to increase access to behavioral health services, expand HIV and viral hepatitis testing, and improve linkages to HIV care such as antiretroviral therapy. Meanwhile, to expand substance use treatment services and related recovery and reentry services, SAMHSA announced plans to award up to $21.6 million in **Offender Reentry Program** (ORP) grants. Under the program, grantees will expand services for adult offenders returning from incarceration (SAMHSA, 3/25; SAMHSA, 3/31).
- **SAMHSA releases suicide prevention app**. On April 2, **SAMHSA** released Suicide Safe, a free suicide prevention app for health care providers. Based on SAMHSA's Suicide Assessment Five-Step Evaluation and Triage (SAFE-T) card, the app teaches providers how to use SAFE-T, provides interactive sample case studies and conversation starters, and allows providers to access and share information about local treatment options from a mobile platform (SAMHSA, 4/2).
- **HHS and DOJ recovered $3.3 billion from health care fraud in FY2014**. In a joint announcement, **HHS** and the **U.S. Department of Justice** (DOJ) announced the recovery of $3.3 billion from federal health care fraud investigations in FY2014. From FY2012 to FY2014, the departments have recovered $7.70 for every dollar spent investigating fraud in Medicaid, Medicare, and other federal health care programs. Additional information is available in the departments' joint report (HHS, 3/19).

State News

- **Arizona seeks Medicaid work requirements and lifetime coverage limits**. On March 6, **Arizona Governor Doug Ducey** (R) signed a bill (SB1092) that requires the state Medicaid agency, the **Arizona Health Care Cost Containment System** (AHCCCS), to submit a waiver every year seeking federal authority to implement **work requirements** and **lifetime coverage limits** for most non-disabled enrollees. Under the bill, most non-disabled enrollees would be required to obtain employment, actively seek employment, or enroll in a job-training program to maintain their Medicaid coverage. In addition, most non-disabled enrollees would be subject to a five-year lifetime coverage limit. However, Medicaid enrollment would not "count" toward the five-year cap when enrollees are employed full-time or younger than age 19. The bill would exempt pregnant women, sole caregivers for children younger than age six, full-time high school students, and individuals receiving temporary or permanent disability benefits. According to a **CMS** spokesperson, the agency has never approved similar waiver requests (Capital Media Services via Arizona Daily Star, 3/6).

- **Colorado expands behavioral health parity statutes to include autism coverage**. On March 24, the **Colorado Legislature** approved a bill (SB15-015) amending the state's health insurance parity law to include treatment for autism spectrum disorders. The bill states that coverage for autism services may not be more restrictive than coverage for physical health services and prohibits cost or visitation caps on medically necessary services. The bill also repeals an existing provision, which states that autism is not a mental illness for the purposes of insurance coverage. **Colorado Governor John Hickenlooper** (D) is expected to sign the bill (ABC 7News Denver, 3/26).
- **Idaho allocates $1.7 million for mental health crisis center**. On March 24, the **Idaho Legislature** approved an FY2016 budget bill (HB264), allocating $88 million to the behavioral health divisions of the **Idaho Department of Health and Welfare** (IDHW). Among other changes from FY2015, the bill allocates an additional $1.7 million to establish a 24-hour mental health crisis center in northern Idaho. The crisis center will be the second of three new centers proposed by **Idaho Governor Butch Otter** (R) in 2014. Governor Otter is expected to sign the bill (Boise State Public Radio, 3/24).
- **Kentucky expands heroin treatment, allocates up to $24 million in additional funding**. On March 25, **Kentucky Governor Steve Beshear** (D) signed a bill (SB192) that will implement numerous treatment and enforcement provisions to address heroin use. To expand treatment services, the bill allocates $10 million from the state general fund for FY2015-16 and $24 million annually in subsequent years from prior judicial savings. The bill allocates additional funds for addiction treatment, authorizes municipalities to implement a needle exchange program, increases penalties for drug traffickers, and implements a "good Samaritan" provision that grants immunity to individuals who report an overdose. The bill also authorizes first responders to use **naloxone** and provides funding for **naltrexone** to support treatment services. According to Governor Beshear, the bill took effect immediately under an emergency clause (Office of Kentucky Governor Beshear, 3/25; WDRB, 3/25).
- **Mississippi approves autism coverage mandate**. On March 26, **Mississippi Governor Phil Bryant** (R) signed a bill (HB885) requiring health plans to cover autism screening, diagnosis, and treatment services for children up to age eight. Under the bill, plans must cover up to 25 hours of **applied behavior analysis** (ABA) therapy per week, although plans are only required to cover 10 hours of ABA per week from a licensed behavior analyst. The bill will take effect July 1 (Hattiesburg American, 3/26).
- **New York announces behavioral health parity settlement with health insurer**. To resolve allegations that the company violated **MHPAEA** and **New York's 2006 parity act** (Timothy's Law), on March 19, **New York Attorney General Eric Schneiderman** announced a settlement with **Excellus Health Plan.** According to Attorney General Schneiderman, Excellus wrongfully denied $9 million in claims for inpatient substance abuse treatment services, requiring individuals to attempt outpatient treatment multiple times before allowing inpatient coverage. Under the settlement, Excellus agreed to cover inpatient services without preconditions, reform its claim evaluation process, and allow 3,300 individuals whose requests for inpatient treatment between 2011 and 2014 were denied to appeal to that decision to an

independent review board. This is New York's fifth parity-related settlement in the past year (New York State Office of the Attorney General, 3/18).

