National News

- Court rules against ACA cost-sharing programs but suspends decision
- Select behavioral health providers temporarily exempt from DOL’s new overtime rule
- FDA approves first buprenorphine implant
- CMS adjusts ACO reimbursement formula, HHS proposes limiting short-term insurance
- SAMHSA awards Flint, MI an emergency response grant
- Walgreens launches behavioral health screening and treatment initiatives

State News

- Arkansas proposes transition to state-based Affordable Care Act Marketplace
- Georgia announces extension agreement with DOJ to improve behavioral health services
- Iowa approves additional Medicaid oversight, allows psychologists prescription authority
- Kansas reduces Medicaid funding by $56.4 million
- Louisiana launches ACA Medicaid expansion
- Mississippi reduces behavioral health treatment, ends chemical dependency program
- Missouri: St. Louis approves prescription drug monitoring program
- New Hampshire approves $5 million in additional funding for substance abuse services
- New Jersey allows mental health providers to delay reimbursement model transition
- New York awards $6 million for child behavioral health provider IT improvements
- New York establishes prescription opioid and heroin task force
- North Carolina managed care waiver request would expand behavioral health integration
- Wisconsin: Endowment commits $20 million to improve behavioral health services
- Washington to evaluate behavioral health workforce shortages

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

- **Court rules against ACA cost-sharing programs but suspends decision.** On May 12, a judge for the U.S. District Court for the District of Columbia ruled in favor of the plaintiffs in *House v. Burwell*. The plaintiffs alleged that the U.S. Department of Health and Human Services (HHS) used appropriations not authorized by Congress to fund Affordable Care Act (ACA) cost-sharing subsidies to health insurers. Under the ACA, HHS subsidizes insurers to reduce cost-sharing for certain enrollees, including individuals with incomes between 100 and 250 percent of the Federal poverty level who enroll in silver-level Affordable Care Act Marketplace plans. The decision orders HHS to end the subsidy programs until Congress approves funding or HHS identifies an authorized appropriation source. However, the judge suspended the decision pending an appeal by HHS. Because of the suspension, the decision has no immediate effect; the case now heads to the U.S. Court of Appeals for the District of Columbia (New York Times, 5/12).

- **Select behavioral health providers temporarily exempt from DOL’s new overtime rule.** On May 23, the U.S. Department of Labor (DOL) finalized a rule updating the standard salary level; employees making below the standard salary level must be eligible for overtime pay under the Fair Labor Standards Act. Under the rule, nearly all salaried employees earning up to $47,476 annually must receive overtime pay if they work more than 40 hours in a week, effective December 1. The previous earnings cap was $23,660. However, DOL also announced a Time Limited Non-Enforcement Policy for residential behavioral health providers serving Medicaid enrollees with intellectual or developmental disabilities. The non-enforcement policy applies to providers with 15 or fewer beds, exempting them from the requirement until March 17, 2019. According to DOL, the non-enforcement policy resulted from interagency discussions with HHS (New York Times, 5/17).

- **FDA approves first buprenorphine implant.** On May 26, the U.S. Food and Drug Administration (FDA) approved Probuphine as a medication-assisted treatment option for opioid dependence. Probuphine is an arm implant that delivers a constant low-level dose of buprenorphine over six months. According to the FDA, Probuphine is intended for individuals “already stable on low-to-moderate doses of other forms of buprenorphine, as part of a complete treatment program.” Probuphine also is the first non-ingested form of buprenorphine approved by the FDA. Separately, on June 8, an FDA advisory panel recommended approval of Troxyca ER, a long-acting opioid pain reliever designed to deter nasal and intravenous abuse (FDA, 5/26; Washington Post, 5/26; Reuters, 6/8).

