

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

## **Financing Focus: May 18, 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

- **President Obama signs bill replacing Medicare SGR formula and extending CHIP through FY2017.** On April 16, **President Obama** signed 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. The bill eliminates a scheduled 21 percent reduction to the Medicare physician reimbursement rate, instituting an annual 0.5 percent rate increase through FY2019. Beginning in FY2019, the new formula also requires physicians to participate in the **Merit-Based Incentive Payment System** (MIPS) or the **Alternative Payment Model** (APM) program. Under MIPS, the **Centers for Medicare & Medicaid Services** (CMS) will adjust participating providers' reimbursement rates from -9 percent to +27 percent, based on their quality of care, resource utilization, patient outcomes, and use of electronic health records. Providers who receive at least 25 percent of their Medicare reimbursements through existing Medicare performance-based programs in FY2019 (increasing to 50 percent in FY2021 and 75 percent in FY2023) may opt out of MIPS and enroll in APM, which provides a flat five percent bonus on all Medicare reimbursements. The bill comes just weeks after a **U.S. Department of Health and Human Services** (HHS) [report](#) found that **Pioneer Accountable Care Organizations**, an existing Medicare performance-based program, achieved \$384 million in total savings over two years, with no reduction in quality of care. Finally, the SGR bill also provides \$39.7 billion to fund the **Children's Health Insurance Program** (CHIP) through FY2017. CHIP funding was previously scheduled to expire on September 30, 2015 ([White House Office of the Press Secretary, 4/16](#); [Kaiser Health News, 4/15](#); [CBO, 3/25](#); [Advisory, 4/20](#); [HHS, 5/4](#)).
- **CMS proposes rule to extend enhanced Medicaid funding.** On April 16, **CMS** proposed a [rule](#) to implement the ACA provision that will indefinitely extend the 90 percent **Federal Medical Assistance Percentage** (FMAP) for states to build new information technology (IT) systems for Medicaid eligibility and enrollment and the 75 percent FMAP for Medicaid system maintenance and operations costs. The rule would also provide states with additional time to upgrade their IT systems. The **U.S. Government Accountability Office** (GAO) released a [report](#) evaluating the impact of [federal funding](#) supporting state Medicaid IT enhancements.
- **CMS releases prescriber-level Medicare reimbursement data.** For the first time ever, **CMS** released a [dataset](#) detailing information about the drugs prescribed by individual providers under the **Medicare Part D Prescription Drug Program**. Released April 30, the dataset itemizes the \$103 billion in FY2013 prescription drug spending by provider and by drug. CMS created a [fact sheet](#) providing data on prescriptions drugs by total cost, cost per claim, number of prescriptions, number of prescribers, and other information. According to the fact sheet, three of the ten most expensive prescription drugs by total cost may be used to treat mental health conditions: **Abilify**, which treats psychosis and depression, **Cymbalta**, which treats depression, and **Namenda**, which treats dementia. In FY2013, CMS provided \$2.11 billion to reimburse 400,000 enrollees for Abilify, \$1.96 billion to reimburse 1 million enrollees for Cymbalta, and \$1.56 billion to reimburse 800,000 enrollees for Namenda ([CMS, 4/30](#); [New York Times, 5/1](#); [Kaiser Health News, 4/30](#)).

- **CMS proposes \$80 million increase in Medicare reimbursements to inpatient psychiatric facilities.** On May 1, CMS proposed a [rule](#) to update FY2016 Medicare reimbursement rates and quality metrics for **inpatient psychiatric facilities**. The proposed 1.6 percent increase in the Medicare rate would raise total reimbursements by \$80 million for FY2016. The rule would also require facilities to begin tracking patient tobacco use, the provision of brief interventions for alcohol use, and additional discharge information. However, the rule would end the requirement that facilities track information about post-discharge continuing care plans. Based on the most recent census data, the rule would also reclassify the location of 37 facilities from rural to urban, phasing out the 17 percent rural reimbursement rate adjustment for those facilities over three years ([Healthcare Finance News, 4/27](#)).
- **CMS releases State Innovation Model Initiative evaluation reports.** CMS released two reports evaluating the activities of the first round of **State Innovation Model (SIM) Initiative Model Test** grants and **SIM Initiative Model Design** grants. Authorized under the ACA, the SIM Initiative provides funding and technical support to states for the development and testing of alternate health care payment and service delivery models. The [Model Test Base Year Annual Report](#) provides baseline measures of health care utilization, care coordination, quality of care, and health expenditures in the six studied states (AR, MA, ME, MN, OR, and VT) as well as descriptions of initial award activities and results. Meanwhile, the [Model Design and Model Pre-Test Evaluation Report](#) provides case study reports of the 19 studied states, describing the planning process and approach used to develop the **State Health Care Innovation Plans** for future implementation under a Model Test award ([CMS](#)).
- **HHS awards \$101 million to 164 new community health centers.** On May 5, HHS awarded \$101 million in **New Access Point** grants to 164 newly created community health centers across 33 states, Puerto Rico, and the Federated States of Micronesia. Authorized under the ACA, the funding will expand access to health care services for approximately 650,000 individuals. Through previous awards, nearly 1,300 community health centers already offer services to roughly 22 million people ([HHS, 5/5](#)).
- **CMS offering up to \$67 million for marketplace navigators.** CMS plans to award up to \$67 million in **Cooperative Agreements to Support Navigators in Federally Facilitated and State Partnership Marketplaces**. Announced April 15, the awards are available to individuals as well as public and private entities that are interested in serving as marketplace navigators in states with federally facilitated or State Partnership **Affordable Care Act Marketplaces**. Authorized under the ACA, navigators provide consumers information about health insurance options ([CMS, 4/15](#)).
- **DOJ reaches settlements with 16 hospitals over Medicare IOP claims.** To resolve False Claims Act allegations, the **U.S. Department of Justice (DOJ)** announced settlements totaling \$15.7 million with 16 hospitals in seven states. According to DOJ, the hospitals knowingly submitted improper Medicare reimbursement claims for **Intensive Outpatient Psychotherapy (IOP)** services. DOJ alleges that the hospitals provided IOP to individuals who did not qualify for it, billed for services that were improperly documented, and charged Medicare for services that

