

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

## **Financing Focus: March 14, 2016**

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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. Subscribe to the free Financing Focus at: <https://public.govdelivery.com/accounts/USSAMHSA/subscriber/new>*

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## National News

- **ACA shifted young adult behavioral health costs from public to private insurance.** On February 18, the **Substance Abuse and Mental Health Services Administration (SAMHSA)** released a [report](#) examining the **Affordable Care Act's (ACA)** effect on behavioral health coverage for young adults. According to the report, average annual behavioral health treatment costs for adults ages 19 to 26 years remained constant at approximately \$1,600 between 2004 and 2012. However, the share covered by private insurance increased from \$521 before ACA enactment to \$822 after ACA enactment, whereas the average annual share covered by public insurance programs decreased from \$698 to \$417. The report attributes these changes to the ACA provision that extended parents' employer-sponsored health coverage to children up to age 26 ([SAMHSA, 2/18a](#)).
- **FDA announces plans to reassess approach to prescription opioids.** On February 4, recently confirmed **U.S. Food and Drug Administration (FDA) Commissioner Robert Califf** announced plans to reassess the Administration's policies on reviewing, approving, and monitoring prescription opioids. Among other actions, the FDA plans to update its Risk Evaluation and Mitigation Strategy (REMS) requirements for opioids, implement new warning label requirements for immediate-release opioids, and create new expert committees to inform the approval process for new opioids and opioid labels. The FDA also will examine steps to expand access to **naloxone**, encourage the development of opioids with abuse-deterrent formulas, address pediatric opioid use and labeling, and support alternative pain management options ([FDA, 2/4](#); [New York Times, 2/4](#); [FDA, 2/24](#); [New England Journal of Medicine, Califf, R. et al, 2/4](#)).
- **CMS announces enhanced funding for behavioral health interoperability initiatives.** On March 2, the **Centers for Medicare & Medicaid Services (CMS)** [announced](#) that states may request enhanced Medicaid funding to support information technology (IT) [initiatives](#) that connect behavioral health or long-term care providers to a health information exchange. *Health information exchanges* are IT systems that enable providers to electronically share patient information throughout and across health care systems to improve care coordination. According to CMS, approved states will receive a 90 percent **Federal Medical Assistance Percentage (FMAP)** to develop or purchase interoperable IT systems for applicable providers. Previously, states could request such funding only to support physical health providers. However, CMS also noted that this announcement does not expand electronic health record incentive programs to include behavioral health providers ([Behavioral Healthcare, 3/3](#); [Healthcare IT News, 3/2](#)).
- **CMS aligns and simplifies physician quality measures.** On February 16, **CMS**, in conjunction with **America's Health Insurance Plans (AHIP)** and other health care stakeholders, released [seven sets](#) of core measures that will help health care payers evaluate physician performance. Developed through the **Core Quality Measures Collaborative**, the sets are designed to align and simplify the core measures reported by and to various health care system participants. The data generated as part of the care

coordination measures will provide information on how patients with depression respond to treatment services. CMS notes that developing measures related to substance use disorder (SUD) screening and treatment is a goal of future updates ([CMS, 2/16](#); [AHIP, 2/16](#)).

