

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

## **Financing Focus: November 16, 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

- **Open enrollment starts for Affordable Care Act Marketplaces.** On November 1, the **U.S. Department of Health and Human Services (HHS)** launched the 2016 open enrollment period, during which individuals may purchase **Affordable Care Act Marketplace** coverage through **Healthcare.gov** or state-based marketplaces. According to HHS, the open enrollment period will run through January 30, 2016; however, to be effective on January 1, 2016, coverage must be purchased by December 15. In addition, individuals may renew or change their existing subsidies and coverage, but consumers will be auto-renewed in their current plans if they do not make selections prior to December 15. In October, HHS released two reports detailing marketplace [premiums](#) and [consumer plan options](#) ([Kaiser Health News, 10/30](#); [HHS, 10/30](#); [HHS, 10/28](#)).
- **President Obama issues memorandum on opioid abuse.** On October 21, **President Obama** issued a [Presidential Memorandum for the Heads of Executive Departments and Agencies](#) directing all federal agencies to support efforts to expand and improve opioid prescriber training. The memorandum directs all federal agencies that provide, fund, facilitate, or otherwise connect people to **medication-assisted treatment** to identify barriers to treatment and develop plans to address those barriers. The memorandum also highlights ongoing public and private efforts to address opioid abuse, including expanding access to naloxone, offering educational programs to opioid prescribers, and launching opioid awareness campaigns. The **White House** offers [additional information](#) about these efforts ([Washington Post, 10/21](#)).
- **President Obama signs bill setting federal spending limits.** On November 2, **President Obama** signed a bill ([HR1314](#)) suspending the federal debt ceiling until March 16, 2017 and setting funding levels for the FY2016 and FY2017 federal budgets. The bill raises federal discretionary funding over the levels set by the [Budget Control Act of 2011](#), adding \$50 billion in FY2016 and another \$30 billion in FY2017. According to the *Washington Post*, the bill sets overall federal funding levels but does not include appropriations or determine which agencies will receive additional funds. Congress is expected to introduce appropriations bills using the newly approved funding levels. The bill also expands Medicaid drug rebate requirements to generic pharmaceuticals and ends the **Affordable Care Act (ACA)** requirement that businesses with 200 or more full-time equivalent employees (FTEs) automatically enroll employees in a health plan. The bill does not alter the ACA's **employer mandate**, which requires businesses with 100 or more FTEs to offer coverage to their employees ([Washington Post, 10/30](#); [New York Times, 10/26](#); [California Healthline, 10/29](#)).
- **CMS rule establishes Medicaid access review processes.** On October 29, the **Centers for Medicare & Medicaid Services (CMS)** finalized a [rule](#) that requires states to review Medicaid enrollees' access to health care services. Among other provisions, the rule requires states to assess enrollees' service utilization relative to the availability of care, improve mechanisms for enrollee feedback, and expand stakeholder involvement when

developing Medicaid reimbursement changes that could affect access to services. To ensure that these requirements are met, the rule directs states to develop an **Access Monitoring Review Plan** and submit the results to CMS along with any proposals to alter provider reimbursements. CMS offers [additional information](#) on the rule and is seeking comment through January 4, 2016 ([CMS, 10/29](#)).

- **CMS begins MACRA implementation.** On October 30, CMS finalized a [rule](#) updating the **Medicare Physician Fee Schedule** for CY2016 as well as certain quality reporting and incentive program regulations. This is the first update to the fee schedule since **President Obama** signed the [Medicare Access and CHIP Reauthorization Act of 2015](#) (MACRA), which repealed the Medicare Sustainable Growth Rate and directed CMS to develop new physician payment formulas. Although MACRA payment formulas do not take effect until CY2019, the new rule does implement some initial MACRA reporting provisions. A CMS [factsheet](#) offers additional information about the rule.
- **CMS proposes Basic Health Program payment methodology for 2017 and 2018.** On October 22, CMS issued a [proposed notice](#) to establish the federal payment methodology for **Basic Health Programs** (BHPs) during program years 2017 and 2018. Under the **ACA**, states may create BHPs to provide coverage for U.S. citizens with incomes between 133 percent and 200 percent of the federal poverty level (FPL) and legal immigrants with incomes below 133 percent of the FPL who are ineligible for federal Medicaid funds. According to CMS, the notice would maintain the 2016 program methodology and remain in effect for two years because few year-to-year changes are needed. A CMS [factsheet](#) offers additional information about the proposed notice.
- **HHS awards \$22.9 million for behavioral health clinics.** On October 19, the **Substance Abuse and Mental Health Services Administration** (SAMHSA), CMS, and the **HHS Office of the Assistant Secretary for Planning and Evaluation** jointly awarded \$22.9 million in **Planning Grants for Certified Community Behavioral Health Clinics**. Awarded to 24 states, the grants will support state efforts to certify new behavioral health clinics that primarily serve adults with serious mental illness, children with serious emotional disturbance, and individuals with serious long-term substance use disorders. The planning grants are part of an effort to integrate behavioral health with physical health care, utilize evidence-based practices on a more consistent basis, and improve access to high quality care. Under the demonstration program, states will reimburse certified community behavioral health clinics using an approved prospective payment system ([HHS, 10/19](#); [SAMHSA, 10/19](#)).
- **HHS awards \$240 million to expand primary care capacity.** On October 14, HHS awarded \$240 million, including \$176 million authorized under the **ACA**, to develop the primary care workforce. The awards provide scholarship and loan repayment programs to health care students and providers who work in underserved areas ([HHS, 10/14](#)).