were primarily recreational rather than therapeutic. The hospitals did not admit liability in the settlement ([DOJ, 5/7](#); [Reuters, 5/7](#)).

- **SAMHSA offering up to \$41.3 million for substance abuse services.** To prevent and reduce substance abuse and the transmission of HIV/AIDS among at-risk populations, **SAMHSA** announced plans to award up to \$31.5 million in **Minority Serving Institutions (MSIs) Partnerships with Community-Based Organizations (CBOs)** grants. SAMHSA expects to award up to 35 grants of up to \$300,000 annually for up to three years to MSIs that partner with CBOs. Meanwhile, to expand evidence-based treatment and recovery services at adult drug courts, SAMHSA announced plans to award up to \$9.8 million in **Joint Adult Drug Court Solicitation to Enhance Services, Coordination, and Treatment** grants. The drug court program is offered in conjunction with **DOJ**, and applicants will be automatically entered into competition for a separate DOJ grant ([SAMHSA, 4/22](#); [SAMHSA, 5/4](#)).
- **SAMHSA to award up to \$44.2 million for youth suicide prevention.** To support the development of youth suicide and early intervention strategies, SAMHSA announced plans to award up to \$44.2 million in **Cooperative Agreements for State-Sponsored Youth Suicide Prevention and Early Intervention**. Available to states, territories, tribes, tribal organizations, urban Indian organizations, and the District of Columbia, grant funding is expected to reduce the number of suicide deaths and non-fatal suicide attempts. Separately, SAMHSA also announced plans to award up to \$800,000 in **Statewide Peer Networks for Recovery and Resiliency** grants to enhance statewide behavioral health recovery supports ([SAMHSA, 4/24](#); [SAMHSA, 4/16](#)).
- **PCORI awards \$120 million for 34 patient-centered research projects.** On April 21, the **Patient-Centered Outcomes Research Institute (PCORI)** awarded \$120 million to fund 34 clinical comparative and clinical effectiveness research projects, including several behavioral health projects. The projects include a \$12.9 million study to improve outcomes among overweight and obese youth with bipolar disorders, a \$2 million study examining the effects of naltrexone on incarcerated individuals prior to reentry, a \$2 million study to evaluate state oversight systems for children in foster care receiving antipsychotic medications, and a \$1.4 million study to analyze the effect of high deductible health insurance plans on individuals with bipolar disorder. Authorized under the ACA, PCORI funds research designed to improve the quality and relevance of evidence-based practices ([PCORI, 4/21](#)).

## State News

- **Georgia approves autism coverage mandate.** On April 29, **Georgia Governor Nathan Deal** (R) signed a bill ([HB429](#)) requiring insurers to provide at least \$30,000 in annual coverage for autism services for children up to age six. Though the coverage must include **applied behavior analysis**, the bill includes a provision that repeals the mandate if voters approve a proposed referendum about autism services during the November 2016 election. Under the referendum, the state would have to implement a 0.2 percent sales tax increase to fund autism services for children up to age 18. According to the *Atlanta Journal-Constitution*, the proposed tax increase would generate up to \$300 million annually ([Atlanta Journal-Constitution, 4/29](#)).
- **Kentucky requests Medicaid managed care bids with behavioral health reforms.** On April 13, the **Kentucky Cabinet for Health and Family Services (KCHFS)** announced plans to

solicit bids for new Medicaid managed care organization (MCOs) contracts, declining to exercise an option year on its existing contracts. According to a KCHFS spokesperson, the Cabinet decided that soliciting bids for new contracts is the most effective way of implementing planned reforms. Among other reforms, the new contracts will require MCOs to provide statewide coverage to Medicaid clients, with incentives to expand behavioral health services and decrease hospital emergency room use. The new contracts will also require MCOs to treat individuals with **serious mental illness** (SMI) as “persons with special needs” for purposes of providing services ([Louisville Courier-Journal, 4/13](#); [Insider Louisville, 4/13](#)).

