

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 awards \$765 million in Exchange Establishment grants.** On August 23, **U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius** awarded **Level One Exchange Establishment** grants to California, Hawaii, Iowa, and New York and **Level Two Exchange Establishment** grants to Connecticut, Maryland, Nevada, and Vermont. Level One grants provide single-year funding to states in the early stages of developing an Affordable Insurance Exchange, while Level Two grants provide multi-year funding for states that are further along in their exchange development. The new awards total \$765 million and bring the ACA's cumulative Exchange Establishment funding to \$1.6 billion. A full breakdown of Exchange grants is available [here](#) ([HHS, 8/23a](#), [Modern Healthcare, 8/23a](#)).
- **CMS' Comprehensive Primary Care Initiative to include 500 primary care practices.** To improve access to low-cost quality health care, the **Centers for Medicare & Medicaid Services (CMS)** selected 500 primary care practices in seven regions to participate in the four-year **Comprehensive Primary Care Initiative**, which creates a public-private partnership between CMS, state Medicaid agencies, commercial health plans, self-insured businesses, and primary care providers. Under the initiative, CMS will pay a care management fee to support enhanced, coordinated services for Medicare fee-for-service beneficiaries, while other participating payers will offer enhanced payments to support high-quality primary care for their members. The [Center for Medicare & Medicaid Innovation](#) will administer the four-year initiative ([CMS, 8/22](#); [The Hill, 8/22](#)).
- **HHS issues final rule for unique health plan identifiers, extends ICD-10 implementation.** In an effort to simplify administrative transactions, HHS issued a [final rule](#) to adopt standards for a national **unique health plan identifier (HPID)**, which the department estimates will save up to \$6 billion over 10 years. The rule also finalizes a move announced in April 2012 that extends the compliance date for implementing the **International Classification of Diseases, 10th Edition (ICD-10)** diagnosis and procedure codes from October 1, 2013 to October 1, 2014. CMS has a [factsheet](#) on the HPID ([HHS, 8/24](#); [HHS, 4/9](#)).

National News

- **Executive order to improve access to VA behavioral health services.** On August 31, **President Obama** signed an [Executive Order](#) to improve access to behavioral health services for veterans, service members, and military families. Among other directives, the order instructs the **U.S. Department of Veterans Affairs (VA)** to expand the **Veterans Crisis Line** by 50 percent before 2013 and hire 800 more peer-to-peer support counselors by 2014. The VA will also work with HHS to create at least 15 pilot projects to test partnerships with community providers designed to meet veterans' behavioral health needs ([NBC News, 8/31](#); [The Hill, 8/31](#)).
- **ONDCP awards \$84.6 million in Drug-Free Communities grants.** The **Office of National Drug Control Policy (ONDCP)** issued 60 communities a total of \$7.9 million in new **Drug-Free Communities Support Program (DFC)** grants and nearly \$76.7 million in continuation grants to over 600 current DFC coalitions. The DFC program seeks to reduce youth substance abuse by strengthening community collaboration through coalitions and requires one-to-one matching from non-federal funding sources. ONDCP provides details on DFC grantees [here](#) ([ONDCP](#)).

- **SAMSHA awards \$1.1 million to benefit children with serious mental health conditions.** To enhance states' capacity to serve children and adolescents with serious mental health conditions, the **Substance Abuse and Mental Health Services Administration (SAMHSA)** awarded \$1.1 million over three years through six new **Statewide Family Network Program** grants. Program grantees will provide information, referrals, and support to families which have a child or adolescent with a serious mental health condition and create a mechanism for families to participate in planning and policy development at the state and local level. SAMHSA awarded grants to organizations in Arkansas, Delaware, North Dakota, Ohio, Washington D.C., and West Virginia ([SAMHSA, 8/27](#)).
- **HHS issues Stage 2 requirements for electronic health record incentives.** HHS' [Office of the National Coordinator for Health IT](#) (ONC) and [CMS](#) have issued complementary final rules establishing requirements for Stage 2 Medicare and Medicaid incentive payments under the **Health Information Technology for Economic and Clinical Health (HITECH) Act**. Under the HITECH Act, both programs provide incentive payments for providers that demonstrate "meaningful use" of certified electronic health records (EHRs). The Stage 2 requirements will take effect in 2014, but the rules create a flexible reporting period for the first year to give providers sufficient time to adopt or upgrade their technology ([HHS, 8/23b](#)).