- **CMS finalizes 2017 Marketplace standards.** On February 29, CMS finalized a [rule](#) implementing additional benefit and payment standards for the 2017 **Affordable Care Act Marketplace** open enrollment period, which is slated to run from November 1, 2016 to January 31, 2017. Among other provisions, the rule allows insurers to offer standardized plan options, requires insurers to follow additional transparency and notification standards, and modifies Marketplace premium stabilization programs. The rule also delays implementation of certain proposed network adequacy [provisions](#). CMS released a [fact sheet](#) with additional information on the rule. Separately, on February 24, CMS announced that individuals seeking to enroll in Marketplace coverage during **Special Enrollment Periods** because of certain special qualifying events (e.g., losing existing coverage, giving birth) must submit documentation of the event. Previously, CMS required only that individuals attest that the event occurred. CMS also released a [fact sheet](#) about which qualifying events require documentation ([Modern Healthcare, 2/29](#); [Fierce Health Payer, 3/1](#); [CMS, 2/29](#); [Washington Post, 2/24](#)).
- **SAMHSA plans to award up to \$261.4 million for behavioral health services.** On February 18, SAMHSA announced plans to award up to \$211.6 million in **Cooperative Agreements for the Expansion and Sustainability of the Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances**. The program will support and improve the behavioral health and well-being of children and youth with **serious emotional disturbances** and their families. Additionally, on February 24, SAMHSA announced plans to award up to \$48.6 million in **Grants to Expand Substance Abuse Treatment Capacity in Adult Treatment Drug Courts and Adult Tribal Healing to Wellness Courts** (Treatment Drug Court) and up to \$1.2 million in **Strategic Prevention Framework Partnerships for Success** (SPF-PFS) grants. The Treatment Drug Court program supports the expansion and enhancement of SUD treatment services in existing adult problem-solving courts, and the SPF-PFS program supports ongoing state and tribal prevention efforts addressing underage drinking or prescription drug misuse among youth and young adults ([SAMHSA, 2/18b](#); [SAMHSA, 2/24a](#); [SAMHSA, 2/24b](#)).
- **SAMHSA offers up to \$25.2 million for substance abuse and HIV prevention.** On March 1, SAMHSA announced plans to award up to \$24.4 million in **Capacity Building Initiative for Substance Abuse and HIV Prevention Services for At-Risk Racial/Ethnic Minority Youth and Young Adults** (HIV CBI) grants. Under the program, SAMHSA expects to fund up to 19 community-level organizations and American Indian/Alaska Native tribes with up to \$257,000 per year for up to five years. SAMHSA also announced plans to award \$750,000 over three years to establish a

**Ukraine HIV International Addiction Technology Transfer Center.** The center will provide training and capacity building support to the national Ukraine HIV/AIDS program ([SAMHSA, 3/1a](#); [SAMHSA, 3/1b](#)).

## State News

- **Walgreens to sell naloxone without a prescription in 35 states.** On February 9, **Walgreens** announced plans to begin selling **naloxone** without a prescription in 35 states and the District of Columbia, which currently allow such sales. According to a spokesperson, Walgreens is willing to work with the remaining 15 states to update the necessary rules or laws required to permit such sales. Additionally, Walgreens announced plans to install secure medication disposal kiosks for unwanted or unnecessary prescriptions at more than 500 locations in 39 states. **CVS Health** previously announced it will sell naloxone without a prescription in 14 states ([Business Wire, 2/9](#); [Join Together, 9/24/15](#)).
- **Alabama: CMS approves Medicaid managed care transition.** On February 9, CMS [approved](#) **Alabama's Section 1115 Research and Demonstration waiver to transition its Medicaid program from fee-for-service to managed care, using **regional care organizations** (RCOs) that will serve set geographic areas. Funded through a monthly capitated fee, RCOs will oversee most services for eligible enrollees, including behavioral health services. To support the transition, the waiver establishes an additional three-year funding program that will reward RCOs for reaching startup, administrative, and operational goals. The waiver does not implement the ACA's Medicaid expansion ([Montgomery Advertiser, 2/9](#); [Office of Alabama Governor Robert Bentley, 2/9](#)).**
- **California reforms managed care tax and increases behavioral health funding.** On March 1, **California Governor Jerry Brown** (D) signed a bill ([SBX2-2](#)) renewing and reforming the state's existing tax on Medicaid managed care plans to meet Federal requirements. Among other provisions, the bill establishes a **Health and Human Services Special Fund**, which will receive all revenue raised by the tax. According to Governor Brown, California will use the Special Fund to draw down an additional \$1 billion in annual Federal matching funds and allocate approximately \$300 million to fund additional services for individuals with developmental disabilities, including autism ([Office of California Governor Brown, 3/1](#); [Sacramento Bee, 2/29](#)).
- **California: San Francisco raises tobacco access age to 21.** On March 1, the **Board of Supervisors for the City and County of San Francisco** unanimously approved an [ordinance](#) prohibiting retailers from selling tobacco products to individuals under age 21. According to the *Associated Press*, San Francisco joins **Hawaii**, New York City, and Boston as the largest jurisdictions to raise their tobacco access age to 21 ([AP via Washington Post, 3/1](#)).
- **Connecticut public-private partnership to expand access to SUD services.** On February 16, **Connecticut Governor Dannel Malloy** (D) announced the creation of the