- **Missouri: Federal Court overturns marketplace navigator restrictions.** On April 10, the **U.S. Court of Appeals for the Eighth Circuit** [upheld](#) a lower court ruling that blocks the **Missouri Department of Insurance** (MDI) from implementing numerous restrictions on **Affordable Care Act Marketplace navigators**. Under the ruling, Missouri may not bar navigators from providing advice on the benefits or features of specific health plans or from discussing plans sold outside the marketplace. However, the court ruled that MDI may require navigators to receive up to 30 hours training and obtain a state license, for which Missouri may charge a small fee ([St. Louis Post-Dispatch, 4/10](#)).
- **Missouri: HHS audit finds \$34.8 million in unallowable Medicaid reimbursements.** The **HHS Office of the Inspector General** (OIG) released an [audit](#), finding that the **Missouri Department of Social Services** (MDSS) did not comply with federal Medicaid requirements regarding the collection of available rebates. **CMS** requires state Medicaid programs to collect all available rebates from pharmaceutical companies and other health care manufacturers; however, the audit found that MDSS did not collect \$50 million in available rebates on physician-administered drugs between January 1, 2009 and December 31, 2011. The audit recommended that Missouri refund CMS the federal share of \$34.8 million in drug costs that should have been rebated. According to a MDSS spokesperson, the Department does not agree with the findings and does not intend to make any repayments; however, the *St. Louis Post-Dispatch* notes that, if CMS issues a fine, the federal agency may deduct that amount from MDSS’ regular Medicaid funding ([St. Louis Post-Dispatch, 4/14](#)).
- **Montana approves ACA Medicaid expansion.** On April 29, **Montana Governor Steve Bullock** (D) signed a bill ([SB405](#)) **expanding Medicaid** coverage to individuals with incomes up to 138 percent of the federal poverty level (FPL). According to a **Montana Department of Public Health and Human Services** (MDPHHS) spokesperson, the bill contains several provisions that must be approved by **CMS** prior to implementing the expansion, including a requirement that all newly covered enrollees enroll in a Medicaid program with a third-party administrator and pay a premium no greater than two percent of their annual income. The bill’s required premiums would apply to all newly eligible enrollees. According to the MDPHHS spokesperson, although the administrator would be a private insurer, the expansion would not be a private premium assistance program. If approved, Montana would be the first state to expand Medicaid under a third-party administrator arrangement ([Missoulian, 4/29](#)).
- **Montana closes inpatient developmental disability and mental health facility.** On May 6, **Montana Governor Steve Bullock** (D) signed a bill ([SB411](#)) ordering **MDPHHS** to close the

**Montana Developmental Center** (MDC) and find new placements for the facility's 53 clients by June 30, 2017. First opened in 1893, MDC is a state-run inpatient treatment facility for individuals with severe developmental disabilities, **SMI**, and certain other diagnoses ([Missoulian, 5/6](#); [AP via Helena Independent Record, 5/6](#)).

