

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)

- **HHS: Health insurance anti-discrimination provisions apply to transgender individuals.** In a [recent letter](#), **U.S. Department of Health and Human Services (HHS) Office for Civil Rights Director Leon Rodriguez** clarified that Section 1557 of the ACA, which prohibits health insurance plans from discriminating on the basis of race, color, national origin, gender, age, or disability, also applies to “gender identity or failure to conform to stereotypical notions of masculinity or femininity.” However, HHS also stated that insurers are not required to cover surgery related to gender transition ([Kaiser Health News, 9/3](#)).
- **Insurance rate review provisions saved consumers \$1 billion since implementation.** According to a new HHS [report](#), the ACA’s health insurance rate review standards saved consumers an estimated \$1 billion since September 2011. Under the ACA’s provisions, health insurers must submit their plans for public review if they seek to increase premiums by 10 percent or more. Each state may set up its own rate review program with the power to reject inappropriate rate increases; however, HHS will conduct rate reviews in states that lack the capacity to do so. Forty-two states and the District of Columbia have used **Health Insurance Rate Review Grants** offered under the ACA to improve their rate review processes ([HHS, 9/11](#)).

National News

- **White House releases sequestration report, estimates impact on health programs.** As directed under the [Sequestration Transparency Act of 2012](#), the **Office of Management and Budget (OMB)** released a [report](#) detailing the budgetary impact of the [Budget Control Act of 2011](#), which includes automatic budget cuts known as “sequestration.” Slated to affect virtually every federal program and agency and totaling \$917 billion over 10 years, the automatic cuts will go into effect on January 2, 2013 if Congress does not pass legislation to initiate a long-term deficit reduction strategy. According to the report, most of HHS’ mandatory and discretionary spending cuts—including funding for the **Substance Abuse and Mental Health Services Administration** and the **Centers for Medicare & Medicaid Services**—would range from 7.6 to 8.2 percent. Calling the cuts “deeply destructive,” OMB states that sequestration “is not the responsible way for our nation to achieve deficit reduction” ([New York Times, 9/14](#); [Politico, 9/14](#)).
- **National Action Alliance releases suicide prevention strategy.** The **National Action Alliance for Suicide Prevention**, a public-private partnership launched by **HHS Secretary Kathleen Sebelius** and **U.S. Department of Defense (DOD) Secretary Robert Gates** in 2010, released its [2012 National Strategy for Suicide Presentation](#) on September 10. Seeking to reduce the number of suicides over the next decade, the strategy highlights four immediate priorities: integrating suicide prevention into health care policies, encouraging the transformation of health care systems to prevent suicide, changing the way the public talks about suicide and suicide prevention, and improving the quality of data on suicidal behaviors to develop increasingly effective prevention efforts. In support of the plan, Secretary Sebelius announced \$55.6 million in suicide prevention grants under the **Garrett Lee Smith Memorial**

Act, while the **U.S Department of Veterans Affairs** (VA) announced a joint outreach program with DOD to prevent suicide among veterans and service members ([SAMHSA, 9/10](#); [Reuters, 9/11](#)).

