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Financing Reports

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

- **ICD-10 classification system takes effect.** On October 1, the U.S. health care system transitioned from the *International Statistical Classification of Diseases and Related Health Problems, 9th revision* (ICD-9) to the **ICD-10**. With this transition, health care providers submitting reimbursement claims to public or private payers must use ICD-10 codes. To support the transition, the **Centers for Medicare & Medicaid Services** (CMS) will not deny Medicare or Medicaid claims because of ICD-10 coding errors until October 1, 2016. However, CMS will no longer accept claims that use ICD-9 codes (*Bloomberg, 10/1; CMS, 7/6; CMS*).

- **States gain flexibility in defining “small business” under the ACA.** On October 7, **President Obama** signed a bill (**HR1624**) granting states the authority to categorize businesses with 51 to 100 full-time-equivalent (FTE) employees as “small businesses” or “large businesses” for the purpose of health care coverage. The **Affordable Care Act** (ACA) was originally scheduled to reclassify all such businesses as “small businesses” on January 1, 2016. Under the ACA, small businesses must meet certain health care coverage requirements, including covering 10 **essential health benefits** (*New York Times, 10/1; AP via Yahoo!, 10/7*).

- **CDC launches $20 million prescription drug overdose prevention program in 16 states.** On September 4, the **Centers for Disease Control and Prevention** (CDC) launched the **Prescription Drug Overdose: Prevention for States** grant program. Under the program, the CDC will award $20 million in initial funding and provide technical assistance to prevent overdose deaths related to prescription opioids in AZ, CA, IL, KY, NC, NE, NM, OH, OK, OR, PA, RI, TN, UT, VT, and WI. The CDC also plans to award an additional $15 million to $20 million annually, through FY2019. According to the CDC, **The President’s Budget for FY2016** includes a funding request to expand the program nationwide and launch a national prescription drug overdose surveillance system (CDC, 9/4).

- **HHS convenes opioid stakeholders, awards $1.8 million for naloxone.** On September 17, the **U.S. Department of Health and Human Services** (HHS) launched a two-day meeting of representatives from all 50 states and the District of Columbia to address opioid use disorders and opioid overdose prevention. Attendees discussed strategies to improve opioid prescribing practices, increase access to naloxone, and expand the use of medication-assisted treatment (MAT). As part of the event, HHS awarded a total of $1.8 million to rural communities in 13 states to purchase naloxone, provide naloxone administration training, and support substance abuse treatment referrals. In a separate but related move, the **Substance Abuse and Mental Health Services Administration** (SAMHSA) awarded $22,500 to the three **Technology-Based Opioid Overdose Prevention Challenge** prizewinners to further address opioid disorders (*HHS, 9/17; SAMHSA, 9/4*).
• **HHS guidance covers early intervention services for first episode psychosis.** On October 16, CMS, the National Institute of Mental Health (NIMH), and SAMHSA jointly released an Informational Bulletin on early intervention services for youth and young adults that experience first episode psychosis. The bulletin provides guidance to states to help design and finance services that use the Coordinated Specialty Care (CSC) program model, developed by NIMH. Under the model, individuals receive integrated mental health treatment and recovery services to reduce the severity of their symptoms and improve outcomes. According to the bulletin, states may fund early intervention services through Mental Health Block Grants or Medicaid.

• **Court rules against ACA restrictions on fixed-indemnity health insurance plans.** On September 11, the U.S. District Court for the District of Columbia issued an injunction preventing HHS from enforcing ACA restrictions on the sale of fixed-indemnity health insurance plans. Fixed-indemnity plans offer set cash benefits for covered conditions and, according to HHS, do not meet ACA minimum essential coverage (MEC) requirements. Under the ACA, non-grandfathered health insurance plans must cover at least 60 percent of enrollees’ average medical expenses to qualify as MEC. However, the court ruled that fixed-indemnity coverage is a “wholly foreign concept” to MEC and that insurers may offer such plans (Health Affairs Blog, 9/12; Courthouse News Service, 9/11).

