

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

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***The Center for Financing Reform and Innovations 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.***

## Implementing the Affordable Care Act (ACA)

- **CMS confirms state flexibility in Medicaid expansion.** Speaking at the National Conference of State Legislatures, **Centers for Medicare & Medicaid Services' (CMS) Center for Medicaid and State Operations Director Cindy Mann** announced that states which elect to expand their Medicaid programs under the ACA may opt out of that expansion at any time as a result of the Supreme Court's health reform ruling. CMS did not clarify whether states may withdraw from the expansion with a notification letter or will be required to submit a formal application ([Modern Healthcare, 8/8](#); [Bloomberg BNA, 8/7](#)).
- **ACA provides \$4.1 billion in prescription drug savings to 5.4 million Medicare beneficiaries.** On August 20, **U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius** announced that 5.4 million Medicare beneficiaries saved a combined \$4.1 billion on prescription drugs under provisions that gradually close the program's prescription drug coverage gap, known as the "doughnut hole." Under the ACA, beneficiaries in the doughnut hole receive gradually increasing drug discounts until the hole will be fully closed in 2020 ([HHS, 8/20a](#)).
- **HHS awards \$48.8 million to combat infectious diseases.** Under the ACA's **Prevention and Public Health Fund**, HHS has awarded \$48.8 million for the **Centers for Disease Control and Prevention's (CDC) Epidemiology and Laboratory Capacity for Infectious Diseases Cooperative Agreements** to bolster epidemiology, laboratory, and health information systems. HHS awarded funding to health departments in all 50 states, Puerto Rico, the Republic of Palau, the District of Columbia, New York City, Los Angeles County, Chicago, Philadelphia, and Houston to improve disease reporting and monitoring. Award funds will finance staff expansion and training, information technology, laboratory equipment, and supplies to diagnose emerging pathogens ([HHS, 8/16](#)).
- **Medicare readmission adjustments total \$280 million, affect 2,211 hospitals.** According to Kaiser Health News, an estimated 2,211 hospitals will forfeit \$280 million in Medicare funds in FY2013 as part of the ACA's **Medicare Readmissions Reductions** program, which reduces payments to hospitals with excess readmissions for specific conditions. The program will adjust funding for 278 hospitals by the maximum penalty of one percent, the maximum reduction allowed in FY2013. Under the ACA, the maximum allowable reduction will increase to two percent in FY2014 and three percent in FY2015 ([Kaiser Health News, 8/13](#)).
- **Appeals Court dismisses lawsuit contesting ACA's restrictions on physician-owned hospital expansions.** The **U.S. Court of Appeals for the 5<sup>th</sup> Circuit** has [dismissed](#) the plaintiffs' appeal in *Physician Hospitals of America; Texas Spine & Joint Hospital, Limited vs. Kathleen Sebelius, Secretary, Department of Health and Human Services*, which sought to overturn **Section 6001 of the ACA**, restricting expansions by physician-owned hospitals. The court ruled that it lacked subject-matter jurisdiction in the lawsuit. According to lead counsel, the plaintiffs are considering their options, which include appeal to the Supreme Court ([Modern Healthcare via KYTX 19, 8/17](#)).

## National News

- **SAMHSA awards \$1.6 million to expand behavioral health workforce.** The **Substance Abuse and Mental Health Services Administration (SAMHSA)** has awarded the **National Board for Certified Counselors, Inc. and Affiliates** a **Minority Fellowship Program** grant of up to \$1.6 million to expand the behavioral health workforce. The grant will improve health care outcomes for traditionally underserved populations by increasing the number of culturally competent mental health and substance abuse counselors available in the public and private non-profit service sectors ([SAMHSA, 8/20](#)).