State News

- **California Legislature approves essential health benefits.** The **California Legislature** has approved a group of bills ([SB 951](#), [AB 1453](#), [SB 961](#), and [AB 1461](#)) that together set the benchmark plan, which establishes the **essential health benefits** that Medicaid, individual policies, and small groups must cover by 2014. The bills identify Kaiser Permanente's [Small Group HMO 30](#) plan as the benchmark; however, according to the bills' sponsors, there may be changes in the final guidelines. The selected plan includes coverage beyond the 10 benefit categories required under the ACA and the state is awaiting a decision from HHS as to whether CMS will provide federal funding for those services. **Governor Jerry Brown** (D) has until September 30 to sign or veto the bills ([California Healthline, 8/31](#); [Washington Post, 9/1](#); [San Jose Mercury News, 9/2](#)).
- **Georgia receives extension to improve mental health treatment network.** **U.S. District Judge Charles Parnell** granted the **Georgia Department of Behavioral Health and Developmental Disabilities (DBHDD)** a one-year extension to establish **Assertive Community Treatment (ACT)** teams as required under the state's 2010 agreement with the **U.S. Department of Justice (DOJ)** and the court. The five-year agreement called for the state to spend at least \$70 million annually to house and treat an estimated 9,000 individuals with mental illnesses. In addition, by July 2012, Georgia was required to create 20 ACT teams to monitor treatment for individuals with serious mental illness (SMI); however, according to a DBHDD attorney, the state needs more time to restructure the program and make the teams more effective. In granting the extension, the judge stated that there would be severe consequences if the state fails to meet the new deadline ([Atlanta Journal-Constitution, 8/28](#)).

- **Maryland unveils Affordable Insurance Exchange.** Governor Martin O'Malley (D) released the name, logo, and [website](#) for Maryland's Affordable Insurance Exchange, slated to operate under the **Maryland Health Benefit Exchange** as the "**Maryland Health Connection.**" More than 100,000 individuals are expected to purchase insurance through the new exchange in its first year, which begins October 2013 ([Washington Post, 8/23](#)).
- **Massachusetts joins dual eligible Financial Alignment Demonstration.** On August 23, Massachusetts became the first state to partner with CMS in the **Financial Alignment Demonstration**, a new program authorized under the ACA to better coordinate care for dual eligibles. Under the program, Massachusetts will contract with an **integrated-care organization** to coordinate care for the state's 110,000 dual eligibles, while testing capitated and managed fee-for-service models. According to CMS, 25 other states are considering joining the demonstration, which could potentially affect roughly 3 million dually eligible beneficiaries nationwide. While volunteers may join the program in April 2013, the program will affect all dual eligibles by October 2013, except eligible individuals that opt out of the demonstration ([CMS, 8/23](#), [Boston Globe, 8/24](#); [Modern Healthcare, 8/23b](#)).
- **Minnesota seeks \$42.5 million grant to continue developing an Affordable Insurance Exchange.** In a [letter to state lawmakers](#), Governor Mark Dayton (D) announced that the **Minnesota Department of Commerce** applied for a \$42.5 million HHS grant to continue developing a state-based **Affordable Insurance Exchange**. However, Governor Dayton also noted that the application informed HHS that Minnesota will not make a final decision on establishing an exchange until after the U.S. general election and that state legislators will be involved in Minnesota's decision-making process ([Minnesota Public Radio, 8/23](#)).
- **Minnesota submits Medicaid Section 1115 waiver application, affects mental health.** The **Minnesota Department of Human Services** (DHS) has submitted a [Medicaid Section 1115 Research and Demonstration waiver](#), titled **Reform 2020**, which would make a variety of changes to the state's Medicaid program to save an estimated \$151 million over 5 years. Among the proposed changes, the waiver would allow Medicaid to reimburse for treatment received at **Anoka Metro Regional Treatment Center** (AMRTC), the only inpatient mental health facility in the state to fall under the **Medicaid Institutions for Mental Disease (IMD) category**. According to DHS, the IMD designation makes it difficult for AMRTC patients to transition back to community-based treatment and hampers their continuity of care ([Minnesota Public Radio, 8/28](#); [St. Paul Pioneer Press, 8/27](#)).
- **New Hampshire passes law to establish drug courts.** New Hampshire Governor John Lynch (D) signed a bill ([HB 1665](#)) allowing Superior Courts to establish drug courts throughout the state. According to a court official, drug courts were already operating in some New Hampshire counties; however, the new law establishes a set of general guidelines and provides recognition of the courts' effectiveness. According to State Representative Laurie Harding (D), drug courts cost approximately \$10,000-\$12,000 annually for each individual served, while a year's incarnation in a county jail costs \$25,000-\$30,000 ([Nashua Telegraph, 8/28](#)).
- **New Hampshire: CMS approves Medicaid managed care amendment.** CMS has [approved](#) the **New Hampshire Department of Health and Human Services'** (NHDHHS) [Medicaid](#)