**Connecticut Family Stability Pay for Success** program, a public-private partnership to expand youth and family access to SUD treatment and recovery services. Under the partnership, the **Connecticut Department of Children and Families (CDCF)** will seek to raise \$12.5 million from private and nonprofit sources to deliver SUD services. Using **Social Impact Bonds**, CDCF will repay investors at an expected three to five percent interest rate. However, payments will be contingent on the results of independent outcome evaluations, and the outcomes in question will be predetermined through **Outcomes-Based Contracts** between CDCF and investors. According to Governor Malloy, the savings generated by diverting youth from CDCF custody will fund the repayments ([Connecticut Mirror, 2/16](#); [Office of Connecticut Governor Malloy, 2/16](#)).

- **Iowa: CMS approves Medicaid managed care transition.** On February 23, CMS [approved Iowa's multiwaiver request](#) to implement the state's Medicaid managed care transition, known as the [Medicaid Modernization Initiative](#). With CMS approval secured, the transition is now slated begin on April 1. According to CMS, the **Iowa Department of Human Services (IDHS)** made significant progress in addressing the issues [previously identified](#) in the request, including expanding managed care organization (MCO) provider networks and improving consumer education and outreach efforts related to the transition. Under the new system, four MCOs will oversee all non-exempt services and enrollees, including individuals eligible for coverage under the ACA's **Medicaid expansion**. The transition also will end the state's existing private health insurance **premium assistance** program ([Des Moines Register, 2/23](#)).
- **Massachusetts reaches autism coverage settlement with Tufts Health Plans.** To resolve allegations that the insurer violated **Massachusetts' Act Relative to Insurance Coverage for Autism of 2010** and [Act Relative to Mental Health Benefits of 2008](#), on February 24, **Massachusetts Attorney General Maura Healey (D)** announced a settlement with **Tufts Associated Health Plans**. According to Attorney General Healey, Tufts violated state autism insurance, mental health parity, and consumer protection laws by restricting enrollee access to **Applied Behavioral Analysis (ABA)** treatment. Among other violations, Tufts reportedly instituted policies requiring parental presence at every ABA session and denying coverage of ABA provided in daycare centers or preschools. Under the settlement, Tufts will reimburse enrollees who paid out-of-pocket for ABA and revise its policies to comply with state law. Tufts also will pay \$90,000 in fines and state expenses ([Boston Globe, 2/17](#); [Office of Massachusetts Attorney General Healey, 2/17](#)).
- **Michigan: CMS approves expanded Medicaid coverage for Flint residents.** On March 3, CMS [approved Michigan's Medicaid Section 1115 Research and Demonstration waiver](#), expanding Medicaid eligibility to include all **Flint** residents up to age 21 years and all pregnant women. The waiver will exempt all such individuals from any cost-sharing requirements, except for those with household incomes above 400 percent of the Federal poverty level. The waiver also will expand covered benefits for Flint Medicaid enrollees, including Targeted Case Management services, lead blood-level

testing, nutritional support, and behavioral health services. The waiver specifies that it will cover all behavioral health issues associated with actual or potential lead hazard exposure ([New York Times, 3/3](#); [Detroit Free Press, 2/14](#)).

