

# Washington Update

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NASMHPD CYF Division 2010  
Annual Meeting  
July 14, 2010

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National Association of State Mental  
Health Program Directors

# Washington Update: Issues

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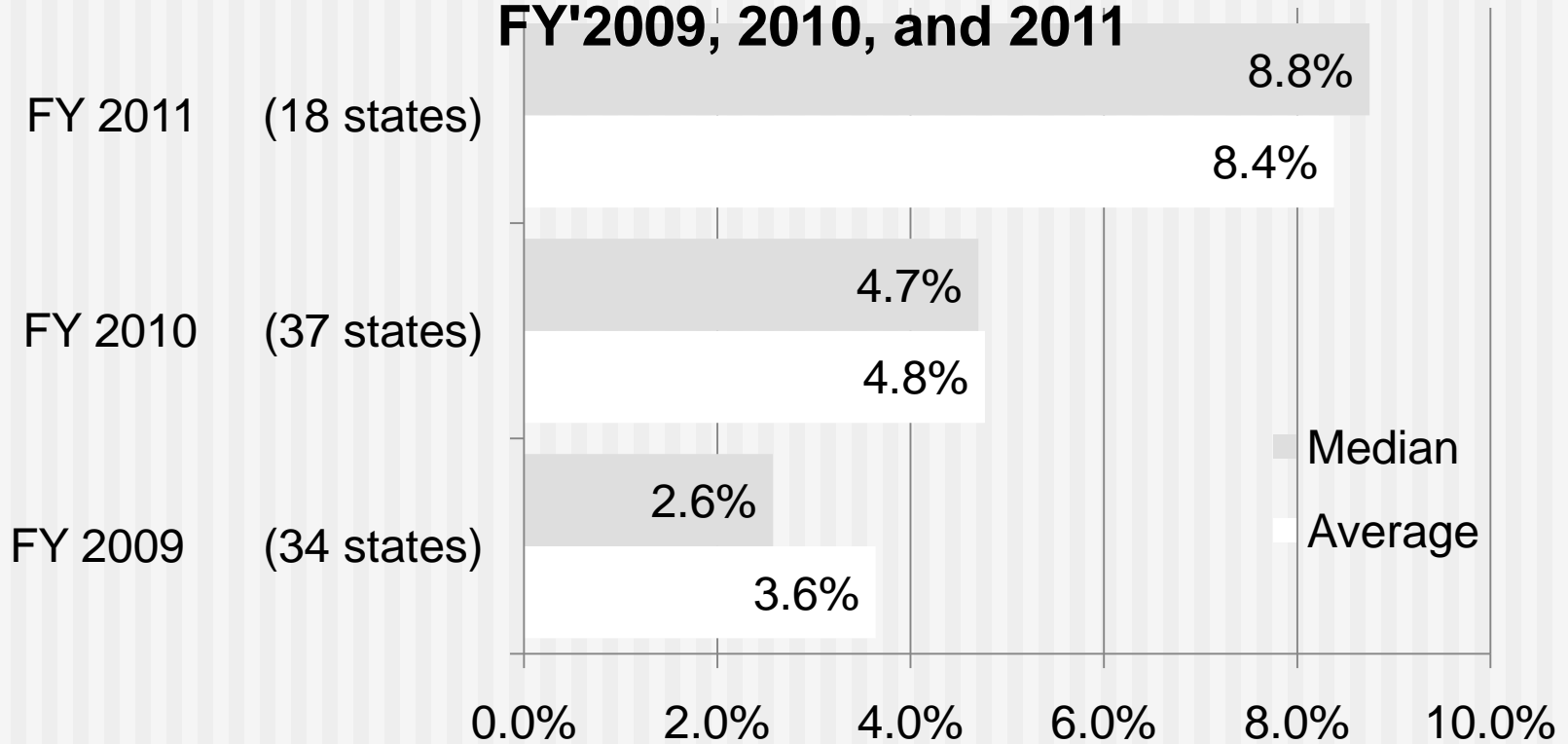
- Response to State Budget Crisis
  - FMAP Extension
  - MH Block Grant - \$100 million increase
- Health Care Reform Implementation
- HIT
- FQBHCs