- **CMS adjusts ACO reimbursement formula, HHS proposes limiting short-term insurance.** On June 10, the Centers for Medicare & Medicaid Services (CMS) finalized a rule adjusting the reimbursement formula for accountable care organizations (ACOs) participating in the Medicare Shared Savings Program. Under the old rule,
ACO performance and savings were assessed by comparison to national trends, whereas under the new rule CMS also will assess ACOs on the basis of regional performance and savings benchmarks. Separately, on June 10, HHS, DOL, and the Internal Revenue Service proposed a rule to reduce the maximum duration of short-term, limited-duration health insurance coverage from one year to three months. The rule also would require insurers to inform consumers that such coverage does not fulfill the ACA individual mandate and would prohibit consumers from renewing such coverage (Fierce Healthcare, 6/7; Healthcare Finance News, 6/7; Kaiser Health News, 6/8).

- **SAMHSA awards Flint, MI an emergency response grant.** On May 31, the Substance Abuse and Mental Health Services Administration (SAMHSA) awarded a $475,194 SAMHSA Emergency Response Grant to help provide behavioral health and other services to individuals affected by the water crisis in Flint, Michigan. Among other services, the grant will provide outreach, crisis counseling, emergency case management, and care coordination (SAMHSA, 5/31).

- **Walgreens launches behavioral health screening and treatment initiatives.** On May 10, Walgreens announced a series of initiatives to expand consumer access to behavioral health services. Walgreens will offer behavioral health counseling services in 37 states and the District of Columbia through its telehealth partnership with MDLive. Additionally, Walgreens will offer online behavioral health screenings and provide information on how to access treatment services. Walgreens also will expand behavioral health trainings for its pharmacists (Drug Store News, 5/10; MDLive via Market Wired, 5/10).

**State News**

- **Arkansas proposes transition to state-based Affordable Care Act Marketplace.** On May 24, Arkansas Governor Asa Hutchinson (R) requested CMS approval to transition the state’s Affordable Care Act Marketplace from a state-partnership model to a state-based model. Arkansas currently administers the Small Business Health Options Program marketplace while CMS operates the individual marketplace through Healthcare.gov. Under the request, Arkansas would reduce the fee on marketplace insurers’ revenue from the 3.5 percent currently assessed by CMS; however, the reduced rate has not been determined (Northwest Arkansas-Democrat Gazette, 6/2; Kaiser Family Foundation).

- **Georgia announces extension agreement with DOJ to improve behavioral health services.** On May 18, Georgia and the U.S. Department of Justice (DOJ) reached an extension agreement that will continue and expand the state’s 2010 agreement to improve behavioral health services. According to DOJ, Georgia was not in compliance with certain provisions of the original agreement and the extension is necessary to implement all aspects of that agreement. Under the extension, Georgia will expand community-based services for individuals with developmental disabilities and allocate additional funding for mental health services, including providing supportive housing to individuals...
with mental health conditions who are experiencing homelessness. Georgia also will provide additional service monitoring, clinical oversight, and care coordination for individuals with developmental disabilities receiving community-based services and complete a full investigation of any deaths among such individuals (DOJ, 5/18; Georgia Health News, 5/18).

- **Iowa approves additional Medicaid oversight, allows psychologists prescription authority.** On May 27, Iowa Governor Terry Branstad (R) took action on 30 bills approved during the 2016 state legislative session, signing two bills that affect behavioral health. To improve the state’s ongoing Medicaid managed care transition, the Medicaid Modernization Initiative, Governor Branstad signed a bill (HF2460) implementing additional oversight and outcome evaluation requirements for participating managed care organizations. Governor Branstad line-item vetoed certain provisions of the bill; however, those sections were unrelated to the oversight requirements. Separately, Governor Branstad also signed a bill (SF2188) allowing licensed clinical psychologists under physician supervision to prescribe certain medications for behavioral health conditions, including controlled substances (Des Moines Register, 5/27; Office of Iowa Governor Branstad, 5/27).

