

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

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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

- **ONDCP announces 15-state heroin response strategy.** On August 17, the **Office of National Drug Control Policy** (ONDCP) awarded \$13.4 million for **High Intensity Drug Trafficking Areas** (HIDTAs) to address substance abuse. Among other funded initiatives, ONDCP awarded \$2.5 million to five HIDTAs (Appalachia, New England, Philadelphia/Camden, New York/New Jersey, and Washington/Baltimore) to implement a **Heroin Response Strategy**. Under the strategy, the HIDTAs will expand collaboration between law enforcement and public health agencies to monitor heroin use, reduce supply, and prevent overdoses. In addition, the HIDTAs will train law enforcement on recognizing and responding to opioid overdoses and establishing linkages to substance abuse treatment and prevention resources. ONDCP also awarded additional funding to HIDTAs along the US-Mexico border and HIDTAs that include tribal lands ([ONDCP, 8/17](#); [Washington Post, 8/16](#); [Los Angeles Times, 8/17](#)).
- **Appeals Court: Third-party administrators may be sued for MHPAEA violations.** On August 20, the **U.S. Court of Appeals for the Second Circuit** [ruled](#) that third-party administrators of health insurance plans are subject to the [Mental Health Parity and Addiction Equity Act of 2008](#) (MHPAEA). The defendant argued that only health insurers are subject to the [Employee Retirement Income Security Act](#) (ERISA) and that third party administrators, which process claims or provide other administrative services, are exempt. However, the Court ruled that third-party administrators are subject to ERISA, which requires compliance with MHPAEA ([New York Law Journal, 8/24](#); [Modern Healthcare, 8/21](#)).
- **HHS proposes rule to expand access to health care.** On September 8, the **U.S. Department of Health and Human Services** (HHS) proposed a [rule](#) to expand the civil rights protections that ensure equal access to health care. Authorized under the **Affordable Care Act** (ACA), the rule would ban discrimination based on sex or gender identity in health care programs administered by HHS, health care programs that receive funding from HHS, all **Affordable Care Act Marketplaces**, and any insurance plan offered by an insurer participating in a Marketplace. Previously, HHS banned discrimination based only on race, color, national origin, disability, or age. The rule would also implement language assistance requirements for individuals with disabilities or limited English proficiency. HHS offers [additional information](#) on the proposed rule ([HHS, 9/3](#); [Washington Post, 9/3](#)).
- **HHS awards \$169 million for new community health centers.** On August 11, **HHS** awarded \$169 million in **Health Center New Access Point** grants to establish 266 new **community health centers**. Authorized under the **ACA**, the funding will support primary care services for more than 1.2 million individuals in 46 states, the District of Columbia, and Puerto Rico. HHS has funded over 700 new community health centers under the ACA and supports over 1,300 community health centers, serving nearly 23 million individuals ([HHS, 8/11](#)).

- **CMS awards \$67 million for Affordable Care Act Marketplace navigators.** On September 2, the **Centers for Medicare & Medicaid Services (CMS)** awarded \$67 million in **Cooperative Agreements to Support Navigators in Federally Facilitated and State Partnership Marketplaces**. Awarded to 100 organizations throughout the 34 states with applicable marketplaces, the grants will help inform consumers about their health insurance options ([CMS, 9/2](#)).
- **CMS announces Medicare Advantage initiative affecting enrollees with mood disorders.** On September 1, **CMS** announced the **Medicare Advantage Value-Based Insurance Design Model** pilot program to grant Medicare Advantage (MA) insurers additional flexibility in offering plans targeted towards enrollees with seven chronic conditions, including mood disorders. Under the program, MA insurers may offer coverage to these enrollees that includes supplemental benefits or reduced cost-sharing requirements. According to CMS, the program seeks to improve enrollee health and reduce avoidable use of high-cost care by expanding access to prevention, screening, and high-value treatment services. Beginning on January 1, 2017, the program will be available to MA insurers in Arizona, Indiana, Iowa, Massachusetts, Oregon, Pennsylvania, and Tennessee for five years ([CMS, 9/1](#)).

