SAMHSA's Center for Financing Reform & Innovations (CFRI)
Financing Focus: August 17, 2015

National News **2**

- $133 million available for substance use disorder services through HHS 2
- CMS estimates nationwide health care spending totaled $3.1 trillion in 2014 2
- Medicare Hospital Trust Fund to remain solvent through FY2030 2
- CMS increases Medicare inpatient psychiatric reimbursement rate by 1.5 percent 2
- CMS clarifies development timeline for state eligibility system integration 3
- CMS reports 51.1 million Medicaid enrollees 3

State News **3**

- Alaska to expand Medicaid 3
- Arizona unveils plan for Medicaid work requirements and lifetime coverage limits 3
- Missouri expands care coordination for individuals with serious mental illness 4
- New Hampshire releases recommendations to address opioid misuse. 4
- New Jersey mandates PDMP registration 4
- New York continues transitioning Medicaid behavioral health services to managed care 5
- New York City launches $30 million initiative to expand behavioral health services 5
- North Carolina establishes behavioral health task force 5
- Ohio expands access to naloxone. 6
- Rhode Island joins dual eligible Financial Alignment Demonstration 6

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

- **$133 million available for substance use disorder services through HHS**. On July 25, the **U.S. Department of Health and Human Service**s (HHS) announced plans to offer up to $100 million in additional funding to improve and expand substance use disorder (SUD) treatment services. Offered through the **Health Resources and Services Administration** (HRSA), the funding will primarily support **medication-assisted treatment** (MAT) for opioid use disorders. Meanwhile, through 11 grants, the **Substance Abuse and Mental Health Services Administration** (SAMHSA) will award up to $33 million over three years to further support MAT for opioid use disorders. Finally, HHS also announced that the **Centers for Medicare & Medicaid Services** (CMS) is developing a new Medicaid demonstration program that will provide additional reimbursements for SUD treatment services, including for care coordination to better connect individuals with SUDs to services (HHS, 7/25).
- **CMS estimates nationwide health care spending totaled $3.1 trillion in 2014**. On July 28, **CMS** released its annual health care spending projections, providing cost estimates and projections for 2014 through 2024. According to an accompanying report, CMS estimates that total health care spending increased 5.5 percent from 2013 to 2014, to a total of $3.1 trillion. CMS projects that total health care spending will continue to increase by an average of 5.8 percent annually through 2024. According to those projections, CMS estimates that health care spending will account for 19.6 percent of the total **U.S. gross domestic product** (GDP) in 2024, up from 17.4 percent in 2013. Among other findings, CMS found that overall Medicaid spending increased 12 percent in 2014, although per capita Medicaid spending decreased 0.8 percent because newly eligible enrollees were generally healthier than previous enrollees. CMS also released a separate report with additional Medicaid actuarial data and projections. **SAMHSA's Spending Estimates** reports provide additional behavioral health financial information (CMS, 7/28; Washington Post, 7/28; Fierce Health Payer, 7/13).
- **Medicare Hospital Trust Fund to remain solvent through FY2030**. On July 22, the **Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds** released its annual report on the financial status of the Medicare and Social Security Disability Insurance (SSDI) trust funds. The Trustees estimate that the **Medicare Hospital Insurance Trust Fund** will remain financially solvent through FY2030. **CMS** notes that the new estimate projects the fund will remain solvent for 13 years longer than did the Trustees' 2009 report, which was released prior to the passage of the **Affordable Care Act** (ACA). However, the Trustees estimate that the **SSDI Trust Fund** will become financially insolvent in the fourth quarter of 2016 (CMS, 7/22; Kaiser Health News, 7/23; New York Times, 7/22).
- **CMS increases Medicare inpatient psychiatric reimbursement rate by 1.5 percent**. On August 17, **CMS** finalized a rule updating **Medicare Hospital Inpatient Prospective Payment Systems** (HIPPS) reimbursement rates for FY2016, implementing new quality

reporting requirements, and strengthening quality-related and meaningful use penalties. Under the rule, CMS will increase the Medicare reimbursement rate for inpatient psychiatric facilities by 1.5 percent, raising total reimbursements by an estimated $75 million in FY2016. The increase is slightly lower than the 1.6 percent increase that CMS originally proposed. However, CMS also increased hospital inpatient reimbursement rates by less than originally proposed, 0.9 percent instead of 1.1 percent (Modern Healthcare, 7/31; Healthcare Finance News, 8/3).

