

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

Financing Focus: July 20, 2015

National News	2
• Supreme Court affirms availability of subsidies in all ACA Marketplaces	2
• CMS announces additional guidance for the ICD-10 transition	2
• CMS seeks public comment on MACRA implementation	2
• CMS proposes updates to Medicare partial hospitalization payment methodology	2
• CMS finalizes Marketplace transparency rule and clarifies participation requirements	2
• CMS announces ACO Investment Model	3
State News	3
• MT proposes Medicaid expansion waiver, OH approves expansion HSA contributions	3
• Colorado raises Marketplace fees, Hawaii transitions to state-partnership Marketplace	3
• Alaska halts inflation-linked Medicaid reimbursement increase	4
• Arizona rescinds planned Medicaid rate reduction	4
• California audits school districts’ mental health services	4
• California: CMS renews Specialty Mental Health Services waiver	4
• Delaware enacts telehealth parity law, includes behavioral health services	4
• Hawaii raises tobacco access age to 21	5
• Idaho settles children’s mental health class-action lawsuit	5
• Kentucky plan allocates \$10 million in new substance abuse treatment funding	5
• Louisiana delays termination of Medicaid premium assistance program	5
• Maine: Supreme Court declines to hear appeal contesting Medicaid “MOE” requirement	6
• Massachusetts announces \$27 million state opioid strategy	6
• Michigan forms task force to address opioid abuse	6
• Missouri clarifies parity requirements for eating disorder coverage	6
• Nebraska: Court orders Medicaid program to cover autism services	7
• Vermont approves Medicaid reimbursements for independent substance use counselors	7
• Virginia: Medicaid managed care organization to end use of DSM-5 diagnostic codes	7
Financing Reports	7

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 affirms availability of subsidies in all ACA Marketplaces.** On June 25, the U.S. Supreme Court [affirmed](#) that all **Affordable Care Act (ACA) Marketplaces** may offer federal insurance subsidies, regardless of whether the Marketplace is facilitated by the federal government. The decision upholds the **U.S. Court of Appeals for the Fourth Circuit**'s ruling in *King v. Burwell*. The plaintiffs argued that the text of the ACA restricts subsidies to individuals enrolled in state-based marketplaces; however, the Supreme Court found that the context and intent of the law authorizes all Marketplaces to offer subsidies. According to *Kaiser Health News*, by determining the law's intent, the ruling also prevents the IRS from restricting the availability of ACA subsidies without legislative action ([HHS, 6/25](#); [KHN, 6/25](#)).
- **CMS announces additional guidance for the ICD-10 transition.** On July 6, the **Centers for Medicare & Medicaid Services (CMS)** announced plans to provide additional guidance for health care providers prior to the transition from the **International Statistical Classification of Diseases and Related Health Problems, 9th revision (ICD-9)** to **ICD-10** on October 1, 2015. Among other initiatives, CMS is partnering with the **American Medical Association (AMA)** to educate providers through webinars, on-site trainings, educational articles, and national provider calls. CMS also is offering primers and training videos through its '[Road to 10](#)' website. To support the transition, CMS announced that it will not deny Medicare or Medicaid claims because of ICD-10 coding errors until October 1, 2016. However, CMS will not accept claims using ICD-9 codes after September 30, 2015 ([CMS, 7/6](#); [Healthcare Finance, 7/6](#)).
- **CMS seeks public comment on MACRA implementation.** On July 8, CMS proposed a [rule](#) to update the **Medicare Physician Fee Schedule** for CY 2016 as well as certain quality reporting and incentive program regulations. The proposed rule also seeks public comment regarding the implementation of the [Medicare Access and CHIP Reauthorization Act of 2015 \(MACRA\)](#), which repealed the **Medicare Sustainable Growth Rate (SGR)** and directed CMS to develop new physician payment formulas. CMS is seeking comment on the **Merit-Based Incentive Payment System (MIPS)**, which, along with the **Alternative Payment Model**, replaces the SGR. CMS released a [fact sheet](#) on the proposed rule ([CMS, 7/8](#)).
- **CMS proposes updates to Medicare partial hospitalization payment methodology.** On July 1, CMS proposed a [rule](#) to update payment systems and methodologies for Medicare hospital and ambulatory programs. Among other changes, the proposed rule would alter the rate-setting methodology for **partial hospitalization programs (PHPs)** providing behavioral health services. According to CMS, the new methodology would yield more accurate rates that are more closely aligned with provider costs ([CMS, 7/1](#)).
- **CMS finalizes Marketplace transparency rule and clarifies participation requirements.** To improve access to **Affordable Care Act Marketplace** plan information, CMS finalized a [rule](#) requiring insurers to provide full, public, and online

