

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

- **HHS finalizes Medicaid managed care regulations, alters IMD exclusion.** On May 6, the **U.S. Department of Health and Human Services (HHS)** finalized a [rule](#) updating managed care regulations for **Medicaid** and the **Children’s Health Insurance Program (CHIP)** for the first time since 2003. Among other changes, the rule changes the prohibition on using Federal Medicaid funding for adult behavioral health care in an **Institution for Mental Disease (IMD)**. IMDs are inpatient facilities with more than 16 beds “primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services.” The new rule allows Medicaid managed care plans to fund up to 15 days of adult behavioral health treatment in IMDs for services that individuals also could receive from other providers. According to HHS, legislative approval is required before the Department can authorize IMD coverage in other circumstances, including under Medicaid fee-for-service programs. The new rule also requires states to establish quality ratings for Medicaid and CHIP managed care plans, to annually certify that those plans meet new Federal network adequacy standards, and to improve enrollee engagement and administrative experiences. The rule gives states additional flexibility to implement other managed care reforms and sets a nationwide medical loss ratio (MLR) standard of 85 percent for Medicaid and CHIP managed care plans. However, unlike the MLR standard for private insurers, the rule does not require plans to provide rebates if they spend less than 85 percent of funds on medical care; instead, states may adjust capitation rates for plans that do not meet the MLR standard. The final rule will be implemented in phases between 2017 and 2020 ([HHS, 4/25](#); [Kaiser Health News, 4/26](#); [Health Law & Policy Matters, 4/27](#)).
- **CMS clarifies access to Medicaid services for criminal-justice-involved individuals.** On April 28, the **Centers for Medicare & Medicaid Services (CMS)** issued [guidance](#) to clarify when eligible individuals in the criminal justice system may receive Medicaid services. Although Medicaid generally does not cover services for individuals during incarceration, all eligible criminal-justice-involved individuals with the “legal ability to exercise personal freedom” may receive coverage, including those on probation or parole, most residents of supervised community residential facilities, individuals on home confinement, and individuals voluntarily and temporarily residing in a public facility. The guidance also reiterated that all eligible individuals may apply for Medicaid coverage at any time and that states may place applicants in a ‘suspended eligibility’ or ‘suspended coverage’ status until they meet the conditions necessary to receive services. In conjunction with the guidance, the **HHS Office of the Assistant Secretary for Planning and Evaluation (ASPE)** released a [report](#), finding that over 95 percent of eligible individuals in the criminal justice system eventually will return to the community, necessitating access to health care post-release ([HHS, 4/28](#)).

- CMS proposes rule to implement MACRA payment reforms.** On April 27, CMS proposed a [rule](#) that would implement the payment reforms authorized under the [Medicare Access and CHIP Reauthorization Act of 2015](#) (MACRA) to replace the **Medicare Sustainable Growth Rate**. Under the rule, CMS would establish MACRA's **Merit-Based Incentive Payment System** (MIPS) and **Alternative Payment Model** (APM) programs using a unified framework, known as the **Quality Payment Program**. MIPS consolidates under one framework CMS' current incentive programs, including the Physician Quality Reporting System and the Medicare Electronic Health Record (EHR) Incentive Program for Eligible Professionals. CMS also clarifies how providers qualify for participation in APMs. CMS also plans to give MIPS providers flexibility in selecting their reportable metrics under the four required categories that would affect their reimbursement rates: quality, resource use/cost, clinical practice improvement activities (CPIAs), and advancing care information (e.g. meaningful use of certified EHR technology). As proposed, the Quality Payment Program would be implemented in FY2019, but CMS would use FY2017 and FY2018 data to determine initial rates. CMS released a [fact sheet](#) on the proposed rule ([HHS, 4/27](#); [Fierce Practice Management, 4/27](#)).
- FDA to subject electronic cigarettes, hookah tobacco, and cigars to tobacco regulations.** On May 5, the **U.S. Food and Drug Administration** (FDA) finalized a [rule](#) that will subject electronic cigarettes, hookah tobacco, and cigars to **Federal Food, Drug, and Cosmetic Act** tobacco regulations, effective August 10. Although not previously subject to such regulations, the new rule prohibits retailers from selling the products to individuals under age 18 years, requires those under age 26 years to present photo identification before purchasing the products, requires manufacturers to submit all product ingredients to the FDA and publicly disclose harmful substances, and grants the FDA review and authorization authority over all new products. The rule does not ban product flavoring or advertising ([FDA, 5/5](#); [Washington Post, 5/5](#); [New York Times, 5/5](#)).
- President Obama signs bill clarifying controlled substance registrant regulations.** On April 19, **President Obama** signed a bill ([S483](#)) clarifying the definition of "imminent danger to public health or safety" as it relates to **U.S. Drug Enforcement Administration** (DEA) controlled substance registrants. According to the bill's sponsor, **Tennessee Representative Marsha Blackburn** (R), the bill modifies the **Controlled Substances Act** to clarify DEA procedures for suspending or revoking controlled substance licenses and grants pharmacists additional flexibility to ensure legitimate access to controlled substances. The bill also directs **HHS** to submit a report to Congress on prescription drug diversion, covering current collaborative efforts between law enforcement and the pharmaceutical industry as well as potential improvements to state **prescription drug monitoring programs** ([White House Office of the Press Secretary, 4/19](#); [The Chattanooga, 4/21](#); [Drug Store News, 4/20](#)).