- **CMS clarifies development timeline for state eligibility system integration**. On July 20, **CMS** released additional guidance regarding the development of inter-operable **Medicaid**, **Children's Health Insurance Program** (CHIP), and **Affordable Care Act Marketplace eligibility systems**. The guidance clarifies that CMS is extending the state exception to certain federal cost allocation requirements from December 2015 to December 2018. According to CMS, the extended timeline will allow states additional time to complete the system development process and transition to the new systems. CMS will also provide additional technical assistance to states.
- **CMS reports 51.1 million Medicaid enrollees**. On August 6, **CMS** released its quarterly report of state Medicaid enrollment data from the **Medicaid Budget and Expenditure System** (MBES). According to the report, as of March 31, there were 51.1 million total Medicaid enrollees, including 6.9 million individuals receiving coverage under the **ACA's Medicaid expansion**. The report also provides enrollment data for January and February 2015. CMS notes that the report may differ from other Medicaid enrollment reports due to a variety of factors, including the use of different definitions of enrollee or different data sources (CMS, 8/6).

State News

- **Alaska to expand Medicaid**. On July 16, **Alaska Governor Bill Walker** (I) announced plans to unilaterally **expand Medicaid** to cover individuals with incomes up to 138 percent of the federal poverty level (FPL), as authorized under the **ACA**. According to the *Associated Press*, the **Alaska Legislative Budget and Audit Committee** may express formal approval or disapproval; however, under state law, the committee lacks the authority to block the expansion. The **Alaska Department of Health and Social Services** (ADHSS) is accepting comments on a draft Medicaid State Plan Amendment that would implement the expansion. According to ADHSS, the expansion is expected to become effective on September 1 (Office of Alaska Governor Walker, 7/16; AP via Fairbanks Daily News-Miner, 7/28).
- **Arizona unveils plan for Medicaid work requirements and lifetime coverage limits**. On August 3, **Arizona Governor Doug Ducey** (R) announced plans for the state's **Medicaid** agency, the **Arizona Health Care Cost Containment System** (AHCCCS), to develop a waiver request that would implement **work requirements** and **lifetime coverage limits** for most nondisabled enrollees. According to an AHCCCS fact sheet, to

continue Medicaid coverage, eligible enrollees would be required to maintain employment, enroll in a school or job training program, or actively seek employment. Additionally, the waiver would limit lifetime Medicaid eligibility to five years for most nondisabled enrollees. The waiver also would require nondisabled enrollees to pay copayments and premiums of up to five percent of their annual income. Enrollees with incomes over 100 percent FPL who do not pay their copayments or premiums would lose Medicaid eligibility for six months. After Governor Ducey signed a bill (SB1092) requiring the waiver's development, a **CMS** spokesperson said that the agency never has approved a waiver with similar work requirements or coverage limits (Office of Arizona Governor Ducey, 8/3; Arizona Republic, 8/3; Capital Media Services via Arizona Daily Star, 3/6).

- **Missouri expands care coordination for individuals with serious mental illness**. On July 13, **Missouri Governor Jay Nixon** (D) signed a bill (SB426) granting **community mental health liaisons** (CMHLs) access to the mental health records of individuals with **serious mental illness** (SMI) who are transitioning from civil commitments. First licensed in 2013, CMHLs are individuals designated by the **Missouri Department of Mental Health** to refer consumers from community health centers to mental health services and crisis intervention. CMHLs also provide mental health first aid training to law enforcement and hospital emergency room staff. According to Governor Nixon, the bill will help CMHLs coordinate treatment and provide follow-up services for individuals with SMI (Office of Missouri Governor Nixon, 7/13).
- **New Hampshire releases recommendations to address opioid misuse.** On July 21, **New Hampshire Governor Maggie Hassan** (D) released 22 recommendations to address opioid misuse and other substance abuse. Developed by the state's charitable-funded **Senior Director of Substance Abuse and Behavioral Health**, the recommendations include: (1) reauthorizing the state's existing **Medicaid expansion**, (2) expanding Medicaid substance abuse treatment services, (3) establishing additional **drug courts**, (4) implementing new school prevention programs, (5) creating a network of standardized assessment centers, and (6) developing additional **recovery support services**. According to *New Hampshire Public Radio*, the Senior Director position is funded by a charitable grant that expires in December and state funding to continue the position has not yet been secured (Office of New Hampshire Governor Hassan, 7/21; New Hampshire Public Radio, 7/21).
- **New Jersey mandates PDMP registration**. On July 18, **New Jersey Governor Chris Christie** (R) signed a bill (S1998) requiring all physicians and pharmacists to register with the state's **prescription drug monitoring program** (PDMP). The bill also requires physicians to check the PDMP when a patient requests a second refill for a specific set of medications. However, the bill does not require physicians or pharmacists to use the PDMP at any other times (New Jersey Advance Media, 7/20).