access to coverage policies for each marketplace plan. The rule also requires insurers to provide a **summary of benefits and coverage**, which must include coverage examples and a glossary of terms. CMS created a [fact sheet](#) about the rule. CMS released a separate [document](#) containing frequently asked questions clarifying the procedures through which insurers update, modify, or replace Marketplace plans. According to CMS, if an insurer modifies all of its Marketplace plans to the extent that all previous year plans are considered discontinued, those actions will constitute a “*market withdrawal*” and that insurer will be barred from the Marketplace for five years ([CMS, 6/12](#); [Fierce Health Payer, 6/22](#)).

- **CMS announces ACO Investment Model.** On June 25, CMS announced the creation of the **Accountable Care Organization (ACO) Investment Model** to support ACOs participating in the **Medicare Shared Savings Program**. Under the Shared Savings Program, CMS provides incentives to ACOs that meet certain quality standards by allowing them to keep a percentage of the Medicare savings they achieve while waiving any losses they incur for the first several years of participation. According to CMS, the Investment Model will provide ACOs with upfront or preliminary payments to ensure greater access to initial funding. CMS will recover the Investment Model payments by deducting funds from ACOs’ Shared Savings payments ([CMS, 6/25](#)).

State News

- **Montana proposes Medicaid expansion waiver, Ohio approves expansion HSA contributions.** To solicit public comment, on July 7, the **Montana Department of Public Health and Human Services (MDPHHS)** released a draft [Section 1115 Research and Demonstration waiver](#) that would expand the state’s Medicaid program. As specified under the bill that approved the expansion ([SB405](#)), the waiver would require most newly eligible enrollees to pay a monthly premium of two percent of their income. Additionally, MDPHSS would contract with a third-party administrator to oversee payments and service delivery for the expansion population. Meanwhile, on June 30, **Ohio Governor John Kasich** (R) signed the state’s FY2016-FY2017 operating budget ([HB64](#)), requiring the **Ohio Department of Medicaid (ODM)** to seek CMS approval to implement health savings accounts (HSAs) within the state’s existing **Medicaid expansion**. Under the bill, most individuals receiving Medicaid expansion coverage would be required to enroll in an HSA and contribute two percent of their income or \$99 annually. Individuals who do not contribute would lose their coverage. According to the *Associated Press*, CMS has not allowed other states to end Medicaid expansion coverage for individuals with incomes below 100 percent of the federal poverty level (FPL) ([AP via Great Falls Tribune, 7/7](#); [MDPHHS, 7/7](#); [AP via Akron Beacon Journal, 7/2](#)).
- **Colorado raises Marketplace fees, Hawaii transitions to state-partnership Marketplace.** On June 8, the Board of Directors for **Colorado’s Affordable Care Act Marketplace** approved a \$53.7 million operating budget for FY2016. To help close a shortfall, the budget increases the Marketplace’s premium fee from 1.4 percent to 3.5

percent. According to board members, Colorado's new fee uses the rate that **HHS** set for **Healthcare.gov**. Meanwhile, **Hawaii Governor David Ige** (D) announced plans to transition Hawaii's state-based Marketplace to a state-partnership Marketplace. According to Governor Ige, the Marketplace could not generate sufficient revenue because of the state's high rate of insurance ([Denver Post, 6/8](#); [Office of Hawaii Governor Ige, 6/5](#)).