# SMHA Budget Reductions by Year

*Preliminary Results Based on 45 SMHAs Reporting*

## Average Expected Reduction in SMHA Budgets for MH:

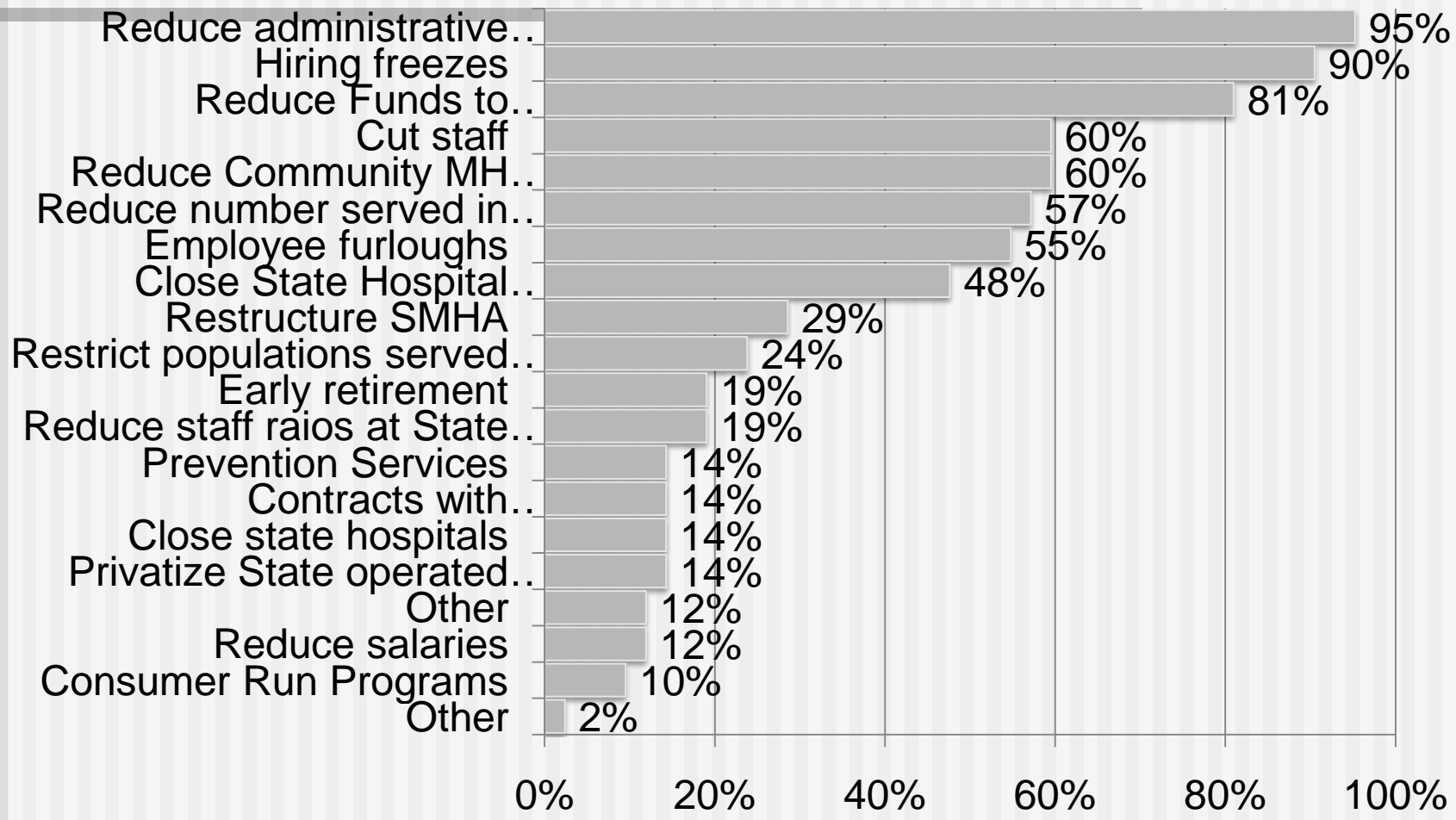
**FY'2009, 2010, and 2011**



# SMHA Responses to Cuts in Overall SMHA Budget

December 2009 (Percentage of States with Cuts)

