

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

## **Financing Focus: June 29**

<b>Implementing the Affordable Care Act (ACA)</b>	<b>2</b>
<ul style="list-style-type: none"> <li>• Supreme Court upholds ACA’s “individual mandate,” allows State Medicaid discretion</li> <li>• CMMI accepting new applications for Advance Payment ACOs</li> <li>• CMS awards \$295.6 million for community-based services under Balancing Incentive Program</li> <li>• HHS awards \$128.6 million in New Access Point Grants</li> <li>• ACA funds 81 Health Care Innovation Awards</li> <li>• Medical Loss Ratio rebates to total \$1.1 billion, benefit 12.8 million Americans</li> </ul>	<p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>2</p> <p>3</p>
<b>National News</b>	<b>3</b>
<ul style="list-style-type: none"> <li>• SAMHSA offers up to \$130.5 million in Targeted Capacity Expansion grants</li> <li>• SAMHSA accepting applications for up to \$40 million in SPF Partnership for Success II grants</li> <li>• GAO: Medicaid fraud audits cost \$102 million, found \$20 million in overpayments</li> </ul>	<p>3</p> <p>3</p> <p>3</p>
<b>State News</b>	<b>4</b>
<ul style="list-style-type: none"> <li>• Florida launching health insurance consumer portal in lieu of Affordable Insurance Exchange</li> <li>• Illinois: Tinley Park Mental Health Center to close July 1</li> <li>• Maryland: CareFirst Blue Cross Blue Shield Patient Centered Medical Home saves \$40 million</li> <li>• Massachusetts begins pilot program to manage care for dual eligibles</li> <li>• Missouri initiates Medicaid expansion demonstration program on July 1</li> <li>• New York Legislature approves new disability oversight agency</li> <li>• Pennsylvania: PinnacleHealth System and Capital BlueCross to form “Accountable Care Arrangement”</li> <li>• Rhode Island bill amends law to be consistent with the ACA</li> <li>• West Virginia begins mental health court for veterans</li> </ul>	<p>4</p> <p>4</p> <p>4</p> <p>4</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p> <p>5</p>
<b>Financing Reports</b>	<b>6</b>

***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)

- **Supreme Court upholds ACA's "individual mandate," allows State Medicaid discretion.** On June 28, the **Supreme Court** [ruled](#) that the ACA's "individual mandate" is **constitutional**. The court ruled the mandate constitutional under Congress' power to "lay and collect taxes" rather than under the Constitution's Commerce or Necessary and Proper Clauses, construing the law as "establishing a condition... that triggers a tax" rather than as a "legal command" to purchase insurance. Because the court ruled the mandate constitutional, the mandate's severability from the rest of the ACA was not at issue. The court also ruled that the **Congress cannot eliminate states' existing Medicaid funding to compel states to expand their programs under the ACA**. However, the court ruled that Congress may place restrictions on new Medicaid funding associated with the ACA by providing those new funds only to states that elect to comply with the terms of the ACA's expansion. The ruling comes in *National Federation of Independent Business et al. v. Sebelius, Secretary of Health and Human Services, et al.* ([New York Times, 6/28](#); [Washington Post, 6/28](#); [Kaiser Health News, 6/28](#)).
- **CMMI accepting new applications for Advance Payment ACOs.** On June 11, the **Centers for Medicare & Medicaid Services' (CMS) Center for Medicare & Medicaid Innovation (CMMI)** [announced](#) that it is accepting new applications for **Advance Payment Accountable Care Organization (ACO) Models**. Advance Payment ACO Models provide upfront payments to help smaller ACOs participate in the **Shared Savings Program**, which provides incentives to ACOs that meet certain quality standards by allowing them to keep a percentage of Medicare savings they achieve. The advanced payments are designed to help smaller ACOs cover startup costs associated with setting up an ACO. The new Advance Payment ACOs will begin on January 1, 2013 ([FierceHealthcare, 6/12](#)).
- **CMS awards \$295.6 million for community-based services under Balancing Incentive Program.** On June 13, CMS announced plans to award [Missouri](#), [Mississippi](#), [Iowa](#), and [Georgia](#) a total of \$295.6 million in enhanced Medicaid payments. Under the ACA's [Balancing Incentive Program](#), the states will use the funds to transition seniors and individuals with disabilities from institutional care to home- and community-based care. States spending less than 50 percent of their long-term care funds on home- and community-based services are eligible for the program, which is allocated a total of \$3 billion. New Hampshire and Maryland are already approved for the program ([McKnight's, 6/15](#); [HealthReformGPS, 6/13](#)).
- **HHS awards \$128.6 million in New Access Point Grants.** On June 20, HHS Secretary Sebelius announced \$128.6 million in **New Access Point Grants** to expand community health centers. Awarded to 219 community health centers, the grants will help expand access for more than 1.25 million additional patients and create approximately 5,640 jobs by establishing new service delivery sites. Community health centers currently serve more than 20 million patients nationwide. The **Health Resources and Services Administration (HRSA)** has more information on the award winners [here](#) ([HHS, 6/20](#)).
- **ACA funds 81 Health Care Innovation Awards.** On June 15, **U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius** announced the recipients of 81 **Health Care Innovation Awards**. The awards will support innovative projects designed to deliver high-