- **Alaska halts inflation-linked Medicaid reimbursement increase.** On June 25, the **Alaska Department of Health and Social Services** (ADHSS) [implemented](#) emergency regulations eliminating the state's scheduled inflation-linked Medicaid reimbursement increase for FY2016. According to the **ADHSS Commissioner**, the annual rate increase is usually 1.6 to 2.6 percent and eliminating the FY2016 increase will save \$8 million. Alaska's FY2016 budget reduced state Medicaid funding by \$51.9 million ([ADHSS, 6/29](#); [Alaska Dispatch News, 6/29](#)).
- **Arizona rescinds planned Medicaid rate reduction.** On June 10, the **Arizona Health Care Cost Containment System** (AHCCCS) announced that it will not implement a five percent aggregate reduction in Medicaid reimbursement rates that was previously approved in March 2015 ([SB1475](#)). According to AHCCCS, which administers the state's Medicaid program, the reduction was designed to address a Medicaid shortfall that has been eliminated through lower-than-expected service utilization and reduced prescription drug costs ([Arizona Republic, 6/10](#); [AHCCCS](#)).
- **California audits school districts' mental health services.** The **California State Auditor** launched an audit of services for children with **serious mental illness** (SMI) provided by school districts and special education local plan areas (SELPA's). According to the *Sacramento Bee*, California shifted the responsibility for treating children with SMI from county agencies to school districts and SELPA's in 2011; however, there are no comprehensive data on the number of children served or the services provided ([Sacramento Bee, 6/13](#)).
- **California: CMS renews Specialty Mental Health Services waiver.** On June 24, **CMS** [approved](#) a five-year renewal of California's [Section 1915\(b\) Managed Care waiver](#), the **Medi-Cal Specialty Mental Health Services** (SMHS) waiver. Under the waiver, the **California Department of Health Care Services** (CDHCS) is phasing in the integration of mental and physical health services for individuals with **serious mental illness** (SMI). In addition, CDHCS will continue developing and implementing the **Performance Outcomes System** (POS) to measure patient outcomes across multiple areas and types of care. The waiver, which is now effective through June 30, 2020, was first implemented in 1995 and has been renewed nine times. California's is the first 1915b waiver to receive the five-year approval authorized under the **Affordable Care Act** ([California Healthline, 6/29](#)).
- **Delaware enacts telehealth parity law, includes behavioral health services.** On July 7, **Delaware Governor Jack Markell** (D) signed a bill ([HB69](#)) requiring private insurers to

cover telehealth and telemedicine services to the same extent and under the same terms and conditions as in-person services. The bill defines *telehealth* as electronic technologies that support health care services and telemedicine as a form of telehealth that involves the delivery of clinical services through electronic communication. The provisions of the bill explicitly apply to behavioral health providers ([National Law Review, 7/8](#)).

- **Hawaii raises tobacco access age to 21.** On June 19, **Hawaii Governor David Ige** (D) signed a bill ([SB1030](#)) prohibiting individuals under age 21 from possessing or using any tobacco products or electronic cigarettes. Hawaii is the first state to raise its minimum age of legal access for tobacco to 21, although some local jurisdictions have done so. All other states permit tobacco purchases at age 18 or 19 ([Office of Hawaii Governor Ige, 6/19](#); [Washington Post, 6/23](#)).
- **Idaho settles children’s mental health class-action lawsuit.** On June 12, Idaho reached a [settlement](#) with the plaintiffs in the 35-year-old *Jeff D.* lawsuit regarding the state’s child mental health services. Under the settlement, the **Idaho Department of Health and Welfare** (IDHW) will oversee the expansion and improvement of community-based mental health services for children with **serious emotional disturbances**. Among other changes, IDHW will: (1) develop a statewide process for identifying children’s unmet mental health needs, (2) expand community-based mental health services for children, (3) ensure that services meet consistent standards and include children’s families and other support systems, and (4) monitor and report on service quality and outcomes. The **U.S. District Court for the District of Idaho** must approve the settlement. Following court approval, Idaho will have nine months to develop an implementation plan and four years to implement the settlement ([IDHW, 6/12](#); [Idaho Spokesman-Review, 6/14](#)).
- **Kentucky plan allocates \$10 million in new substance abuse treatment funding.** On June 15, **Kentucky Governor Steve Beshear** (D) unveiled plans to allocate \$10 million in new substance abuse treatment funding previously approved in a March 2015 bill ([SB192](#)). According to Governor Beshear, the new plan would allocate \$3 million to expand **Kentucky Department of Corrections** substance abuse treatment programs, \$2.6 million in grants for community mental health centers, \$1.2 million to develop individualized alternative sentencing programs for offenders, \$1.2 million to expedite prosecutions for cases involving controlled substances, \$1 million to expand **Kentucky Agency for Substance Abuse Policy** programming, and \$1 million to improve care for neonatal abstinence syndrome. The plan was developed by the **Kentucky Justice and Public Safety Cabinet Secretary** and requires legislative approval ([Office of Kentucky Governor Steve Beshear, 6/15](#)).
- **Louisiana delays termination of Medicaid premium assistance program.** On June 30, the **Louisiana Department of Health and Hospitals** (LDHH) [announced](#) plans to delay the termination of the **Louisiana Health Insurance Premium Payment** (LaHIPP) program from July 1 to December 1. Under LaHIPP, LDHH provides premium assistance to enroll certain Medicaid-eligible individuals in family members’ employer-sponsored