State News

- **Alaska expands Medicaid under the ACA.** On September 1, **Alaska Governor Bill Walker (I)** unilaterally **expanded Medicaid** to cover individuals with incomes up to 138 percent of the federal poverty level, as authorized under the **ACA**. According to *Alaska Dispatch News*, the expansion occurred after the **Alaska Superior Court for the Third Judicial District** and the **Alaska Supreme Court** declined to issue an injunction preventing the move. The **Alaska Legislature** filed a lawsuit arguing that the unilateral expansion violates the state constitution, which says that the authority to determine Medicaid eligibility sits with the legislature. The Legislature also sought an injunction against Governor Walker while the lawsuit is being litigated. However, the courts ruled that there is no evidence requiring an injunction to prevent “irreparable harm” while the case is argued, because the federal government covers the entire cost of the expansion during FY2016 ([Alaska News Dispatch, 8/28](#); [Fairbanks News-Miner, 8/28](#); [Alaska News Dispatch, 8/31](#)).
- **Arizona: Court upholds Medicaid expansion.** On August 26, the **Maricopa County Superior Court** [ruled](#) that Arizona’s **Medicaid expansion** does not violate the state constitution and will remain in effect. The plaintiffs argued that the expansion bill ([HB2010](#)) included a new tax on hospital earnings to fund the state’s portion of the costs. Under the state constitution, new taxes require a two-thirds majority, and the expansion bill was approved by a simple majority of the state legislature. However, the court ruled that applicable provision was a new assessment on hospital earnings rather than a tax and does not require a two-thirds majority. The plaintiffs plan to appeal the ruling ([Arizona Capital Times, 8/26](#); [Arizona Republic, 8/27](#)).

- California: CMS approves substance abuse services reorganization waiver amendment.** On August 13, CMS [approved](#) an [amendment](#) to California's existing [Medicaid Section 1115 Research and Demonstration waiver](#). Under the amendment, the **California Department of Health Care Services (CDHCS)** will implement the **Drug Medi-Cal Organized Delivery System** for counties that opt-in to the waiver. The system requires counties to enter into intergovernmental agreements with CDHCS to expand county-level oversight and administration of substance use disorder (SUD) services. These counties will ensure the provision of SUD services along a continuum of care, modeled after the **American Society of Addiction Medicine's** criteria for services. CDHCS will also provide funding for additional evidence-based services in opt-in counties, including recovery support services and partial hospitalization services. CDHCS offers [additional information](#) on the amendment ([California Healthline, 8/18](#)).
- California: Los Angeles County Sheriff's Department agrees to mental health settlement.** On August 5, the **Los Angeles County Sheriff's Department (LASD)** and the **U.S. Department of Justice (DOJ)** announced a [settlement](#) to reform the LASD jail system and improve services for inmates with mental illnesses. Among other reforms, LASD will implement additional inmate mental health screenings and provide more mental health trainings for staff. The settlement also specifies procedures for handling and housing inmates with mental illnesses, including when the use of force is appropriate. Under the settlement, LASD will also implement reforms that affect all inmates, including improving cell cleanliness, pest control, and suicide prevention measures. The **U.S. District Court for the Central District of California, Western Division** and an independent monitor will oversee implementation ([Los Angeles Times, 8/5](#); [LASD, 8/5](#)).
- Delaware announces \$4.5 million in new substance abuse treatment funding.** On August 12, **Delaware Governor Jack Markell (D)** unveiled plans to allocate \$4.5 million in new substance abuse treatment funding, authorized under the state's FY2016 budget ([HB225](#)). According to Governor Markell, the **Delaware Department of Health and Social Service (DDHSS)** will award \$3.7 million to expand residential treatment programs, including \$1.2 for residential programs focusing on youth ages 18 to 25 who are recovering from opioid addictions. DDHSS will also award \$750,000 to expand clinically managed and medically monitored detoxification services, stabilization and observation services, and ambulatory withdrawal services ([Office of Delaware Governor Markell, 8/12](#)).
- Indiana establishes substance abuse task force.** On September 1, **Indiana Governor Mike Pence (R)** issued an executive order ([EO15-09](#)) establishing the **Governor's Task Force on Drug Enforcement, Treatment, and Prevention**. According to Governor Pence, the task force will evaluate existing resources and identify gaps in enforcement, treatment and prevention. The task force also will focus on identifying: (1) effective law enforcement partnership strategies, (2) available treatment resources and best practices, and (3) effective prevention programs and policies. Funded by the **Indiana Criminal**