## State News

- **California: Marin County issues \$202,000 behavioral health training grant.** **Marin County, California** has issued Canal Alliance a \$202,000 grant to operate a two-year community health advocates program, training community leaders to assist low-income individuals with mental health and substance abuse issues. According to a county spokesperson, the program will initially concentrate on Latino and Vietnamese immigrants ([Marin Independent Journal, 8/11](#)).
- **Colorado insurance exchange to request \$43 million federal grant.** The Colorado Legislature has granted approval for Colorado's **Affordable Insurance Exchange** to apply for \$43 million in federal funds to continue developing the exchange's infrastructure. Legislative approval was necessitated by the 2011 bill that created the exchange, which also created a legislative oversight committee to review all exchange grant applications before submission to HHS ([Kaiser Health News, 8/9](#)).
- **Kansas pilot to move individuals with developmental disabilities into managed care in 2013.** The **Kansas Department for Aging and Disability Services** issued a [request for information](#) in connection with a pilot program that would allow organizations serving individuals with developmental disabilities to contract with **KanCare's** Medicaid managed care companies beginning in 2013. Under a recently submitted [Medicaid Section 1115 Research and Demonstration waiver](#), Kansas will move all Medicaid beneficiaries into managed care by 2014. According to a state spokesperson, the pilot would smooth the transition for individuals with developmental disabilities by beginning the process early ([Kansas Health Institute, 8/9](#)).
- **Kentucky: KentuckyOne Health terminates Medicaid contracts with CoventryCares of Kentucky.** **KentuckyOne Health**, the largest healthcare system in Kentucky, will terminate all contracts with Medicaid managed care provider **CoventryCares of Kentucky**. According to KentuckyOne, the move is a response to CoventryCares' decision to cancel contracts with KentuckyOne's **Our Lady of Peace** psychiatric hospital and **Taylor Regional Hospital**. KentuckyOne Health will continue to work with the state's three other Medicaid managed care providers ([Lexington Herald Leader, 8/16](#); [Business First, 8/16](#)).
- **Massachusetts: New psychiatric facility opens.** **Worcester Recovery Center and Hospital**, the first new psychiatric hospital built in Massachusetts in over 60 years, officially opened on August 16. The hospital is designed to encourage patient activity by holding programs and activities throughout its campus and will begin accepting patients from older state hospitals immediately. According to the **Massachusetts Department of Mental Health**, building the \$302

million, 320-bed facility was the largest non-transportation construction project in state history ([AP via Boston Globe, 8/16](#)).

- **Missouri: Foundation awards \$4.7 million in mental health grants.** The **Health Care Foundation of Greater Kansas City** (HCF) has awarded a total of \$4.7 million in mental health grants to 28 non-profit organizations. According to HCF, many of the grants will facilitate the integration of mental and physical health care. HCF offers a [complete list](#) of awardees' projects and funding levels ([Kansas Health Institute, 8/8](#)).
- **New Mexico resubmits Medicaid Section 1115(a) waiver application.** The **New Mexico Human Services Department** (HSD) resubmitted its [Medicaid Section 1115\(a\) waiver application](#) for **Centennial Care**, a new program to streamline the state's existing Medicaid services using health homes, increased care coordination, and provider payment reforms. If approved by CMS, New Mexico would deliver behavioral health services under the new waiver instead of its existing 1915(b) waiver. HSD had originally submitted a waiver for Centennial Care in April but temporarily withdrew it to allow for further public comment ([AP via Denver Post, 8/17](#)).
- **North Carolina: State psychiatric hospital to close.** First opened in 1856, **Dorothea Dix Hospital** in Raleigh closed on August 15, transferring its remaining patients to **Central Regional Hospital**. A [report](#) issued by Public Consulting Group, Inc. on behalf of the Office of the State Auditor first recommended the closure in 2000 and the **North Carolina Department of Health and Human Services** (DHHS) received final permission to close the facility in April 2012. According to critics of the closure, the remaining state psychiatric hospitals lack sufficient capacity to meet the state's demand ([Charlotte Observer, 8/12](#); [AP via San Francisco Chronicle, 8/12](#); [NBC 17, 8/15](#); [WRAL, 4/3](#)).
- **North Carolina: Behavioral health agencies announce funding cuts.** After reductions in federal and state funding from the **North Carolina Division of Mental Health, Developmental Disabilities and Substance Abuse Services** (MHDDSAS), two **Local Management Entities** (LMEs) announced funding cuts for FY2013 behavioral health services. **CenterPoint Human Services**, the LME for the Winston-Salem area, announced an 8 percent funding cut for mental health and developmental disability services but maintained funding for substance abuse treatment. Meanwhile, **Smokey Mountain Center**, an LME for parts of western and central North Carolina, announced a \$2.7 million reduction affecting mental health, substance abuse, and developmental disability services ([Winston-Salem Journal, 8/8](#); [Wilkes Journal-Patriot, 8/13](#); [Watauga Democrat, 8/17](#)).
- **South Dakota: SAMHSA awards \$4.6 million in youth suicide prevention grants to Native American tribes.** SAMHSA has awarded \$4.6 million through the **Garrett Lee Smith Memorial Act** to promote youth suicide prevention efforts by four Native American tribes in South Dakota. The Oglala Lakota College Campus Suicide Prevention Program will receive up to \$102,000 annually for up to three years, while the Rosebud Sioux Tribe Wiconi Wakan Health and Healing Center, the Oglala Sioux Tribal Youth Suicide Prevention/Sweetgrass Project, and the Crow Creek Sioux Tribe of South Dakota will each receive \$480,000 annually for up to three years ([HHS, 8/20b](#)).