quality medical care, enhance the health care workforce, and reduce health care costs. Combined with the 26 awards announced last month, the projects are intended to save the health care system an estimated \$1.9 billion over the next three years. Innovation Awards fund projects in all 50 states, the District of Columbia, and Puerto Rico. The **Center for Medicare & Medicaid Innovation** has more information on the award winners [here](#) (HHS, 6/15).

- **Medical Loss Ratio rebates to total \$1.1 billion, benefit 12.8 million Americans.** On June 21, **HHS Secretary Sebelius** [announced](#) that 12.8 million Americans will receive \$1.1 billion in health insurance premium rebates because of the **ACA's medical loss ratio** (MLR) rules. Under the ACA, insurers must pay set percentages of premium revenue towards health care costs and quality improvement or return the difference to consumers. Large group plans must spend 85 percent of premium revenue on health care while small group and individual plans must spend at least 80 percent. Consumers owed a rebate will receive its value through a rebate check, a lump-sum reimbursement to the account used to pay their premium, or a reduction in future premiums. Employers receiving rebates must apply those rebates in a manner that will benefit employees ([Reuters, 6/21](#)).

## National News

- **SAMHSA offers up to \$130.5 million in Targeted Capacity Expansion grants.** On June 19, the **Substance Abuse and Mental Health Services Administration** (SAMHSA) announced that it is accepting applications for up to \$130.5 million in **Targeted Capacity Expansion Program: Substance Abuse Treatment for Racial/Ethnic Minority Populations at High Risk for HIV/AIDS** grants. The purpose of this program is to facilitate the development and expansion of community-based treatment systems for substance use and co-occurring mental disorders within racial and ethnic minority communities. Only domestic public and private non-profit community-based organizations in states and territories with HIV prevalence rates of 270/100,000 or higher may apply. Applications are due July 20 ([SAMHSA, 6/19](#)).
- **SAMHSA accepting applications for up to \$40 million in SPF Partnership for Success II grants.** On June 21, SAMHSA announced that it is offering up to \$40 million over three years to fund up to 18 **Strategic Prevention Framework (SPF) Partnerships for Success II** grants. The program will address underage drinking by individuals ages 12-20 and prescription drug abuse by individuals age 12-25. Eligible applicants are recipients of the **Substance Abuse Prevention and Treatment (SAPT) Block Grant** not currently receiving funding through SAMHSA's Partnerships for Success or Strategic Prevention Framework State Incentive Grants (SFG SIG). Applications are due July 19 ([SAMHSA, 6/21](#)).
- **GAO: Medicaid fraud audits cost \$102 million, found \$20 million in overpayments.** On June 14, the **Government Accountability Office** (GAO) released a [report](#) on CMS' Medicaid Integrity Group's (MIG) audits. Conducted under the **National Medicaid Audit Program** (NMAP) and performed by 10 contracted companies, the GAO found that the audits cost \$102 million but uncovered only \$20 million in fraud since 2008. According to the GAO, the low rate of return stemmed from basing the audits on Medicaid Statistical Information System (MSIS) data. The GAO recommends greater use of collaborative audits with states' program integrity efforts and the MIG is already in the process of updating the NMAP ([Bloomberg, 6/14](#)).