## State News

- **California and CMS reach “conceptual agreement” on Medicaid reform waiver.** On October 31, the **California Department of Health Care Services** and CMS announced a “conceptual agreement” to [renew](#) the state’s [Medicaid Section 1115 Research and Demonstration waiver](#), the **California Bridge to Reform**. Changing its name to **Medi-Cal 2020**, the new waiver will provide additional funding to improve patient care and safety at hospitals, expand services for uninsured individuals, and implement pilot programs to reduce unnecessary emergency room utilization. According to *Kaiser Health News*, the waiver will be for \$6.2 billion over five years. To allow additional time to finalize the new waiver, CMS temporarily extended California’s existing waiver, which will run until December 31 ([Kaiser Health News, 11/2](#); [California Healthline, 11/2](#)).
- **Connecticut avoids \$4.7 million reduction for behavioral health providers.** In October, the **Connecticut Department of Mental Health and Addiction Services** (CDMHAS) announced plans to shift \$4.7 million in cuts to avoid reducing funding for existing behavioral health providers. According to a spokesperson, CDMHAS will delay the start of new initiatives, including community care teams. In September, **Connecticut Governor Dannel Malloy** (D) unilaterally rescinded \$8.4 million in previously approved CDMHAS funding, citing lower-than-anticipated revenue. That move affected \$4.7 million in grants for behavioral health providers, as part of a \$102 million statewide funding reduction ([Connecticut Mirror, 10/19](#)).
- **Missouri reaches funding agreement for behavioral health assessment center.** On October 14, **Missouri Attorney General Chris Koster** (D) announced an agreement for non-profit **Ascension Health** to provide \$20 million over 10 years to fund a new behavioral health assessment and triage center in Kansas City. In February 2015, Ascension sold two Kansas City area hospitals to **Prime Healthcare**, a for-profit health care system. According to Attorney General Koster, the proceeds from those sales will finance the new center. Under Missouri law, the Attorney General is authorized to oversee asset transfers from non-profit to for-profit entities, and Attorney General Koster held that Ascension was obligated to reinvest the proceeds in the Kansas City area. The new center is expected to begin operations by October 2016, featuring 16 beds and referral services ([Office of Attorney General Koster, 10/14](#); [Kansas City Star, 10/14](#)).
- **Missouri behavioral health reimbursement rates increase less than planned.** On October 19, the **Missouri Department of Mental Health** (MDMH) increased reimbursement rates for behavioral health providers by one percent. Although behavioral health was originally slated for a three percent increase, **Missouri Governor Jay Nixon** (D) restricted \$46.1 million in general fund spending that was approved under the FY2016 budget, including \$6.4 million allocated for the MDMH rate increase. Governor Nixon said that the move was necessary to maintain a balanced budget after the **Missouri Court of Appeals, Eastern District** [ruled](#) that tobacco companies do not owe Missouri

an additional \$50 million under the **Tobacco Master Settlement Agreement** ([Office of Missouri Governor Nixon, 10/19](#); [KMBC, 10/19](#)).