• **CMS awards up to $795 million to improve patient care.** On September 29, CMS awarded $685 million in Transforming Clinical Practice Initiative grants to 39 national and regional health care networks and supporting organizations. Authorized under the ACA, the grants will support efforts by more than 140,000 general and behavioral health clinicians to improve their quality of care, increase transparency, and reduce costs. Meanwhile, also authorized under the ACA, CMS awarded $110 million in Hospital Engagement Networks grants to 17 hospital associations and health system organizations. The CMS program aims to improve patient care and reduce hospital-acquired conditions. CMS offers additional information on the grant programs (HHS, 9/29; CMS, 9/25).

• **SAMHSA awards up to $1.39 billion for behavioral health.** In September and October, SAMHSA announced plans to award nearly $1.4 billion for behavioral health services through approximately 30 different grant programs. These included up to $649 million through 13 programs to expand behavioral health prevention and treatment services for children, adolescents, and young adults; $312.2 million in state and tribal grants to expand behavioral health services through Strategic Prevention Framework grants, Capacity Building Initiative for Substance Abuse and HIV Prevention Services for At-Risk Racial/Ethnic Minority Youth and Young Adults grants, and Cooperative Agreements for State-Sponsored Youth Suicide Prevention and Early Intervention; $154.9 million through 9 grant programs to expand treatment and recovery services; $149.7 million through 2 grant programs to expand behavioral health integration and Screening, Brief Intervention and Referral to Treatment (SBIRT) training; and
$73 million through 3 grant programs to support behavioral health treatment for individuals involved with the criminal justice system. To further enhance suicide prevention efforts, SAMHSA also awarded $46.8 million in grants to support the National Suicide Prevention Lifeline, the National Disaster Distress Helpline, and the Suicide Prevention Resource Center. In addition, SAMHSA awarded $1 million to the University of Missouri’s Addiction Technology Transfer Center to support behavioral health services for pregnant and postpartum women (SAMHSA, 10/2; SAMHSA, 9/21; SAMHSA, 10/5; SAMHSA, 9/30; SAMHSA, 9/24; SAMHSA, 9/18; SAMHSA, 9/15).

- HHS creates National COE for Infant and Early Childhood Mental Health Consultation. On October 7, SAMHSA, the Health Resources and Services Administration, and the Administration for Children and Families jointly awarded $6 million over four years to establish the National Center of Excellence (COE) for Infant and Early Childhood Mental Health Consultation. Administered by the non-profit Education Development Center, the COE will develop training and technical assistance for states and tribal nations, ensure that childhood programs have access to mental health consultants, and support research and policies that improve mental health outcomes for children (SAMHSA, 10/7).

- President Obama signs continuing resolution to maintain FY2015 funding levels. On September 30, President Obama signed a bill (HR719) that included a continuing resolution to fund the federal government through December 11. The bill maintains FY2015 funding levels for all federal agencies and programs, including behavioral health agencies and programs (Washington Post, 9/30).

- CVS expands over-the-counter access to naloxone in 12 states. On September 23, CVS Health announced that its stores will sell naloxone to individuals without a prescription in AR, CA, MN, MS, MT, ND, NJ, PA, SC, TN, UT, and WI. Previously, CVS allowed such sales only in MA and RI. Each state legalized non-prescription naloxone sales prior to the CVS announcement (CNN, 9/24).