## State News

- **Florida launching health insurance consumer portal in lieu of Affordable Insurance Exchange.** On June 26, **Florida Health Choices**, a state-established corporation, issued a \$68 million, 9-year contract to Xerox Corp. and CHOICE Administrators Exchange Solutions to establish and administer a web-based consumer portal for selecting health insurance. Called the **Insurance Marketplace**, the program only serves small businesses and will not offer individual coverage options, require minimum essential benefits, or provide government subsidies or tax credits. Additionally, program participation will be voluntary for both insurers and small businesses. If Florida does not make changes to the Insurance Marketplace, the Federal Government will assume responsibility for creating an **Affordable Insurance Exchange** in Florida ([Healthcare IT News, 6/26](#); [Palm Beach Post, 6/25](#)).
- **Illinois: Tinley Park Mental Health Center to close July 1.** On June 21, Cook County Circuit Court Judge Nancy Jo Arnold ruled with the State of Illinois, denying a motion to delay the closure of **Tinley Park Mental Health Center** (TPMHC) in Chicago. Illinois is in the process of shifting care for individuals with mental illnesses from institutional to community-based settings and has committed \$8.6 million in savings from the closure of TPMHC to community-based mental health providers in south Chicago and nearby counties. Mental health advocates sued the State, arguing that State law requires that all \$19.8 million in TPMHC savings fund community-based mental health providers. However, Judge Arnold agreed with the State's contention that other increases in mental health spending will fulfill the State's additional \$11.2 million obligation. Governor Patrick Quinn (D) first announced plans to close TPMHC in September 2011 ([Chicago Tribune, 6/21](#); [Chicago Tribune, 9/9/2011](#)).
- **Maryland: CareFirst Blue Cross Blue Shield Patient Centered Medical Home saves \$40 million.** On June 7, CareFirst Blue Cross Blue Shield announced that its **Patient Centered Medical Home** (PCMH) program achieved \$40 million in savings in its first year of existence. CareFirst's PCMH includes nearly 3,600 primary care providers, providing care through 250 teams of 10 to 15 individuals. Overall, the PCMH achieved 1.5 percent savings against expected costs; however, 150 teams achieved average savings of 4.2 percent. In the future, CareFirst expects to increase overall savings to at least 3 percent. On June 26, CareFirst also announced plans to provide \$500,000 to **Baltimore Medical System** (BMS) to develop a PCMH program for patients with both chronic diseases and behavioral health needs. BMS is a community-based non-profit that serves medically underserved populations in Maryland ([FierceHealthPayer, 6/13](#); [Baltimore Sun, 6/26](#)).
- **Massachusetts begins pilot program to manage care for dual eligibles.** On June 20, Massachusetts issued a [request for responses](#) from integrated care organizations (ICOs) interested in managing care for the 110,000 dually eligible Medicare and Medicaid beneficiaries in the state. Announced last year, Medicare and Medicaid will provide the funds under a three year demonstration. In 2010, Medicare and Medicaid spent \$3 billion providing care to dual eligibles in Massachusetts. The project is expected to reduce total Medicare and Medicaid expenditures in the state by up to 2 percent annually ([Boston Globe, 6/19](#); [WBUR, 6/19](#)).