Justice Institute, the task force will meet monthly through November 2015 and issue recommendations on an ongoing basis ([Office of Indiana Governor Pence, 9/1](#); [Indianapolis Star, 9/2](#)).

- **Iowa prepares for Medicaid managed care, plans to include premium assistance enrollees.** On August 17, the **Iowa Department of Human Services (IDHS)** announced plans to award contracts to four **Medicaid managed care organizations (MCOs)** to oversee all non-exempt services and enrollees. Under the contracts, IDHS and the MCOs would implement **Iowa Governor Terry Branstad's (R)** [Medicaid Modernization Initiative](#), transitioning most Medicaid services to managed care on January 1, 2016. According to IDHS, the department is developing a series of waivers for **CMS** approval that would authorize the transition. If approved, one of those waivers would end the state's existing [Section 1115 Research and Demonstration waiver](#), which uses federal Medicaid expansion funds to provide private health insurance **premium assistance**. Under the new waiver, those enrollees would also transition to Medicaid managed care ([Des Moines Register, 8/17](#); [Modern Healthcare, 8/6](#)).
- **Maine expands access to naloxone.** In July, **Maine** enacted a law ([HP98](#)) authorizing health care professionals to prescribe naloxone to any individual deemed at risk for an opioid-related overdose. The bill also authorizes laypersons to administer naloxone to any individual that they "believe in good faith" to be experiencing an opioid-related overdose. Under the bill, public health agencies may also establish overdose prevention programs to train individuals on naloxone administration and provide naloxone overdose reversal kits. Though **Maine Governor Paul LePage (R)** attempted to veto the bill, the **Maine Supreme Court upheld** the law on August 6 because the governor failed to issue his veto by the constitutional deadline ([Reuters, 8/6](#)).
- **New Hampshire continues Medicaid managed care transition.** On August 5, the **New Hampshire Executive Council** approved a \$1.6 billion contract extension with the state's two **Medicaid managed care organizations (MCOs)**. Under the extension, which runs through June 30, 2017, the state will transition certain individuals who still receive services through the fee-for-service (FFS) program to the managed care system, including foster children and individuals who are dually-eligible for Medicare and Medicaid. Although **community mental health centers** already transitioned to managed care, the contract extension specifies that they will return to FFS if they fail to reach FY2016 rate agreements with the MCOs ([New Hampshire Union Leader, 8/5](#); [Concord Monitor, 8/5](#)).
- **New Hampshire group to review residential substance abuse treatment regulations.** On August 12, **New Hampshire Governor Maggie Hassan (D)** announced the creation of a working group to review state regulations governing residential substance abuse treatment centers. According to Governor Hassan, the working group will issue recommendations on regulatory changes that would hasten state approval of new or expanded residential treatment centers. Until the new regulations are implemented, the **New Hampshire Department of Health and Human Services** will approve waivers to

certain regulations that do not affect patient health or safety ([Office of New Hampshire Governor Hassan, 8/12](#); [AP via New Hampshire Public Radio, 8/13](#)).