- **HHS awards \$260 million for community health centers.** On May 4, **HHS** awarded \$260 million in **Health Infrastructure Investment Program Award** grants to establish or renovate 290 health centers. Authorized under the **Affordable Care Act (ACA)**, the funding will support primary care services for more than 800,000 individuals in 45 states, the District of Columbia, and Puerto Rico. HHS supports nearly 1,400 health centers, operating approximately 9,800 service delivery sites and serving 23 million individuals annually ([HHS, 5/4](#)).
- **SAMHSA offers up to \$103 million for serious mental illness and trauma services.** On April 26, the **Substance Abuse and Mental Health Services Administration (SAMHSA)** announced plans to award up to \$53 million in **Assisted Outpatient Treatment (AOT) Program for Individuals with Serious Mental Illness (SMI)** grants. The program will implement AOT programs designed to improve health and social outcomes for individuals with SMI. Separately, on April 21, SAMHSA announced plans to award up to \$50 million in **Resiliency in Communities After Stress and Trauma** grants. Under the program, awardees will expand access to trauma-informed behavioral health services and implement violence prevention and community youth engagement programs in communities that have recently faced civil unrest. In April, SAMHSA also announced plans to award up to \$800,000 in **Statewide Peer Networks for Recovery and Resiliency** grants ([SAMHSA, 4/26](#); [SAMHSA, 4/21](#); [SAMHSA, 4/22](#)).

State News

- **Arizona restores CHIP enrollment.** On May 6, **Arizona Governor Doug Ducey (R)** signed a bill ([SB1457](#)) allowing eligible children with family incomes between 138 percent and 200 of the Federal Poverty Level (FPL) to enroll in **CHIP** coverage. In 2010, Arizona stopped accepting new enrollees for **KidsCare**, the state's CHIP plan, but continued providing coverage to children who were already enrolled. According to the *Associated Press*, prior to the bill, Arizona was the only state not accepting new CHIP enrollees. In addition, according to a recent [report](#) by the Grand Canyon Institute, restoring CHIP enrollment will yield \$75 million in annual economic benefits for Arizona ([AP via Arizona Family, 5/6](#); [Arizona Public Media, 5/6](#); [Arizona Republic, 4/13](#)).
- **Arkansas renews premium assistance program.** Through a series of legislative maneuvers, on April 22, **Arkansas Governor Asa Hutchinson (R)** authorized continued funding ([SB121](#)) for the state's **private health insurance premium assistance program**, which uses Federal Medicaid expansion funds. On April 8, Governor Hutchinson signed a bill ([HB1001](#)) reforming the program and renaming it **Arkansas Works**, but that bill did not fund the program. Among other changes, HB1001 requires enrollees with incomes over 100 percent FPL to pay premiums of up to two percent of their income. **CMS** must approve the changes before they take effect ([Kaiser Health News, 4/21](#); [Arkansas News Bureau, 4/26](#); [Arkansas News Bureau via Times Record, 4/8](#); [Arkansas News Bureau, 4/22](#)).