[State Plan Amendment](#) to transition the state’s Medicaid program from a fee-for-service model to managed care. Under the amendment, the transition would begin with primary care, pharmacy, and mental health services on January 1, 2013 and affect nursing home care and services for individuals with developmental disabilities one year later. The state has already selected three vendors to administer the program, and the New Hampshire Legislature estimates that the change will save \$16 million during the current two-year budget cycle. According to NHDDHS Commissioner Nicholas Toumpas, the winning bids were based on a financial model that assumed the ACA’s Medicaid expansion. However, New Hampshire has not yet decided whether it will participate in the law’s now-voluntary expansion ([Nashua Telegraph, 8/31](#); [AP via Boston Globe, 8/30](#)).

- **New Mexico Medicaid program to cover Methadone treatment.** The **New Mexico Human Services Department** (HSD) announced that the state’s Medicaid program will begin covering outpatient Methadone treatment in addition to its existing Suboxone coverage. According to a Seattle Times survey, 31 other states cover outpatient methadone treatment under Medicaid ([AP via San Francisco Chronicle, 8/28](#); [Seattle Times, 12/10/11](#)).
- **North Carolina: DOJ approves plan to transition mentally ill individuals to community-based housing.** **North Carolina Department of Health and Human Services** (DHHS) **Acting Secretary Al Delia** and DOJ attorneys have signed an [agreement](#) approving the state’s previously-announced plan to transition individuals with mental illnesses from adult care homes to community-based housing. Coming in response to DOJ allegations that DHHS was violating the **Americans with Disabilities Act** by failing to provide community-based alternatives to institutional care, the plan calls for \$67 million over 8 years to create slots for 3,000 of the 5,800 individuals currently living in adult care homes ([AP via San Francisco Chronicle 8/23](#)).
- **West Virginia announces \$7.5 million effort to combat substance abuse.** **West Virginia Governor Earl Ray Tomblin** (D) announced a statewide effort to combat substance abuse using \$7.5 million in dedicated state funding. The **Governor’s Advisory Council on Substance Abuse** issued funding recommendations earlier this year, and the **West Virginia Department of Health and Human Resources** (DHHR) will begin soliciting bids to provide those services over the next several months. In related news, on August 29, ONDCP designated West Virginia’s Brooke, Hancock, Marshall, and Ohio counties as **High Intensity Drug Trafficking Areas** (HIDTAs), granting them access to additional federal resources and information sharing tools ([Office of Governor Tomblin, 8/23](#); [West Virginia State Journal, 8/23](#); [Bluefield Daily Telegraph, 8/24](#); [AP via San Francisco Chronicle, 8/29](#)).

Financing Reports

- [“A guide to the Supreme Court’s decision on the ACA’s Medicaid expansion”](#) Kaiser Family Foundation (KFF). August 28, 2012.
- [“Implementing the ACA’s Medicaid-related health reform provisions after the Supreme Court’s decision”](#) KFF. August 28, 2012.
- [“Medicaid expansion in Nebraska under the Affordable Care Act”](#) University of Nebraska Medical Center, Center for Health Policy. Stimpson, J. August 2012 ([AP via San Francisco Chronicle, 8/22](#)).

- [“Medicaid long-term care: Information obtained by states about applicants’ assets varies and may be insufficient”](#) Government Accountability Office (GAO). July 2012 ([Modern Healthcare, 8/27](#)).
- [“New York claimed some unallowable costs for services by New York City providers under the state's developmental disabilities waiver program”](#) HHS Office of the Inspector General (OIG). August 14, 2012.
- **State Medicaid programs increased annual supplemental Medicaid payments by \$8 billion between 2006 and 2010.** [“States reported billions more in supplemental payments in recent years”](#) GAO. July 20, 2012 ([Governing, 8/21](#)).
- [“Questionable billing by community mental health centers”](#) HHS OIG. August 2012 ([Houston Chronicle, 8/22](#)).