- **New Jersey requires recovery housing at public colleges, expands drug courts.** On August 10, **New Jersey Governor Chris Christie** (R) signed two bills supporting individuals in need of substance abuse treatment or recovery services. Under the first bill ([S2377](#)), four-year public colleges and universities must establish substance abuse recovery housing programs by August 10, 2019. According to Governor Christie, the recovery program may be an entire dormitory or a section of a dormitory. The second bill ([S2381](#)) expands New Jersey's drug courts to include **medication assisted treatment** (MAT) services. The bill also clarifies that positive drug test results caused by MAT are not a violation of the drug court program ([Office of New Jersey Governor Christie, 8/10](#)).
- **New York City launches mental health initiative for homeless individuals.** On August 6, **New York City Mayor Bill de Blasio** (D) announced the creation of the **NYC Safe** initiative to expand services for homeless individuals with **serious mental illness** (SMI). Under the initiative, New York City will allocate \$22 million annually to support additional mobile mental health services and clinical staff at homeless shelters. The initiative will also support new city positions to improve coordination between the criminal justice, health, and homeless services agencies. The **Office of the New York City Mayor** released a [fact sheet](#) with additional information ([Office of New York City Mayor de Blasio, 8/6](#); [New York Times, 8/5](#)).
- **Oregon: Portland launches initiative for homeless individuals, includes behavioral health.** On August 20, **Portland Mayor Charlie Hales** (D) announced the creation of the **High-Intensity Street Engagement** initiative to reduce homelessness. Created in partnership with **Cascadia Behavioral Healthcare** and other social service providers, the \$1 million initiative will expand Portland's housing placement, wraparound and other services for homeless individuals ([Office of Portland Mayor Hales, 8/20](#); [The Oregonian, 8/20](#)).

Financing Reports

- **ACA "Cadillac tax" could affect more than 25 percent of employers in 2018.** "[How many employers could be affected by the Cadillac plan tax?](#)" Kaiser Family Foundation (KFF). Claxton, G. & Levitt, L. August 25, 2015 ([Washington Post, 8/25](#)).
- "[After King v. Burwell: Next steps for the Affordable Care Act](#)" Urban Institute. Blumberg, L. & Holahan, J. August 11, 2015.
- **Behavioral health conditions targeted in nearly all (17 of 19) states that have begun Medicaid Health Homes enrollment.** "[Medicaid Health Homes: Implementation update](#)" Center for Health Care Strategies. August 2015.
- **Criminal justice involvement substantially increases mental health treatment costs but not substance abuse costs.** "[Influence of criminal justice involvement and](#)

[psychiatric diagnoses on treatment costs among adults with serious mental illness](#)”
Psychiatric Services 66(9) 907-909. Robertson, A. et al. September 1, 2015.

- **“[Healthcare integration in the era of the Affordable Care Act](#)”** Croze Consulting on behalf of the Association for Behavioral Health and Wellness (ABHW). Croze, C. July 2015 ([ABHW, 8/5](#)).
- **“[Integrated care: Large-scale dissemination of collaborative care and implications for psychiatry](#)”** *Psychiatric Services* 66(9) 904-906. Katzelnick, D. & Williams, M. September 1, 2015.
- **“[Medicare ACOs provide improved care while slowing cost growth in 2014](#)” & [“Medicare Pioneer Accountable Care Organization model performance year 3 \(2014\) results”](#)** CMS. August 25, 2015 ([CMS, 8/25](#)).
- **“[More than 2 million Exchange enrollees forgo cost-sharing assistance](#)”** Avalere Health. August 19, 2015.
- **North Carolina managed care organization reduced Medicaid costs by \$312 annually per enrollee.** [“Department of Health and Human Services Division of Medical Assistance, Community Care of North Carolina: Financial related audit”](#) North Carolina Office of the State Auditor. August 20, 2015 ([North Carolina Health News, 8/21](#)).
- **Ohio credits managed care and other reforms for Medicaid costs 7.6% lower than projections.** [“Annual report: State fiscal year 2015”](#) Ohio Department of Medicaid. August 1, 2015 ([Columbus Dispatch, 8/13](#)).
- **“[Trends in Medicaid and CHIP eligibility over time](#)”** KFF. Artiga, S. & Cornachione, E. August 6, 2015.
- **U.S. Department of Veterans Affairs could have more effectively allocated \$113.5 million of psychiatrists’ clinical time in FY2014.** [“Veterans Health Administration: Audit of VHA’s efforts to improve veterans’ access to outpatient psychiatrists”](#) U.S. Department of Veterans Affairs Office of the Inspector General. August 25, 2015.