health plans. According to **LDHH Secretary Kathy Kliebert**, LaHIPP was created as a cost-effective alternative to enrolling individuals in the state's fee-for-service Medicaid program; however, by utilizing Louisiana's Medicaid managed care system, terminating LaHIPP will save \$3 million in state funds. According to LDHH, the delay is intended to ease the transition for families, partly by allowing additional time to enroll in the state's Medicaid managed care program ([Baton Rouge Advocate, 7/7](#)).

- **Maine: Supreme Court declines to hear appeal contesting Medicaid “MOE” requirement.** On June 8, the **U.S. Supreme Court** declined to hear an appeal from the **Maine Department of Health and Human Services (MDHHS)** regarding the **Affordable Care Act's Medicaid “maintenance of effort” (MOE) provision**. Under the MOE provision, states were prohibited from changing most adult eligibility requirements until January 2014 and may not alter child eligibility requirements until January 1, 2019. The move upholds the **U.S. Court of Appeals for the First Circuit decision** that the MOE provision requires MDHHS to continue offering Medicaid to eligible individuals age 19 or 20 until January 1, 2019. Although Maine law generally considers 19- and 20-year-olds to be adults, they were considered children for purposes of Medicaid coverage when the MOE eligibility “freeze” took effect ([Bangor Daily News, 6/8](#); [Maine Public Broadcasting Network, 6/8](#)).
- **Massachusetts announces \$27 million state opioid strategy.** On June 22, **Massachusetts Governor Charlie Baker (R)** released the **Opioid Addiction Working Group's recommendations** and **action plan** to reduce opioid abuse and increase public awareness. Among other initiatives, the Working Group recommends that Massachusetts expand prevention programs in schools and communities, improve the **prescription drug monitoring program (PDMP)** with new requirements for pharmacies and drug manufacturers, expand access to treatment services, increase inpatient service capacity, and establish new **recovery support services**. According to Governor Baker, implementation will cost \$27 million in FY2016 and funding will be allocated from existing state and federal grants, new state general funds, and the state's Medicaid program ([Office of Massachusetts Governor Baker, 6/22](#)).
- **Michigan forms task force to address opioid abuse.** To address rising rates of prescription drug and opioid abuse, **Michigan Governor Rick Snyder (R)** launched the **Michigan Prescription Drug and Opioid Abuse Task Force**. Chaired by **Lieutenant Governor Brian Calley (R)**, the task force will evaluate state trends and develop a statewide action plan later this year. Michigan's FY2016 budget ([SB133](#)) allocated \$1.5 million to fund the task force's activities ([Office of Michigan Governor Snyder, 6/18](#); [Office of Michigan Governor Snyder, 6/17](#); [WLNS6, 6/19](#)).
- **Missouri clarifies parity requirements for eating disorder coverage.** On June 19, **Missouri Governor Jay Nixon (D)** signed a bill ([SB145](#)) requiring insurers to cover eating disorders according to the same parity requirements as other mental health disorders. According to Governor Nixon, state law already required such parity, but a

“lack of specific guidelines” led insurers to deny many eating disorder claims and fail to provide an appeals process ([Office of Missouri Governor Nixon, 6/19](#)).