- **Nevada expands Medicaid access to naloxone.** On May 5, **Nevada Governor Brian Sandoval** (R) signed a bill ([SB459](#)) implementing numerous measures designed to prevent prescription drug abuse and overdoses. The bill directs the **Nevada Department of Health and Human Services** (NDHHS) to add **naloxone** to the state's Medicaid Preferred Drug List by October 1, 2015, and implements "Good Samaritan" provisions, which protect individuals who report drug overdoses from most criminal charges. The bill also requires prescribers to report certain client information to Nevada's **prescription drug monitoring program** ([AP via ABC8, 5/7](#)).
- **New Mexico approves Medicaid eligibility for incarcerated individuals.** On April 10, **New Mexico Governor Susana Martinez** (R) signed a bill ([SB42](#)) allowing individuals to apply for Medicaid coverage at any time during incarceration. Previously, incarcerated individuals were required to wait until after their reentry to begin the Medicaid application process. According to state officials, although Medicaid will not cover most health care services for incarcerated individuals, completing the application process during incarceration will allow eligible individuals to receive services immediately upon reentry. The bill also directs the **New Mexico Human Services Department** (NMHSD) to suspend Medicaid coverage for enrollees upon initial incarceration rather than terminating coverage, enabling affected individuals to obtain services immediately upon reentry rather than requiring them to reapply ([Albuquerque Journal, 3/30](#)).
- **New York implements Basic Health Program.** On April 17, New York's **Affordable Care Act Marketplace** announced [plans](#) to implement a **Basic Health Program** (BHP), [inviting](#) private health insurers to submit BHP plans for 2016. Authorized under the ACA, BHPs are optional state programs that provide health coverage for U.S. citizens with incomes between 133 percent and 200 percent of the FPL and for legal immigrants with incomes below 133 percent of the FPL who are ineligible for federal Medicaid funds. States that operate BHPs receive federal funding equal to "95 percent of the amount of the premium tax credits and the cost sharing reductions that would have otherwise been provided to (or on behalf of) eligible individuals" if they had enrolled in regular Marketplace coverage. Minnesota is the only other state to receive CMS approval for a BHP ([New York State of Health, 4/17](#); [Albany Times Union, 4/17](#)).
- **Texas mental health providers exempt from new telemedicine restrictions.** On April 10, the **Texas Medical Board** voted to implement additional restrictions on the use of **telemedicine**, determining that "questions and answers exchanged through email, electronic text, or chat or telephonic evaluation of or consultation with a patient" are insufficient to establish the doctor-patient relationship required to issue a diagnosis or prescription. Set for implementation in June, the new restrictions will only permit physicians to practice telemedicine in cases where the patient is at a health care facility being attended by another physician. However, the Board specifically exempted mental health providers from the restrictions. According to the *New York Times*, the exemption may be due to the continuing shortage of psychiatrists in Texas ([New York Times, 4/10](#); [Houston Chronicle, 4/10](#)).

## Financing Reports

- **ACA Pioneer Accountable Care Organizations saved Medicare \$118 million in FY2012.** [“Performance differences in year 1 of Pioneer accountable care organizations”](#) *New England Journal of Medicine* special article. McWilliams, J. et al. April 15, 2015.
- **“Geographic variations in use of Medicaid mental health services”** *Psychiatric Services* 66(5) 452-454. Golberstein, E. et al. May 1, 2015.
- **Individual insurance market increased 46 percent since first ACA open enrollment.** [“Data note: How has the individual insurance market grown under the Affordable Care Act?”](#) KFF. Levitt, L. et al. April 29, 2015.
- **Maine: Medicaid expansion could save state \$26.7 million in FY2016.** [“Costs, budget savings and revenue gains from MaineCare expansion: Preliminary findings”](#) Maine Health Access Foundation. April 15, 2015 ([Maine Public Broadcasting Network, 4/16](#)).
- **“Medicaid expansion is producing large gains in health coverage and saving states money”** Center on Budget and Policy Priorities. Cross-Call, J. April 28, 2015.
- **Medicaid expansion to save over \$1.8 billion in eight states through FY2015.** [“States expanding Medicaid see significant budget savings and revenue gains”](#) Manatt Health Solutions on behalf of Robert Wood Johnson Foundation (RWJF). Bachrach, D. et al. April 2015.
- **“Medicaid expansion, health coverage, and spending: An update for the 21 states that have not expanded eligibility”** KFF. Buettgens, M. et al. April 29, 2015.
- **New Medicaid waivers can improve physical and behavioral health service collaboration.** [“Key themes from Delivery System Reform Incentive Payment \(DSRIP\) waivers in 4 states”](#) KFF. Guyer, J. et al. April 15, 2015.
- **Number of uninsured adults decreased 42.5 percent from September 2013 through March 2015.** [“Taking stock: Gains in health insurance coverage under the ACA as of March 2015”](#) Urban Institute. Long, S. et al. April 16, 2015.
- **Safety-net hospitals broadening their service delivery systems, opening new mental health facilities.** [“Evolving picture of nine safety-net hospitals: Implications of the ACA and other strategies”](#) KFF. Coughlin, T. et al. April 30, 2015.
- **SAMHSA block grant funded 68.3 percent of state prevention expenditures in FY2014.** [“Substance Abuse Prevention and Treatment \(SAPT\) block grant: Prevention set-aside”](#) National Association of State Alcohol and Drug Abuse Directors (NASADAD). April 17, 2015.
- **State Medicaid spending increased from 12.2 percent of state budgets in FY2000 to 16.9 percent of state budgets in FY2013.** [“Fiscal 50: State trends and analysis”](#) Pew Charitable Trusts. April 22, 2015.
- **“State support of youth SBIRT and SBIRT-like prevention programs: Report of case studies”** NASADAD. January 2015.
- **“The expanding role of managed care in the Medicaid program: Implications for health care access, use, and expenditures for nonelderly adults”** Urban Institute. Caswell, K. & Long, S. April 16, 2015.