- **California raises tobacco access age to 21.** On May 4, **California Governor Jerry Brown** (D) signed a series of bills addressing tobacco use, including one ([SBX2-7](#)) that prohibits individuals under age 21 years from possessing or using any tobacco products or electronic cigarettes. U.S. military personnel are exempt from the prohibition. The bill will take effect June 9, but opponents say they will attempt to overturn the measure through a ballot referendum in the November 2016 election. California and **Hawaii** are the only states that have raised their tobacco access age to 21 years ([Los Angeles Times, 5/4](#); [California Healthline, 5/5](#)).
- **Connecticut enacts provisions to address opioid misuse and abuse.** On May 4, the **Connecticut Legislature** unanimously approved a wide-ranging bill ([HB5053](#)) to address opioid misuse and abuse. Among other provisions, the bill limits most opioid prescriptions for acute pain to a seven-day supply and requires health care providers to check the state's **Prescription Drug Monitoring Program** before prescribing more than a 72-hour supply of a controlled substance. The bill also requires insurers to cover at least one opioid overdose reversal medication (such as **naloxone**) and requires municipalities to train and supply emergency responders with opioid overdose reversal medication. In addition, the bill expands the **Connecticut Alcohol and Drug Policy Council** to include additional community stakeholders and directs the Council to develop measurable goals for addressing substance use disorders (SUDs) and reducing opioid-related deaths. **Connecticut Governor Dannel Malloy** (D) is expected to sign the bill ([Connecticut Mirror, 5/4](#)).
- **Connecticut to expand inmate access to methadone treatment.** In April, the **Connecticut Department of Correction** (CDOC) announced plans to expand access to **methadone treatment services** within state correctional facilities. According to CDOC officials, under the program, state jails will offer methadone to all eligible inmates, including those who previously have not received methadone treatment. Meanwhile, state prisons will offer methadone to eligible inmates beginning six to eight weeks prior to community re-entry. Connecticut currently has a pilot methadone program operating at two state jails, but that program offers methadone treatment only to inmates who were receiving methadone prior to incarceration. According to CDOC officials, this is the first program to provide access to methadone treatment throughout a state correctional system ([AP via New Haven Register, 4/17](#)).
- **Delaware establishes overdose review commission.** On April 21, **Delaware Governor Jack Markell** (D) signed a bill ([SB174](#)) establishing the **Drug Overdose Fatality Review Commission** to examine data on opioid-related overdoses. Unanimously approved by the **Delaware Legislature**, the commission will leverage state agency heads, health care and law enforcement representatives, and other stakeholders to develop opioid overdose prevention recommendations ([Delaware Online News Journal, 4/21](#)).
- **Florida implements “no wrong door” behavioral health reforms.** On April 15, **Florida Governor Rick Scott** (R) signed a bill ([SB12](#)) reforming the state behavioral

health system's intake and referral processes. Among other reforms, the bill establishes "central receiving facilities" to serve as single points of entry for the behavioral health system. The bill also directs the **Florida Agency for Health Care Administration** and the **Florida Department of Children and Families** to develop a plan to draw down additional Federal funding for behavioral health services and aligns the state's mental health and SUD involuntary commitment laws ([News Service of Florida via Health News Florida, 3/14](#); [News Service of Florida via Palm Beach Post, 4/15](#)).

- **Maryland proposes streamlined Medicaid eligibility for formerly incarcerated individuals.** On April 29, **Maryland** released a draft [Section 1115 Waiver Renewal Application](#) to establish a temporary Medicaid program for formerly incarcerated individuals re-entering the community. Under the program, all re-entering individuals who declare their residency and citizenship automatically would be enrolled in Medicaid coverage for two months, regardless of income level or other eligibility criteria. To receive long-term coverage, individuals would be required to complete the regular enrollment process and meet existing eligibility requirements. Maryland is participating in the **ACA Medicaid expansion**; however, according to *Kaiser Health News*, most formerly incarcerated individuals have not enrolled in coverage. The state is currently soliciting public comments on the waiver ([Kaiser Health News, 5/4](#)).
- **Minnesota establishes behavioral health task force.** On April 27, **Minnesota Governor Mark Dayton** (D) signed an executive order ([EO16-02](#)) establishing the **Governor's Task Force on Mental Health** to develop recommendations for improving the state's behavioral health system. Led by state legislative representatives, agency heads, and other stakeholders, the task force will recommend funding reforms that develop and sustain a behavioral health continuum of care, including early intervention and SUD treatment services. The task force will issue a report by November 15 ([Office of Minnesota Governor Dayton, 4/27](#)).
- **Missouri approves \$200 million in new behavioral health funding, raises reimbursement rates.** On May 5, **Missouri Governor Jay Nixon** (D) signed a bill ([HB2010](#)) to implement the **Missouri Department of Mental Health's** (MDMH) FY2017 budget and increase MDMH funding by over \$200 million, including state and Federal funds. The bill allocates \$18.2 million to expand **Crisis Residential Services** for individuals with severe behavioral health conditions and \$14 million to expand in-home services for individuals with developmental disabilities. The bill also increases the reimbursement rate for publicly funded mental health, SUD, and developmental disability services by three percent ([Office of Missouri Governor Nixon, 5/5](#)).
- **Nebraska: CMS approves autism behavioral modification services.** On March 29, **CMS approved** Nebraska's **Medicaid State Plan Amendment** to cover behavioral modification services for children with autism through the **Early and Periodic Screening, Diagnosis, and Treatment** (EPSDT) program. According to the **Nebraska Department of Health and Human Services**, EPSDT will cover a variety of treatment