- **Nebraska: Court orders Medicaid program to cover autism services.** On June 30, a **Nebraska District Court for Lancaster County** judge ruled that the **Nebraska Department of Health and Human Services** (NDHHS) may not categorically deny Medicaid coverage of **applied behavioral analysis** (ABA) therapy or other autism treatment services that are deemed medically necessary. According to the ruling, NDHHS’ policy of categorical denials violated multiple federal Medicaid regulations and NDHHS must cover all autism services permitted under federal regulation ([Lincoln Journal Star, 7/1](#); [Nebraska Autism Society, 7/1](#)).
- **Vermont approves Medicaid reimbursements for independent substance use counselors.** On June 10, **Vermont Governor Peter Shumlin** (D) signed a bill ([H20](#)) expanding treatment options for individuals with substance use disorders (SUDs). Beginning October 2015, **independent licensed alcohol and drug abuse counselors** may receive Medicaid reimbursements for treating enrollees who have a SUD diagnosis without a co-occurring mental health disorder. Vermont’s Medicaid program restricts SUD reimbursement to a list of preferred providers, which previously excluded independent counselors. Under the previous system, Vermont’s Medicaid program reimbursed independent counselors only for services provided to individuals with co-occurring mental health disorders. The bill also transfers counselor licensure authority from the **Vermont Department of Health’s Division of Alcohol and Drug Abuse Programs** to the **Vermont Secretary of State’s Office of Professional Regulation** ([Vermont Public Radio, 6/11](#)).
- **Virginia: Medicaid managed care organization to end use of DSM-5 diagnostic codes.** On June 17, **Magellan Healthcare of Virginia**, which holds an exclusive contract to oversee Medicaid managed behavioral health services in Virginia, [announced](#) that it will stop accepting **Diagnostic and Statistical Manual of Mental Disorders, 5th Edition** (DSM-5) diagnostic codes in all provider transactions after September 30. According to Magellan, DSM-5 diagnostic codes do not align precisely with the **ICD-10** diagnostic codes, and October 1 marks the federally required transition from ICD-9 to **ICD-10**. After the transition, Magellan will accept only provider transactions using ICD-10 codes; however, providers may continue to use DSM-5 diagnostic codes in the narrative-only portions of electronic health records ([Behavioral Healthcare, 6/19](#)).

Financing Reports

- [“Behavioral health equity barometer: United States, 2014.”](#) SAMHSA. July 2015.
- **CDC recommends expanding coverage of heroin abuse treatment services.** [“Vital signs: Demographic and substance use trends among heroin users — United States, 2002–2013”](#) Centers for Disease Control and Prevention (CDC). *Morbidity and Mortality Weekly Report*. Jones, C. et al. July 7, 2015 ([Washington Post, 7/7](#)).

- **“Challenges and opportunities for mental health and substance use service delivery in Central Iowa.”** Technical Assistance Collaborative on behalf of United Way of Central Iowa. Snyder, S. May 2015 ([Des Moines Business Record, 6/12](#)).
- **Congressional Budget Office: Repealing the ACA would increase the federal deficit by \$353 million and the number of uninsured individuals by 19 million over 10 years.** “Budgetary and economic effects of repealing the Affordable Care Act” Congressional Budget Office. June 2015 ([KHN, 6/19](#)).
- **Marketplace insurers requesting average premium increase of 4.4 percent for 2016 in 11 studied cities.** “Analysis of 2016 premium changes and insurer participation in the Affordable Care Act’s health insurance marketplaces” Cox, C. et al. June 24, 2015.
- **Massachusetts behavioral health providers lack necessary data and financial incentives to coordinate care.** “Examination of health care cost trends and cost drivers pursuant to G.L. c. 6D, § 8” Massachusetts Office of the Attorney General. June 30, 2015 ([WBUR, 6/30](#)).
- **Massachusetts issued \$87.5 million in improper Medicaid reimbursements for behavioral health services from 2009 through 2014.** “Office of Medicaid (MassHealth)—Review of fee-for-service payments for services covered by managed care organizations: For the period October 1, 2009 through September 30, 2014” Office of the State Auditor for the Commonwealth of Massachusetts. June 16, 2015 ([ABC5, 6/16](#)).
- **Medicaid coverage of behavioral health services generally more comprehensive than Marketplace coverage.** “Adult behavioral health benefits in Medicaid and the Marketplace” KFF. Cannon, K. et al. June 11, 2015.
- **“Mental health: Better documentation needed to oversee Substance Abuse and Mental Health Services Administration grantees.”** U.S. Government Accountability Office (GAO). May 12, 2015.
- **“Paying for early interventions in psychoses: A three-part model.”** *Psychiatric Services* 66(7): 677-679. Frank, R. et al. July 1, 2015. (July issue includes Special Section on RAISE and Other Early Intervention Services)
- **“State partnerships for first-episode psychosis services.”** *Psychiatric Services* 66(7); 671-673. Essock, S. et al. July 1, 2015.
- **“Renewals in Medicaid and CHIP: Implementation of streamlined ACA policies and the potential role of managed care plans.”** KFF. Ryan, J. & Artiga, S. June 26, 2015.
- **“SAMHSA has improved outcome reporting for the Substance Abuse Prevention and Treatment Block Grant.”** HHS OIG. June 26, 2015.