- **New York prohibits “conversion therapy” coverage.** On February 6, **New York Governor Andrew Cuomo** (D) announced plans to issue multi-agency regulations to prohibit most coverage and provision of “conversion therapy” to alter the sexual orientation or gender identity of lesbian, gay, bisexual, and transgender (LGBT) individuals. Among the regulations, the **New York State Department of Health** will prohibit any Medicaid coverage of conversion therapy, the **New York State Department of Financial Services** will prohibit private insurers from covering the practice for individuals under age 18 years, and the **New York State Office of Mental Health** will prohibit licensed mental health facilities from providing the practice ([Office of New York Governor Cuomo, 2/6](#); [NY1, 2/6](#)).
- **Texas launches student loan repayment program for mental health professionals.** On February 8, the **Texas Higher Education Coordinating Board** [launched](#) the **Loan Repayment Program for Mental Health Professionals**, which applies to professionals in Texas serving underserved populations. Appropriated \$2.1 million in the state’s FY2016-2017 budget, the program will repay student loans for approximately 100 mental health professionals, including psychiatrists, psychologists, advanced practice nurses certified in psychiatric or mental health nursing, licensed professional counselors, and licensed clinical social workers ([KVUE, 2/8](#); [CBS10, 2/10](#)).
- **West Virginia awards \$1.5 million for substance abuse treatment services.** On February 29, **West Virginia Governor Earl Ray Tomblin** (D) announced \$1.5 million in newly awarded SUD treatment grant funding to establish or expand services in 20 counties. Funded through the state’s justice reinvestment initiative and administered by the **West Virginia Department of Military Affairs and Public Safety**, the grants will support approximately 150 new inpatient beds, residential services for women, outpatient and intensive outpatient services, and recovery support services ([Office of West Virginia Governor Tomblin, 2/29](#)).
- **Wisconsin establishes Medicaid behavioral health coordination pilot programs.** On February 26, **Wisconsin Governor Scott Walker** (R) signed a bill ([SB293](#)) establishing the **Medicaid Behavioral Health Care Coordination Pilot Program** and the **Medicaid Psychiatric Consultation Reimbursement Pilot Program** to expand access to behavioral health services. According to Governor Walker, the coordination pilot will test alternative care and payment delivery models for Medicaid enrollees with “significant or chronic mental illness,” and the reimbursement pilot will test a payment model that encourages psychiatrists to provide consultation services to primary care providers who are treating Medicaid enrollees with “mild to moderate mental health needs.” The bill also establishes an online system for hospital staff to track available inpatient psychiatric

beds throughout the state ([Office of Wisconsin Governor Walker, 2/26](#); [Green Bay Press Gazette, 2/26](#)).

## Financing Reports

- **ACA reforms saved 10.7 million Medicare enrollees over \$20.8 billion on prescription drugs since 2010.** “[Medicare Part D donut hole savings by state.](#)” CMS. February 2016 ([CMS, 2/8](#)).
- “[Affordable Care Act funding: An analysis of grant programs under health care reform – FY2010-FY2015.](#)” Center for Healthcare Research & Transformation (CHRT). Bondalapati, K. et al. February 22, 2016.
- **Almost half (49.2 percent) of all individuals with a behavioral health disorder reside in a state that has not expanded Medicaid.** “[The CBHSQ report: State participation in the Medicaid expansion provision of the Affordable Care Act: Implications for uninsured individuals with a behavioral health condition.](#)” SAMHSA, Center for Behavioral Health Statistics and Quality. Ali, M., Mutter, R., & Teich, J. November 18, 2015.
- **Expanding Medicaid would reduce health care disparities in Southern states.** “[Health and health coverage in the South: A data update.](#)” Kaiser Family Foundation (KFF). Artiga, S., & Damico, A. February 2016 ([Fierce Health Payer, 2/11](#)).
- **Minnesota should improve treatment services for individuals with mental illness awaiting trial or competency hearing, report recommends.** “[Mental health services in county jails.](#)” State of Minnesota Office of the Legislative Auditor. March 2016 ([Minnesota Star Tribune, 3/3](#)).
- “[On pins & needles: Caregivers of adults with mental illness.](#)” Greenwald and Associates on behalf of the National Alliance for Caregiving, Mental Health America, and the National Alliance on Mental Illness ([NAMI, 2/23](#)).
- **Patients with chronic conditions, including mental illness, are more likely to remain in treatment in states that expanded Medicaid.** “[ACAView: Tracking the impact of health care reform - Effects of the Affordable Care Act through 2015.](#)” Athena Health on behalf of the Robert Wood Johnson Foundation. Gray, J. et al. March 1, 2016.
- “[Private health insurance premiums and Federal policy.](#)” Congressional Budget Office. February 2016 ([Fierce Health Payer, 2/16](#)).
- **Study finds mixed evidence that bundled payments reduce health care costs.** “[Payment and delivery system reform in Medicare: A primer on medical homes, accountable care organizations, and bundled payments.](#)” KFF. Baseman, S., et al. February 22, 2016 ([Fierce Health Finance, 2/25](#)).
- “[Value-based payments in Medicaid managed care: An overview of state approaches.](#)” Center for Health Care Strategies. Leddy, T. et al. February 2016.