- **Kansas reduces Medicaid funding by $56.4 million.** On May 18, Kansas Governor Sam Brownback (R) modified and signed a bill (SB249) adjusting and implementing the state’s FY2015-16, FY2016-17, and FY2017-18 budgets. Among other provisions, the bill reduces Medicaid funding by $56.4 million, including $38.2 million in reduced provider reimbursements. According to advocates, the reductions may affect provider participation in the state’s Medicaid program (KCUR, 5/18; Office of Kansas Governor Brownback, 5/23).

- **Louisiana launches ACA Medicaid expansion.** On June 1, Louisiana launched its ACA Medicaid expansion, as ordered by Louisiana Governor John Bel Edwards (D) in January. To facilitate the expansion, the Louisiana Department of Health and Hospitals (LDHH) is using Supplemental Nutrition Assistance Program (SNAP) enrollment information to identify and inform individuals who are eligible for expansion coverage. According to the LDHH secretary, Louisiana is the first state to use a Medicaid State Plan Amendment to authorize the use of SNAP data to determine expansion eligibility. The Secretary noted that six other states have received similar approval through the CMS waiver process (New Orleans Times-Picayune, 5/31).

- **Mississippi reduces behavioral health treatment, ends chemical dependency program.** To comply with an $8.3 million budget reduction in the FY2017 budget, on May 10, the Mississippi Department of Mental Health (MDMH) announced a series of reductions in state-operated behavioral health treatment services. Among other reductions, MDMH is closing its 42-bed Male Chemical Dependency Unit (MCDU) at Mississippi State Hospital (MSH) and its 25-bed MCDU at East Mississippi State Hospital. According to an MDMH spokesperson, as a result, “there will no longer be
state-operated male chemical dependency beds available in the state.” MDMH also will close its 29-bed Acute Medical Psychiatric Service at MSH, eliminate 5 psychiatric beds at South Mississippi State Hospital, and discontinue early developmental intervention services at Ellisville State School. According to a spokesperson, the programs will continue to serve existing clients and individuals who were involuntarily committed and awaiting services; however, no new admissions will be accepted (Jackson Clarion-Ledger, 5/10).

- Missouri: St. Louis approves prescription drug monitoring program. On May 31, St. Louis Mayor Francis Slay (D) signed a bill (BB36) enacting a city-wide prescription drug monitoring program (PDMP) that will be interoperable with the PDMP currently being developed by St. Louis County. Under the bill, the St. Louis City Health Department will administer the PDMP and all locally operating non-veterinary prescription drug dispensers will be required to report all dispensed Schedule II, III, and IV prescriptions within seven business days. The bill does not require prescribers or dispensers to check the PDMP. Missouri is the only state that does not have a statewide PDMP (St. Louis Post-Dispatch, 5/31).

- New Hampshire approves $5 million in additional funding for substance abuse services. In May, the New Hampshire Legislature approved a bill (SB533) allocating $5 million in additional funding for substance use disorder prevention, treatment, and recovery services. The bill allocates $2.5 million to programs overseen by the New Hampshire Governor’s Commission on Alcohol and Drug Abuse Prevention, Intervention and Treatment; $2 million to supportive housing programs for individuals in recovery; and $500,000 for peer recovery and support grants. The bill also authorizes the New Hampshire Department of Justice to hire an assistant attorney general dedicated to prosecuting drug-related cases. New Hampshire Governor Maggie Hassan (D) plans to sign the bill (New Hampshire Union Leader, 5/25; Office of New Hampshire Governor Hassan, 6/1).

- New Jersey allows mental health providers to delay reimbursement model transition. On May 12, the New Jersey Department of Human Services (NJDHS) announced that mental health providers may take additional time to comply with the state Medicaid program’s transition from a cost reimbursement contracts model to fee-for-service. According to NJDHS, although mental health providers are scheduled to transition to fee-for-service on January 1, 2017, providers may continue to submit cost reimbursement claims until July 1, 2017 (NJSpotlight, 5/17).