- **Census: Largest reduction in number of uninsured since 1999.** According to the **U.S. Census Bureau's** report, [Income, Poverty, and Health Insurance Coverage in the United States: 2011](#), the percentage of people with health insurance increased from 83.7 percent in 2010 to 84.3 percent in 2011. The Census attributes much of the change to a greater number of individuals receiving coverage from the government, with Medicare and Medicaid's share of coverage rising from a combined 31.2 percent in 2010 to 32.2 percent in 2011. In particular, the Census found that the Medicare coverage rate increased from 14.6 to 15.2 percent, while the Medicaid coverage rate rose from 15.8 to 16.5 percent. In addition, the percentage of individuals with private coverage remained constant for the first time in 10 years. The largest increase in coverage by age group was among young adults aged 19 to 25, with more than 500,000 individuals gaining coverage in 2011. An [overview](#) of the report is available from the **HHS Assistant Secretary for Planning and Evaluation** (ASPE) and additional public-use microdata area (PUMA) data are available [here](#) ([Kaiser Health News, 9/12](#); [Census, 9/12](#); [HHS, 9/12](#)).
- **SAMHSA awards \$2.3 million in Statewide Consumer Network Grants.** To strengthen coalitions among consumers, peers, policymakers and service providers for individuals with mental health and substance abuse disorders, SAMHSA awarded \$2.3 million in **Statewide Consumer Network** grants to 11 new networks. Grantees in AK, AL, CT, FL, KS, ME, NY, SC, SD, TX, and WI will receive up to \$70,000 annually for up to three years ([SAMHSA, 9/12](#)).
- **SAMHSA awards \$15.1 million to combat underage drinking.** Through the **Sober Truth on Preventing Underage Drinking Act** (STOP ACT), SAMHSA awarded 81 grants totaling \$15.1 million to help prevent underage drinking. Under the STOP ACT, funding is provided for community-based coalitions to strengthen collaboration among communities and governments and instill an active commitment to preventing underage drinking. Grantees will receive up to \$50,000 annually for up to four years ([SAMHSA, 9/13](#)).

State News

- **California receives approval for federal Community First Choice Option funding.** On September 4, CMS approved California's [Medicaid State Plan Amendment](#) under which the state will receive a six percent increase in its **Federal Medical Assistance Percentage** (FMAP), which determines federal funding for Medicaid programs. The change comes through the **Community First Choice Option** (CFCO), which increases states' FMAP if they provide additional home- and community-based services for the elderly and individuals with disabilities. California is the first state to receive CFCO funding and will receive \$573 million over two years, backdated to December 2011 ([California Healthline, 9/5](#)).
- **Indiana announces new treatment program for children with severe mental illnesses.** To expand access to treatment for children with severe mental illnesses (SMI), the **Indiana Department of Child Services** (DCS) announced a [new program](#) to fund services for children who

lack SMI coverage and are ineligible for Medicaid. The program is designed to prevent children with SMI from entering the juvenile justice system and is expected to cost the state \$11 million through June 30, 2013. Additionally, the program authorizes numerous individuals, including family members, school officials, judges, and probation officers to contact community mental health centers to begin coordinating care for such children ([Courier-Journal, 9/17](#)).

- **Indiana: Gibson County launches drug court program.** Funded through the **National Drug Court Institute** and **Citizens for a Drug Free Gibson County**, Gibson Superior Court Judge Earl Penrod has launched a county drug court program. According to Judge Penrod, the court's staff already received training, developed policies and procedures, and is "open for business." The court will select candidates from referrals; first-time offenders will not be eligible ([Princeton Daily Clarion, 9/9](#)).
- **Maine: Federal court rejects state lawsuit over Medicaid state plan amendment.** The **U.S. Court of Appeals for the 1st Circuit** rejected a lawsuit filed by the **Maine Department of Health and Human Services** (DHHS), which alleged that CMS failed to make a timely decision regarding Maine's [Medicaid State Plan Amendment](#) to eliminate coverage for 19- and 20-year olds. The court rejected the suit, noting that CMS has 90 days to make a decision and that Maine's lawsuit was premature. In Maine's original submission on August 1, the state said that it would file a lawsuit if CMS did not approve the amendment within 30 days; however, in an August 31 letter, **CMS Acting Administrator Marilyn Tavenner** wrote that the agency needed the full 90 days to consider the request. In requesting the cuts, Maine contends that the Supreme Court's ACA decision ended the "**maintenance of effort**" (MOE) requirements that have generally prohibited states from changing Medicaid eligibility requirements since 2009. However, Secretary Sebelius wrote a [letter](#) to governors in July stating that the ACA decision did not affect MOE requirements and the **Congressional Research Service** (CRS) came to the same conclusion in a [report](#) regarding the implementation of the optional Medicaid expansion ([AP via San Francisco Chronicle, 9/13](#); [Washington Post, 9/5](#); [AP via Houston Chronicle, 9/4](#); [WCSH Portland, 8/31](#)).
- **Massachusetts Supreme Court rejects lawsuits over 2006 reform law.** Affirming a lower court decision that neither state nor federal law authorizes judicial review of Medicaid reimbursement rates, the **Massachusetts Supreme Judicial Court** upheld the dismissal of two separate lawsuits filed by seven hospitals and a managed care organization. In both suits, the plaintiffs alleged that the state's 2006 health reform law violated Massachusetts' obligation to provide "reasonable" reimbursement rates for providers treating Medicaid patients ([Becker's Hospital Review, 9/17](#); [AP via Boston Globe, 9/14](#)).
- **Montana to use settlement funds to pay for prescription drugs.** The **Montana Department of Justice** announced plans to use \$986,000 from four legal settlements to help provide prescription drugs for uninsured and underinsured individuals. Stemming from lawsuits in which drug companies were accused of inflating drug prices for Medicare and Medicaid, Montana will allocate the funds to a grant program that will allow local hospitals and community health centers to pay for prescription drugs for individuals who lack coverage ([AP via NorthJersey.com, 9/14](#)).