models and therapies, including “cognitive behavioral therapy, comprehensive behavioral intervention, and applied behavioral analysis.” The approval is retroactive to October 1, 2015 ([NDHHS, 4/11](#)).

- **New Mexico proposes reducing Medicaid reimbursement rates.** On April 26, the **New Mexico Human Services Department** (NMHSD) [announced](#) plans to reduce reimbursement rates for nearly all **Medicaid** services covered by the state’s Medicaid provider fee schedule. The reductions would range from two to six percent, depending on the **Medicare** reimbursement rate for the service. Preventive and obstetrical services are exempt from the reduction. Additionally, NMHSD proposed reducing Medicaid reimbursement rates for all hospital outpatient and inpatient services, with even greater reductions for the **University of New Mexico Hospital**. According to NMHSD, the reductions are the result of a mandate by the **New Mexico Legislature** to reduce Department funding as part of a statewide funding reduction. NMHSD estimates that the reductions will cut state funding by \$26 million to \$33.5 million; however, the total impact will be between \$136.5 million and \$161 million because of the loss of Federal matching funds. **CMS** must approve the reductions, and NMHSD announced plans to develop a draft waiver for public comment ([AP via Santa Fe New Mexican, 4/26](#)).
- **New York mandates maternal depression screening coverage.** On April 25, the **New York Department of Financial Services** (NYDFS) issued [guidance](#) requiring most private health insurers to cover maternal depression screenings and restating Federal and state parity requirements. Under state law and the **ACA**, most private insurers must cover all preventive services that receive an ‘A’ or ‘B’ rating recommendation from the **U.S. Preventive Services Task Force** (USPSTF) without applying cost-sharing requirements. In January, USPSTF issued a B rating recommendation for “screening for depression in the general adult population, including pregnant and postpartum women.” Applicable insurers must comply with the guidance within six months ([NYDFS, 4/25](#)).
- **New York City unveils overdose prevention initiatives, mental health awareness campaign.** On April 21, **New York City Mayor Bill de Blasio** (D) announced \$5.5 million in funding over three years for initiatives to prevent opioid overdoses. Among other initiatives, New York City will fund a new overdose peer support program, additional prescriber education and trainings, additional SUD counselor trainings, new media campaigns, additional naloxone distribution, and additional data assessment and surveillance capabilities. The initiatives will be administered through [ThriveNYC](#), the city’s \$853 million, four-year plan to expand and improve behavioral health services. Separately, on April 11, **New York City First Lady Chirlane McCray** announced the creation of “Today I Thrive,” a \$2 million media campaign to raise awareness of mental health issues. That campaign also will be administered through ThriveNYC ([Office of New York City Mayor de Blasio, 4/21](#); [Office of New York City Mayor de Blasio, 4/11](#); [AP via CBS New York 4/11](#)).