State News

- MI and MT submit Medicaid expansion waivers, PA completes expansion transition. On September 1, the Michigan Department of Health and Human Services submitted a Section 1115 Research and Demonstration waiver to renew and amend the state’s existing ACA Medicaid expansion. After receiving 48 months of “standard” coverage, the waiver would require expansion enrollees with incomes over 100 percent of the federal poverty level (FPL) to transition to Affordable Care Act Marketplace coverage or increase their annual cost-sharing contribution from 3.5 percent to 7 percent of their income. Under the bill that approved the expansion (HB4714), Michigan will end its Medicaid expansion on April 30, 2016, if CMS does not approve the waiver. Meanwhile, on September 15, the Montana Department of Public Health and Human Services submitted a Section 1115 Research and Demonstration waiver to expand Medicaid to individuals with incomes up to 138 percent FPL. As required under the bill
that approved the expansion (SB405), the waiver would require most enrollees to pay 2 percent of their income in premiums. Additionally, Montana would contract with a third-party administrator to oversee payments and service delivery for the expansion population. Finally, on September 1, Pennsylvania completed its transition from a premium assistance Medicaid expansion alternative to a traditional ACA Medicaid expansion (Detroit News, 9/1; AP via Great Falls Tribune, 9/15; AP via ABC27, 9/1).

- South Dakota to develop Medicaid expansion plan, Utah proposes premium assistance. On September 28, South Dakota Governor Dennis Daugaard (R) announced plans to develop a Medicaid expansion waiver for individuals with incomes up to 138 percent FPL. According to the Governor’s spokesperson, the state will develop the waiver in consultation with CMS officials and Native American tribes, but no specifics have yet been settled. Meanwhile, on September 29, Utah Governor Gary Herbert (R) unveiled a new plan, Utah Access Plus, to provide private premium assistance for the expansion population using Medicaid expansion funds. The new plan would impose an assessment on health care providers to fund the state’s portion of the expansion and requires approval from the Utah Legislature and CMS (Sioux Falls Argus Leader, 9/29; Salt Lake Tribune, 9/29).

- Connecticut reduces behavioral health spending by $8.4 million. On September 18, Connecticut Governor Dannel Malloy (D) announced plans to unilaterally rescind $102 million in funding that was previously approved under the state’s FY2016 budget. Citing lower-than-anticipated revenue, Governor Malloy plans to reduce Medicaid reimbursements by $64 million and Connecticut Department of Mental Health and Addiction Services funding by $8.4 million. Under Connecticut law, the governor may rescind up to five percent of funding for any budget line item (FOX CT, 9/18; NBC Connecticut, 9/18).

- Florida expands behavioral health integration pilot program. On September 9, Florida Governor Rick Scott (R) issued an addendum to a previously issued executive order (EO15-134) that created a behavioral health integration pilot program in Broward County. The addendum directs the Florida Department of Children and Families (FDCF) to include Pinellas and Alachua Counties in the pilot and expand its scope to include the Florida Department of Health and the Florida Agency for Health Care Administration. Under the pilot program, FDCF leads other Florida state agencies in tracking all local, state, and federally funded behavioral health services, analyzing their level of integration, and developing an integration improvement model that can be implemented across the state (Miami Herald, 9/9).

- Illinois implements opioid treatment and law enforcement measures. On September 9, Illinois enacted a bill (HB1) implementing numerous measures to address opioid abuse and expanding the state’s drug court system. Under the bill, all Medicaid and non-grandfathered private health insurance plans that offer prescription drug benefits must cover at least one opioid overdose reversal medication. The bill also requires police and
fire departments to stock opioid overdose reversal medications and authorizes school nurses to do so as well. Additionally, the bill expands drug court eligibility criteria and authorizes courts to refer certain individuals to drug court programs without prosecutorial agreement. According to the Chicago Tribune, implementing the bill will cost the state an estimated $15 million. The bill was enacted after the Illinois Legislature overrode Illinois Governor Bruce Rauner’s (R) amendatory veto (Chicago Tribune, 9/21; Chicago Tribune, 5/30).

- **Illinois improves access to child mental health services.** On September 10, Illinois Governor Bruce Rauner (R) signed a bill (HB4096) expanding access to Individual Care Grants (ICGs) for children with severely impaired reality testing. According to the Illinois Department of Human Services (IDHS), ICGs—which fund residential, intensive in-home, or community services, as clinically appropriate—are available to all such children who have previously received other mental health services, regardless of family income. The bill clarifies ICG eligibility requirements and application processes, transfers the administration of ICGs from IDHS to the Illinois Department of Healthcare and Family Services (IDHFS), and creates the Children's Behavioral Health Bureau within IDHFS to oversee the grants (WBEZ, 9/11; IDHS).