- **North Carolina awards $2 million for behavioral health urgent care facility**. To reduce emergency room visits, the **North Carolina Department of Health and Human Services** (NCDHHS) awarded $2 million to develop a 24-hour behavioral health urgent care facility in Ashville. Operated by a local nonprofit, the facility will include an urgent care unit, a mobile crisis team, outpatient services, and a community pharmacy. The facility will be located adjacent to **Mission Hospital** and is expected to reduce walk-in admissions at the hospital by 35 percent over three years (North Carolina Health News, 3/9).
- **Pennsylvania State Police begin carrying naloxone**. On April 7, **Pennsylvania Governor Tom Wolf** (D) announced the implementation of a 2014 bill (SB1164) that requires **Pennsylvania State Police** to carry naloxone. Funded by a combination of grants from Aetna, Geisinger Health, Health Partner Plans, and Highmark, every state patrol car will be equipped with two naloxone doses. Several health insurers also donated $300,000 to equip other police departments with naloxone, while the **Pennsylvania Commission on Crime and Delinquency** authorized $100,000 to expand access to naloxone for local police (Office of Pennsylvania Governor Wolf, 4/7).
- **Virginia establishes Center for Behavioral Health and Justice**. On March 23, **Virginia Governor Terry McAuliffe** (D) signed Executive Directive 4(2015), establishing the **Center for Behavioral Health and Justice**. Originally proposed as a recommendation by the **Governor's Task Force for Improving Mental Health Services and Crisis Response**, the Center is tasked with improving coordination between the state's public, private, and not-for-profit entities that serve the criminal justice and behavioral health communities. To ensure that individuals in the criminal justice system have access to behavioral health services, the Center will offer technical assistance, data collection and analytics, education and training, and support efforts to expand evidence-based programs and practices. The Center's Executive Leadership Council must develop an organizational structure and implementation plan by July 1 (WVTR, 3/24; Virginia Department of Behavioral Health & Developmental Services, 3/23).

Financing Reports

- **ACA coverage expansions reduced uncompensated care costs by $7.4 billion in FY2014**. "Insurance expansion, hospital uncompensated care, and the Affordable Care Act" & "Economic impact of the Medicaid expansion" HHS Office of the Assistant Secretary for Planning and Evaluation. March 23, 2015 (Modern Healthcare, 3/23).
- "**Children's Health Insurance Program: Effects on coverage and access, and considerations for extending funding**" & "**Children's health insurance: Coverage of services and costs to consumers in selected CHIP and private health plans in five states**" U.S. Government Accountability Office (GAO). February 2015.
- "**Federal guidelines for opioid treatment programs**" SAMHSA. March 2015 (SAMHSA, 3/27).
- **Idaho: Medicaid expansion would save state $653 million through FY2025**. "The cost of doing nothing: Cost of delaying action on the Healthy Idaho Plan is high" Idaho Voices for Children (Boise Weekly, 3/7).

- "**King v. Burwell, CHIP, and Medicaid: What lies ahead for children's health coverage?**" Urban Institute. Buettgens, M. et al. March 17, 2015.
- **Medicaid ACOs: 8 states have implemented ACOs, 9 states pursuing implementation**. "Medicaid Accountable Care Organizations: State update" Center for Health Care Strategies. March 2015 & "Exploring the feasibility of including Medicare-Medicaid enrollees in Medicaid Accountable Care Organizations" Center for Health Care Strategies. Houston, R. & Soper, M. April 2015.
- **Medicaid and CHIP had 70 million enrollees as of January 2015**. "Recent trends in Medicaid and CHIP enrollment as of January 2015: Early findings from the CMS Performance Indicator Project" Kaiser Family Foundation (KFF). Artiga, S. et al. March 31, 2015.
- **Medicare spending between 2009 and 2013 was $316 billion lower than it would have been if there had been the same average spending growth rate as between 2000 to 2008.** "Medicare spending growth since 2009" HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE). April 15, 2015.
- "**Medication for the treatment of alcohol use disorder: A brief guide**" SAMHSA. March 2015 (SAMHSA, 4/2).
- **Nearly 570,000 uninsured individuals with serious mental illness reside in states not participating in the Medicaid expansion**. "Access Denied" American Mental Health Counselors Association. Miller, J. et al. April 2015 (Pew Charitable Trusts, 4/8).
- "**Private health insurance: Early evidence finds premium tax credit likely contributed to expanded coverage, but some lack access to affordable plans**" GAO. March 23, 2015.
- **Reducing "churn" can provide administrative efficiencies and improve care**. "Lessons churned: Measuring the impact of churn in health and human services programs on participants and state and local agencies" Center on Budget and Policy Priorities. Rosenbaum, D. March 20, 2015.
- **Silver-level marketplace plan premiums increased by an average of 2.9 percent from 2014 to 2015**. "Marketplace premium changes throughout the United States, 2014–2015" Urban Institute. Holahan, J. et al. March 17, 2015.
- "**States expanding Medicaid see significant budget savings and revenue gains**" Robert Wood Johnson Foundation. Bachrach, D. et al. April 2015.
- "**The effects of the Medicaid expansion on state budgets: An early look in select states**" KFF. March 2015.
- "**The impact of the Affordable Care Act in Michigan**" Center for Healthcare Research & Transformation. Shigekawa, E. et al. March 26, 2015.
- "**The widespread slowdown in health spending growth implications for future spending projections and the cost of the Affordable Care Act (ACA) implementation**" Urban Institute. Holahan, J. & McMorrow, S. April 8, 2015 (FierceHealthFinance, 4/8).