- **Ohio proposes mandatory health savings accounts under Medicaid expansion.** On April 15, the **Ohio Department of Medicaid (ODM)** released a draft [Section 1115 Demonstration](#) waiver to reform the state’s existing **ACA Medicaid expansion**. Known as the **Healthy Ohio Program**, the waiver would require most individuals receiving Medicaid expansion coverage to enroll in a **health savings account** and contribute two percent of their income or \$99 annually. The waiver also would eliminate the 90-day retroactive coverage period for new Medicaid enrollees. Authorized under a bill ([HB64](#)) signed by **Ohio Governor John Kasich (R)** in June 2015, the draft waiver is based on the **Healthy Indiana Plan** and currently is undergoing public comment prior to submission to **CMS** ([Cleveland Plain Dealer, 4/15](#); [Modern Healthcare, 4/22](#)).
- **Ohio launches \$2 million suicide prevention initiative.** On April 14, the **Ohio Department of Mental Health and Addiction Services (ODMHAS)** [announced](#) plans to launch several new programs to expand suicide prevention efforts throughout the state. Among the programs, ODMHAS will establish a 24-hour suicide crisis hotline, launch a campaign to reduce the stigma surrounding mental health conditions, and provide additional support to the **Ohio Suicide Prevention Foundation** and campus-based suicide prevention programs. ODMHAS also will support more suicide prevention trainings, expand data surveillance systems to better identify vulnerable individuals and populations, and expand support services for survivors of suicide. According to ODMHAS, the initiatives are based on recommendations from the **Ohio Suicide Prevention Advisory Committee** and funded by \$2 million in new suicide prevention funding in the state’s FY2016-17 budget ([The Columbus Dispatch, 4/15](#)).
- **Oklahoma reduces Medicaid behavioral health reimbursement rates by up to 30 percent.** On April 28, the **Oklahoma Health Care Authority (OHCA)** approved a series of Medicaid behavioral health reimbursement reductions proposed by the **Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS)** as part of an effort to balance the state budget. OHCA approved a 30 percent rate reduction for services provided by independent licensed behavioral health practitioners, a 15 percent reduction for residential psychiatric services, a 10 percent reduction for outpatient behavioral health services provided by clinics or independent psychologists, and a 3 percent reduction for free-standing psychiatric hospitals. According to behavioral health advocates, ODMHSAS previously reduced funding by \$23 million, including \$8.3 million in behavioral health provider contracts ([The Oklahoman, 4/28](#)).
- **Oklahoma approves autism insurance mandate.** On May 4, **Oklahoma Governor Mary Fallin (R)** signed a bill ([HB2962](#)) requiring private insurers to cover autism screening, diagnosis, and treatment services for all children up to age nine years. The bill, which takes effect November 1, also requires six years of coverage for children who are diagnosed with autism after age three years. The bill sets a maximum benefit of 25 hours of services per week and \$25,000 of coverage per year ([Tulsa World, 5/5](#)).

- **Texas: CMS approves extension of uncompensated care funding.** On May 1, CMS [approved](#) a Texas [Section 1115 Demonstration waiver](#) to extend current Federal Medicaid funding for the **Texas Healthcare Transformation and Quality Improvement Program** through December 31, 2017, including the **Delivery System Reform Incentive Payment** program and the **Uncompensated Care** pool. Implemented in 2011, the waiver supports the state’s managed care transition and reimburses hospitals for uncompensated care to uninsured individuals, including individuals who would be eligible for coverage if Texas expanded Medicaid under the ACA ([Texas Tribune, 5/2](#)).
- **Washington approves \$28 million in additional funding for state psychiatric hospitals.** On April 18, **Washington Governor Jay Inslee (D)** signed a supplemental budget bill ([HB2376](#)) modifying the state’s 2015-2017 budget and increasing funding by \$211 million. Among other funding increases, the bill allocates \$28 million in new funding for the **Washington State Department of Social and Health Services** to improve and expand psychiatric hospital services. The bill also allocates \$15 million in additional funding to reduce homelessness ([Office of Washington Governor Inslee, 4/18](#); [AP via The Seattle Times, 4/18](#)).

Financing Reports

- **Average ACA Marketplace premiums increased eight percent from 2015 to 2016.** [“Health insurance marketplace premiums after shopping, switching, and premium tax credits, 2015–2016”](#) HHS ASPE. April 12, 2016 ([The Hill, 4/12](#)).
- [“Investment in social marketing campaign to reduce stigma and discrimination associated with mental illness yields positive economic benefits to California”](#) RAND Corporation. Ashwood, J.S. et al., April 2016.
- [“Managing Medicaid managed care: New state strategies to promote accountability and performance”](#) National Academy for State Health Policy (NASHP). Zemel, S. et al., April 19, 2016.
- **NAMI provided in-person, no-cost peer support services to 160,000 individuals in 2015.** [“National Alliance on Mental Illness: Annual report 2015”](#) NAMI. April 2016.
- **Rate of suicidal thoughts among children and youth with serious emotional disturbances decreases by 43 percent after one year of services, SAMHSA finds.** [“SAMHSA: Increasing access to behavioral health services and supports through systems of care”](#) SAMHSA. May 5, 2016 ([SAMHSA, 5/5](#)).
- [“States and prescription drugs: An overview of state programs to rein in costs”](#) NASHP. Schneitter, E. April 19, 2016.