- **Montana expands Medicaid under the ACA.** On November 1, CMS approved Montana's [Section 1115 Research and Demonstration waiver](#) to **expand Medicaid** to individuals with incomes up to 138 percent of the federal poverty level (FPL). Although the expansion will enroll eligible individuals in Medicaid as authorized under the **ACA**, the bill ([SB405](#)) that implements the expansion also contains provisions that required CMS approval. Among other provisions, the waiver requires most newly eligible enrollees with incomes of at least 50 percent of the FPL to contribute 2 percent of their income toward premiums. However, the **Montana Department of Public Health and Human Services** (MDPHHS) may not terminate coverage for individuals who fail to make premium contributions if their income is below 100 percent of the FPL. MDPHHS will contract with a third-party administrator to oversee payments and service delivery for the expansion population ([Montana Public Radio, 11/2](#)).
- **Nebraska unveils integrated Medicaid managed care program.** On October 22, the **Nebraska Department of Health and Human Services** (NDHHS) announced plans to launch **Heritage Health**, a Medicaid managed care program that will integrate physical, behavioral, and pharmaceutical benefits. Under the program, NDHHS will contract with three **managed care organizations** (MCOs) to provide integrated coverage to nearly all Medicaid and **Children's Health Insurance Program** enrollees, including individuals currently enrolled in the state's Medicaid behavioral health managed care program. Previously, most behavioral health services were carved out of Nebraska's standard managed care program. The new MCOs also will support provider integration, improve communication initiatives, and coordinate with other NDHHS health care programs, including those funded by the **Division of Behavioral Health**. NDHHS expects to award MCO contracts by March 2016 and launch the program on January 1, 2017. NDHHS offers a [factsheet](#) and '[Common Questions](#)' document about the program ([NDHHS, 10/22](#)).
- **New Hampshire extends funding for state "drug czar."** On October 23, the **New Hampshire Governor's Commission on Alcohol and Drug Abuse Prevention, Treatment and Recovery** approved funding to support the state's **Senior Director of Substance Abuse and Behavioral Health** position through FY2016. The position was previously funded by a charitable grant set to expire in December and is known colloquially as the "drug czar." According to Commission members, maintaining the position is critical to improving state substance abuse service coordination. The Commission also approved \$1.4 million to support community-based recovery services ([WMUR, 10/23](#)).
- **New York launches Financial Alignment Demonstration.** In a November 5 [memorandum of understanding](#), CMS approved the **New York Department of Health's** (NYDOH) plan to implement a second **Medicare-Medicaid Financial Alignment**

**Demonstration** to coordinate care for individuals who are dually eligible for Medicare and Medicaid. Building on NYDOH’s existing demonstration, the program, known as **Fully Integrated Duals Advantage for Individuals with Intellectual and Developmental Disabilities (FIDA-IDD)**, will serve individuals with intellectual or developmental disabilities who are dually eligible for Medicare and Medicaid and will focus on long-term care. Under FIDA-IDD, NYDOH will test capitated care models to improve care coordination and quality of care for approximately 20,000 individuals in New York City, Long Island, Rockland County, and Westchester County. The program will launch on April 1, 2016 and enrollees must opt in to participate ([CMS, 11/5](#)).

- **North Carolina approves autism mandate.** On October 15, **North Carolina Governor Pat McCrory** (R) signed a bill ([SB676](#)) requiring insurers to provide at least \$40,000 in annual autism coverage for children under age 18 years. Under the bill, insurers must cover therapeutic services, psychiatric and psychological services, pharmaceutical services, and adaptive behavior treatment services, including applied behavior analysis. The bill takes effect on July 1, 2016 ([Winston-Salem Journal, 10/15](#); [WBTV, 10/15](#)).

## Financing Reports

- **Almost 80 percent of returning marketplace consumers can obtain coverage with out-of-pocket premiums of less than \$100 per month.** “[2016 marketplace affordability snapshot](#)” CMS. October 26, 2015 ([Kaiser Health News, 10/27](#)).
- “[Changes in claims, premiums, and medical loss ratios across and within states' individual markets between 2010 and 2014](#)” Urban Institute. Clemans-Cope, L. & Karpman, M. October 14, 2015.
- **Changes in Medicaid spending and enrollment.** “[Medicaid enrollment & spending growth: FY 2015 & 2016](#)” KFF. Rudowitz, R. et al. October 15, 2015 ([Kaiser Health News, 10/15](#)).
- “[Developing alternative payment models: Key considerations and lessons learned from years of collaboration with CMS](#)” Mathematica Policy Research. Laschober, M. et al. October 2015.
- “[Effects of the Integrated Behavioral Health Project's efforts to promote integrated care under funding from the California Mental Health Services Authority](#)” RAND. Cerully, J. et al. 2015.
- “[Estimates of eligibility for ACA coverage among the uninsured by race and ethnicity](#)” Kaiser Family Foundation (KFF). Artiga, S. et al. October 28, 2015.
- **Health homes require more flexible funding streams.** “[The health home: A service delivery model for autism and intellectual disability](#)” *Psychiatric Services* 66(11) 1135-1137. Fueyo, M. et al. November 1, 2015.
- “[Medicaid accountable care organization programs: State profiles](#)” Center for Health Care Strategies. Lloyd, J. et al. October 2015.

- [“New estimates of eligibility for ACA coverage among the uninsured”](#) KFF. Garfield, R. et al. October 13, 2015.
- [“The impact of the coverage gap for adults in states not expanding Medicaid by race and ethnicity”](#) KFF. Artiga, S. et al. October 26, 2015.