- **Utah Legislative task force selects benchmark plan.** The **Utah Legislative Health Reform Task Force** unanimously selected the state’s **Public Employee Health Plan’s (PEHP) Basic Plus** policy as the benchmark plan for the **essential health benefits** that Medicaid and insurers in the individual and small group markets must cover by 2014. The Basic Plus policy is a high deductible plan that behavioral health advocates argue sets coverage standards too low for HHS to approve, noting that the plan covers behavioral health treatment but does not specifically guarantee coverage for autism therapy or substance abuse treatment. The **Utah Insurance Department** will issue rules for insurers based on the Task Force’s selection and may add supplemental coverage it deems necessary ([Salt Lake Tribune, 8/16](#)).
- **Wisconsin: United Healthcare ends Medicaid managed care contract.** Citing the state’s ongoing Medicaid reimbursement rate cuts, **United Healthcare Services, Inc.** announced that it will end its Medicaid contract with **BadgerCare Plus** in southeastern Wisconsin, effective October 31. However, United officials note that they are not ending BadgerCare Plus contracts in other parts of the state or with any other Wisconsin Medicaid program. In FY2012, United managed care for 174,000 BadgerCare Plus enrollees in southeastern Wisconsin at a cost of \$284 million plus bonuses. BadgerCare officials said that, after October 31, the program will compensate providers directly for United’s old clients ([Milwaukee Journal Sentinel, 8/19](#)).

## Financing Reports

- [“ACA implementation-monitoring and tracking: Virginia site visit report”](#) The Urban Institute. Blumberg, L. et al. August 2012 ([Richmond Times-Dispatch, 8/18](#)).
- [“Children’s health insurance: Opportunities exist for improved access to affordable insurance”](#) Government Accountability Office (GAO). June 2012 ([Kaiser Health News, 7/24](#)).
- [“Hospitals on the path to accountable care: Highlights from a 2011 national survey of hospital readiness to participate in an Accountable Care Organization”](#) The Commonwealth Fund. Audet, A. et al. August 17, 2012 ([Kaiser Health News, 8/17](#)).
- [“Managing state-level ACA implementation through interagency collaboration”](#) Robert Wood Johnson Foundation. Napel, S. et al. July 2012.
- [“National trends in the office-based treatment of children, adolescents, and adults with antipsychotics”](#) *Archives of General Psychiatry* published online before print. Offson, M. et al. August 6, 2012 ([The Partnership at Drugfree.org, 8/9](#)).
- [“Opting in to the Medicaid expansion under the ACA: Who are the uninsured adults who could gain health insurance coverage?”](#) The Urban Institute. Kenney, G. et al. August 2012.
- **Study: Arizona managed care plan for dual eligibles performing better than fee-for-service models.** [“Analysis of care coordination outcomes: A comparison of the Mercy Care Plan population to nationwide dual-eligible Medicare beneficiaries”](#) Avalere Health. Murugan, V. et al. July 2012 ([Senior Housing News, 8/19](#)).
- [“The promise and peril of accountable care for vulnerable populations: A framework for overcoming obstacles”](#) *Journal of Health Affairs* 31(8): 1777-1785. Lewis, V. et al. August 2012 ([McKnight’s, 8/10](#)).