- New York awards $6 million for child behavioral health provider IT improvements. On May 9, New York Governor Andrew Cuomo (D) announced $6 million in funding for information technology (IT) improvements at 122 child-serving behavioral health providers. According to Governor Cuomo, the funding will help providers purchase electronic health record and billing system software, computers and other hardware, and IT training for staff. These awards are separate from the $10 million in funding
announced in March to support IT improvements for non-profit behavioral health providers (Office of New York Governor Cuomo, 5/9).

- **New York establishes prescription opioid and heroin task force.** On May 10, New York Governor Andrew Cuomo (D) announced the creation of the **Governor's Task Force to Combat Heroin**. Co-chaired by New York Lieutenant Governor Kathy Hochul (D) and including a wide variety of stakeholders, the Task Force will develop a comprehensive state-wide plan to address heroin and prescription opioid abuse (Office of New York Governor Cuomo, 5/10).

- **North Carolina managed care waiver request would expand behavioral health integration.** On May 31, North Carolina submitted a **Section 1115 Research and Demonstration waiver** that would transition the state’s Medicaid program from fee-for-service to managed care, with networks of **accountable care organizations** (ACOs). Under the waiver, North Carolina would contract with three statewide **managed care organizations** and 12 ACOs organized across six geographic regions. Although the state’s existing managed care system for behavioral health would remain separate from the new system, the waiver would require the ACOs to pursue care coordination and integration initiatives with behavioral health providers and establish **person-centered health communities** using the **patient-centered medical home** model (Office of North Carolina Governor Pat McCrory, 6/1; Winston-Salem Journal, 5/31).

- **Wisconsin: Endowment commits $20 million to improve behavioral health services.** On June 3, the **Medical College of Wisconsin** announced plans to award $20 million over eight years from the **Advancing a Healthier Wisconsin Endowment** to improve behavioral health services. The college established the endowment in 2003 to receive funds from **Blue Cross Blue Shield United of Wisconsin**’s conversion to a for-profit organization. The endowment, which is valued at $406.6 million, must award 35 percent of its annual income to fund “public health initiatives and projects” and has already awarded $2.3 million for community-based providers under the new initiative (Milwaukee-Wisconsin Journal-Sentinel, 6/3; Wisconsin Public Radio, 6/3).

- **Washington to evaluate behavioral health workforce shortages.** On June 6, Washington Governor Jay Inslee (D) announced that the **Washington Workforce Training and Education Coordinating Board** will partner with the **Health Workforce Council** to evaluate current and projected workforce shortages in behavioral health. According to Governor Inslee, the evaluation will determine Washington’s behavioral health service capacity, assess gaps in service access, and develop recommendations for improvement (Office of Washington Governor Inslee, 6/6).

### Financing Reports

• 21 states and the District of Columbia have Medicaid health home programs. “Medicaid health homes: Implementation update.” Center for Health Care Strategies (CHCS) on behalf of the New York State Health Foundation and the Missouri Foundation for Health. May 2016.

• Alternate payment methodologies may improve opioid treatment outcomes. “Behavioral health organizations’ current and future approaches to addressing the U.S. opioid crisis.” Brandeis University on behalf of the Association for Behavioral Health and Wellness. Reif, S. et al., May 2016.


• Hospitals’ uncompensated care costs decreased 35 percent in Medicaid expansion states. “Understanding Medicaid hospital payments and the impact of recent policy changes.” Virginia Commonwealth University and KFF. Cunningham, R. et al., June 9, 2016.

• “Impact of the Affordable Care Act coverage expansion on rural and urban populations.” HHS Office of the Assistant Secretary for Planning and Evaluation. Avery, K. et al., June 10, 2016 (HHS, 6/10).


• “Promising practices to integrate physical and mental health care for Medi-Cal members.” CHCS. Hamblin, A. et al., June 2016.