- **Missouri initiates Medicaid expansion demonstration program on July 1.** On July 1, Missouri will initiate its **Medicaid Section 1115 Research and Demonstration waiver** to expand Medicaid coverage to all residents with income up to 133 percent of the federal poverty level. Called **Gateway to Better Health**, the program will operate until January 2014, when such residents are scheduled to gain expanded Medicaid coverage under the ACA. CMS originally approved the waiver on July 28, 2010 ([St. Louis Beacon, 6/22](#); [Medicaid.gov](#)).
- **New York Legislature approves new disability oversight agency.** On June 20, the New York Legislature approved a bill ([S7749-2011](#)) to create the **Justice Center for the Protection of People With Special Needs**, a new law enforcement agency designed to protect the rights of individuals with disabilities. The agency will monitor and investigate public and private care provided to individuals with developmental disabilities, mental illnesses, and certain other conditions. Empowered with a special prosecutor, subpoena power, and the authority to convene a grand jury, the agency will centralize most investigations currently conducted by six separate agencies. In addition, Governor Andrew Cuomo (D)—who agreed to allocate additional resources to an independent non-profit group to lobby for individuals with disabilities—is expected to sign the bill ([New York Times, 6/17](#); [Office of Governor Cuomo, 6/20](#)).
- **Pennsylvania: PinnacleHealth System and Capital BlueCross to form “Accountable Care Arrangement”.** On June 13, PinnacleHealth System and Capital BlueCross [announced](#) plans to form an “Accountable Care Arrangement.” Considered an extension of the **Patient-Centered Medical Home (PCMH)** pilot program implemented by PinnacleHealth System and Capital Blue Cross in 2010, the new arrangement will allow the integrated health system and the health insurer to better coordinate care and reduce redundancies. In 2011, Capital BlueCross launched similar arrangements with Physicians Alliance Ltd. and Heritage Medical Group ([Modern Healthcare, 6/14](#)).
- **Rhode Island bill amends law to be consistent with the ACA.** On June 18, Rhode Island Governor Lincoln Chafee (I) signed a bill ([H 7909](#)) amending state health insurance law to be consistent with regulations under the ACA. Among other changes, the bill prohibits insurers from applying pre-existing condition limitations, imposing lifetime and annual payment limitations, or rescinding coverage. The bill’s provisions will stand regardless of how the Supreme Court rules on the constitutionality of the ACA. The Rhode Island Office of the Health Insurance Commissioner has a full [summary of changes](#) ([Providence Journal, 6/11](#); [Legiscan, 6/18](#)).
- **West Virginia begins mental health court for veterans.** On June 19, West Virginia’s First Judicial Circuit began the State’s first court treatment program for veterans with mental health conditions. An expansion of an existing mental health court program not specifically focused on veterans, the program will be known as **Northern Panhandle Mental Health and Veterans Treatment Court**. Court sessions will be held at the Brooke County Courthouse in Wellsburg and will serve veterans from Brooke, Hancock, and Ohio counties. According to Administrative Director of the Courts of West Virginia Steve Canterbury, the state’s court treatment programs cost approximately \$10 million annually and save approximately \$60 million in annual incarceration costs ([Weirton Daily Times, 6/19](#); [AP via The Republic, 6/19](#)).

## Financing Reports

- **Audit finds Utah Medicaid application process “well managed.”** [“A performance audit of Medicaid eligibility”](#) Utah Office of the Legislative Auditor General. Osterstock, T. et al. June 2012 ([Salt Lake Tribune, 6/19](#)).
- **“Churning under the ACA and state policy options for mitigation”** Urban Institute. Buettgens, M. et al. June 2012.
- **Employers pay an average of \$2.60 per hour for employee health benefits.** [“Employer costs for employee compensation –March 2012”](#) U.S. Department of Labor, Bureau of Labor Statistics. June 7, 2012 ([Press Release via PRWeb, 6/19](#)).
- **Health care industry to create 5.6 million new jobs by 2020.** [“Healthcare”](#) Georgetown University Center on Education and the Workforce. Carnevale, A. et al. June 2012 ([Los Angeles Times, 6/21](#)).
- **Health insurers save \$8 billion in administrative costs by ensuring claims’ accuracy.** [“2012 national health insurer report card”](#) American Medical Association (AMA). June 18, 2012 ([Chicago Sun-Times, 6/18](#)).
- **Maryland substance abuse treatment access and usage continues to expand.** [“Updated report on addiction treatment spending for individuals in the primary adult care program”](#) Maryland Department of Health and Mental Hygiene. June 19, 2012 ([Cumberland Times-News, 6/24](#)).
- **“Medicaid-financed services in supportive housing for high-need homeless beneficiaries: The business case”** Robert Wood Johnson Foundation. Nardone, M. et al. June 2012.
- **“Nine out of ten non-elderly Californians will be insured when the Affordable Care Act is fully implemented”** University of California, Berkeley, Labor Center. Jacobs, K. et al. June 2012 ([HealthyCal, 6/20](#)).
- **“Number of young adults gaining insurance due to the Affordable Care Act now tops 3 million”** HHS Office of the Assistant Secretary for Planning and Evaluation. Sommers, B. June 19, 2012 ([Hartford Business, 6/19](#)).
- **“Potentially avoidable hospitalizations of dually eligible Medicare and Medicaid beneficiaries from nursing facility and home- and community-based services waiver programs”** *Journal of the American Geriatrics Society*. 60(5): 821-829. Walsh, E. et al. May 2012 ([News Medical, 6/15](#)).
- **Videoconferencing can be an efficient and effective form of psychotherapy.** [“The online couch: Mental health care on the web”](#) THINK-Health on behalf of California Healthcare Foundation. Sarasohn-Kahn, J. June 2012 ([InformationWeek, 6/25](#)).