- **New York: Hospital pays \$13.4 million in Medicaid and Medicare settlement.** To settle charges of fraudulent billings, **New York Downtown Hospital** has [agreed](#) to pay \$7.56 million to the state and \$5.04 million to the federal government for Medicaid-based allegations, and an additional \$800,000 to the federal government for Medicare allegations. **New York State Attorney General Eric Schneiderman** alleged that the hospital claimed reimbursements for patients treated at an unlicensed detox facility and received a monthly kickback of \$38,500 for the referrals. The hospital admitted to no wrongdoing under the settlement ([New York Daily News, 9/5](#); [Modern Healthcare, 9/5](#); [WNYC, 9/5](#)).

Financing Reports

- [“Alternatives to fee-for-service payments in health care”](#) Center for American Progress. Calsyn, L. & Lee, E. September, 2012.
- **Dual eligible pilot program saves \$532 per patient.** [“Spending differences associated with the Medicare Physician Group Practice Demonstration”](#) *Journal of the American Medical Association* 308(10): 1015-1023. Colla, C. et al. September 12, 2012 ([Kaiser Health News, 9/11](#)).
- **Employer-sponsored health care premiums rise 4 percent in 2012.** [“Employer health benefits 2012 annual survey”](#) Kaiser Family Foundation. September 11, 2012 ([New York Times, 9/11](#)).
- **Many Medicaid programs that pay for drugs through managed care organizations did not invoice manufacturers or collect rebates.** [“States’ collection of rebates for drugs paid through Medicaid managed care organizations”](#) HHS Office of the Inspector General (OIG). September 2012.
- **Medicaid expansion would save Idaho \$380 million over six years.** [“Medicaid change offers big savings”](#) Idaho Spokesman-Review. Russell, B. September 9, 2012 ([AP via Idaho Statesman, 9/10](#)).
- [“Medicaid to lose \\$1.26 trillion under Romney block grant proposal”](#) Bloomberg Government. Wayne, A. September 11, 2012
- [“Repealing the Affordable Care Act: Implications for Medicare spending and beneficiaries”](#) Kaiser Family Foundation. September 10, 2012.
- [“The Census Bureau’s upcoming report on health insurance coverage in 2011: What to watch for”](#) Center on Budget and Policy Priorities. Broadus, M. September 10, 2012 ([New York Times, 9/10](#)).
- [“The negative employment impacts of the Medicare cuts in the Budget Control Act of 2011”](#) TrippUmbach on behalf of the American Hospital Association. September 2012 ([Kaiser Health News, 9/12b](#)).
- [“Wyoming Medicaid expansion analysis: Results summary”](#) Milliman, Inc. on behalf of Wyoming Department of Health. Van Den Bos, J. et al. September 2012 ([Casper Star Tribune, 9/9](#)).