- **New York continues transitioning Medicaid behavioral health services to managed care**. In July, the **New York Department of Health** (NYDOH) released a special edition of its *Medicaid Update Newsletter* to provide new information on the ongoing transition of Medicaid behavioral health services from fee-for-service to managed care. Under the transition, most behavioral health services will be offered through the state's existing **Mainstream Medicaid Managed Care** (MMMC) plans. However, individuals with certain **serious mental illness** and **substance use disorder** diagnoses will be eligible to enroll in new **Health and Recovery Plans** (HARPs), which will cover additional behavioral health services. The adult service transition will occur on October 1, 2015 in New York City and on July 1, 2016 in the rest of the state. Children's behavioral health services will transition to managed care in 2017. According to the Newsletter, NYDOH began sending managed care enrollment notices in July to eligible individuals in New York City. **CMS** has approved multiple short-term extensions of the state's existing **Medicaid Section 1115 Research and Demonstration waiver** while continuing to review the waiver that would implement the transition.
- **New York City launches $30 million initiative to expand behavioral health services**. On July 30, **New York City Mayor Bill de Blasio** (D) announced the creation of the **Connections to Care** program, to expand access to behavioral health services for low-income individuals. Under Connections to Care, which was created in collaboration with the **Corporation for National and Community Service** (CNCS), the **New York City Center for Economic Opportunity** and the **New York City Department of Health and Mental Hygiene** will train community-based service providers to screen individuals for behavioral health conditions and deliver motivational interviewing, mental health first aid, and psychoeducation. According to Mayor de Blasio, the program is supported by a $10 million CNCS grant and $20 million from the **Mayor's Fund to Advance New York City**, other New York City agency funds, and private charitable foundations (Office of New York City Mayor de Blasio, 7/30; New York Times, 7/29).
- **North Carolina establishes behavioral health task force**. On July 14, **North Carolina Governor Pat McCroy** (R) signed an executive order (EO76) establishing the **North Carolina Mental Health and Substance Use Task Force**. Composed of 24 members of the North Carolina executive, legislative, and judicial branches as well as other stakeholders, the Task Force will review the state's behavioral health system of care and submit recommendations for improvement by May 1, 2016. Among other areas, the task force will examine: (1) linkages between state and local government agencies, (2) the current role of mental health and other specialty courts, (3) efforts to increase awareness and reduce the stigma of behavioral health treatment, (4) other potential improvements to the state's criminal justice system as it deals with young people with behavioral health disorders, and (5) the association between foster care and youth need for behavioral health services (Office of North Carolina Governor McCroy, 7/14).

- **Ohio expands access to naloxone.** On July 17, **Ohio Governor John Kasich** (R) signed a bill (HB4) authorizing pharmacists and pharmacy interns to dispense naloxone without a prescription to individuals at risk for an opioid overdose. Under the bill, pharmacists and pharmacy interns receive "Good Samaritan" protections if they follow a physician-approved protocol for determining an individual's overdose risk. The bill also requires the **Ohio State Board of Pharmacy** and the **Ohio Department of Mental Health and Addiction Services** (ODMHAS) to conduct annual on-site inspections of community providers that offer opioid treatment programs (WKYC, 7/17).
- **Rhode Island joins dual eligible Financial Alignment Demonstration**. In a July 30 memorandum of understanding, **CMS** approved Rhode Island as the twelfth state to participate in the **ACA's Financial Alignment Demonstration** to coordinate care for individuals dually eligible for Medicare and Medicaid. Building upon the state's existing **Integrated Care Initiative**, Rhode Island will test capitated payment models to improve care coordination and long-term services and supports for approximately 30,000 dual eligibles. CMS offers a fact sheet with additional information (CMS, 7/30).

Financing Reports

- "**Behavioral health: Options for low-income adults to receive treatment in selected states**" U.S. Government Accountability Office (GAO). June 19, 2015.
- "**Clarifying questions and answers related to the July 6, 2015 CMS/AMA joint announcement and guidance regarding ICD-10 flexibilities**" CMS. July 27, 2015 (iHealthbeat, 7/29).
- **Premiums increased an average of 2 percent among federally-facilitated Marketplace silver-level plans**. "Competition and choice in the health insurance marketplaces, 2014-2015: Impact on premiums" HHS Office of the Assistant Secretary for Planning and Evaluation. Sheingold, S. et al. July 27, 2015 (HHS, 7/30).
- "**Promising practices in reaching, enrolling, and retaining children in coverage during early ACA implementation**" National Academy for State Health Policy (NASHP). Honsberger, K. & Hensley-Quinn, M. July 2015.
- **Randomized trial found Medicaid coverage correlated with reduced rates of depression and improved financial status**. "The Oregon Health Insurance Experiment: A 2008 lottery extending Medicaid to selected residents allowed for a randomized study on the impact of Medicaid coverage" Robert Wood Johnson Foundation publishing in *Health Affairs* Health Policy Brief. James, J. July 16, 2015.
- "**State enrollment experience: Implementing health coverage eligibility and enrollment systems under the ACA**" NASHP. Weiss, A. & Sheedy, K. July 21, 2015.
- **States with state-based marketplaces lowered their uncompensated care costs more than states with federally-facilitated marketplaces**. "The state-based Marketplaces: A focus on innovation, flexibility, and coverage" NASHP. Cousart, C. et al. July 2015.

- **State-specific financing issues influence ACO governance decisions**. "Comparing state Medicaid accountable care organization governance models" The Commonwealth Fund on behalf of the Center for Health Care Strategies. July 2015.