- **Kansas postpones plan to consolidate Medicaid disability waivers.** On October 6, the Kansas Department of Health and Environment and the Kansas Department for Aging and Disability Services (KDADS) jointly postponed a plan to consolidate seven Medicaid disability support service waivers. The plan would create one waiver for child disability support services and one waiver for adult disability support services, consolidating seven waivers that each cover one specific type of disability, including serious emotional disturbances. Originally planned for July 1, 2016, the new waivers now are set for implementation on January 1, 2017. According to a KDADS spokesperson, Kansas needs additional time to incorporate stakeholder feedback. CMS must approve the plan prior to implementation (Kansas Health Institute, 10/6).

- **New York requires drug courts to permit MAT services.** On September 25, New York Governor Andrew Cuomo (D) signed a bill (A06255) requiring drug courts to allow defendants to receive MAT services. According to the Legal Action Center, some New York drug courts previously prohibited defendants from receiving MAT services while they were enrolled in the program (Legal Action Center, 10/1).

- **North Carolina approves transition to Medicaid managed care.** On September 23, North Carolina Governor Pat McCrory (R) signed a bill (H372) to transition the state’s Medicaid program from fee-for-service to managed care. Under the bill, the North Carolina Department of Health and Human Services (NCDHHS) will develop two tiers of managed care. The first tier will create a system of provider-led entities (PLEs) to oversee capitated Medicaid funding and develop provider networks within one of six regions within the state. The second tier will generate three managed care contracts to oversee capitated funding and services statewide. The bill also allows regional PLEs and
national organizations to bid for statewide contracts. However, NCDHHS must develop waivers for CMS approval before the transition can take effect, and state legislators expect to complete the transition process by FY2020. Behavioral health, which has operated under its own managed care system since 2011, will remain carved out from the new system for four years after the initial transition (WRAL, 9/22; Office of North Carolina Governor McCrory, 9/23).

- **North Carolina reduces mental health funding by $110 million, funds new inpatient beds.** On September 18, North Carolina Governor Pat McCroy (R) signed a bill (H97) implementing the state’s FY2016 budget. The bill reduces funding for the state’s eight regional **Medicaid behavioral health managed care organizations** (MCOs) by $110 million. According to state legislators, the MCOs have sufficient unallocated funding from previous years to avoid service reductions, and NCDHHS may restore up to $30 million in the event of a Medicaid budget surplus. The same budget bill also provides $25 million in new funding to support 150 additional inpatient mental health beds across the state. The bill requires NCDHHS to develop an implementation plan for the additional beds by April 1, 2016 (Raleigh News & Observer, 9/20; Office of North Carolina Governor McCrory, 9/18).

- **West Virginia launches 24-hour behavioral health hotline.** On September 9, West Virginia Governor Earl Ray Tomblin (D) announced the state’s first 24-hour behavioral health hotline (844-HELP4WV) for individuals in need of services, including for substance use disorders. Administered through a collaboration between the **West Virginia Department of Health and Human Services** and **First Choice Health Systems**, the hotline provides callers with information about treatment options and immediately connects them with treatment staff. The line also provides appointment reminders and arranges transportation assistance (Office of West Virginia Governor Tomblin, 9/9).

**Financing Reports**

- **Approximately half of children who received Supplemental Security Income in 2013 qualified because of mental health disorders.** “Mental disorders and disabilities among low-income children” Institute of Medicine, National Academies Press. September 9, 2015.


• Personal assistance effective at increasing health insurance enrollment. “To enroll or not to enroll? Why many Americans have gained insurance under the Affordable Care Act while others have not” The Commonwealth Fund. Collins, S., et al. September 2015.

• “Receipt of services for behavioral health problems: Results from the 2014 National Survey on Drug Use and Health” SAMHSA. Han, B., et al. September 2015 (SAMHSA, 9/17).