Preliminary Results Based on 45 SMHAs Reporting



# State Budget Crisis Response

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- Enhanced FMAP Extension
  - \$24 billion extension of FMAP passed by both House and Senate to extend ARRA
  - A pared down version (\$16 billion) crafted by Senate Finance Committee Chairman Max Baucus (D-MT) failed a procedural vote in the Senate
  - Despite strong support by Governors, fate is uncertain

# State Budget Crisis Response

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“States are staggering under the impact of the economic slump, with revenue down and demand for social services up. Some 30 states were counting on the Medicaid money to balance their budgets, as required by law. The other cuts they would be forced to make if the Medicaid funds are not forthcoming would further slow the economic recovery. Passing this package is the right thing to do, and fiscally prudent too.” *Washington Post editorial, July 13*

# State Budget Crisis Response

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- \$100 million increase in the MH block grant
- NASMHPD's activities:
  - Hill visits, Congressional Briefing
  - Support for House and Senate Dear Colleague Letters
  - Testimony before the House Labor/HHS Appropriations Subcommittee

# Patient Protection and Affordable Care Act

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- Signed by President Obama March 23, 2010
- With amendments, known as “ACA” or “PPACA”
- Provisions phase in from signing through end of decade

# Affordable Care Act

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“Farthest reaching mental health law in history”

- Rep. Patrick J. Kennedy (D- RI)

# Parity for Addiction and MH Services

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- New regulations in force
- Incorporated in Health Reform
- Medicaid Managed Care guidance not yet issued

# Coverage expansion

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- Approximately 32 million newly covered
- Approximately 4-6 million individuals among newly covered will need MH/SUD services

# Private Insurance Reforms

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- Guaranteed issue and renewability (2014)
- Premiums may no longer be based on health status (2014)
- Lifetime caps on benefits prohibited (Sept 2010) and annual limits are restricted (prohibited 2014)
- Required coverage of dependent children up to age 26 (Sept 2010)
- Preexisting condition exclusions (2014) and for children (Sept 2010)

# Medicaid Expansion

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- New mandatory eligibility group to 133% FPL by January 1, 2014
  - Medicaid will expand by at least 16 million nationally (28% increase)
  - Surge in enrollment will be highest in states in the South and West, where eligibility standards have been stringent
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- SOURCE: Kaiser Family Foundation | The Washington Post - July 8, 2010

# State Role in Health Reform

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- Payer
- Preparing State Medicaid programs now for expansion in 2014 (enrollment, benefit plans, payments, etc.)
- Health Information Technology
- High risk pools (depends on state)
- Design and implementation of insurance exchanges
- Evaluating/regulating state insurance markets

# Up to the challenge?

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- Is there **capacity** to provide mental health and substance use services (workforce)?
- Do we have strategies to improve **infrastructure** (data,HIT)?
- How can we facilitate **linkages** with primary care and other providers?

# Medicaid Expansion

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- New Mandatory Eligibility Group to 133% FPL
  - Income limit: \$14,404 for individuals and \$29,326 for families of four
  - Regardless of traditional eligibility categories (including childless adults)
  - No asset test
  - Optional beginning April 1, 2010; mandatory by January 2014
  - Enhanced federal funding for those newly eligible for Medicaid: starts at 100 % federal in 2014, 2015, 2016 and phases down to 90% federal by 2020.

# Other Medicaid provisions

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## States are directed to:

- Maintain eligibility (MOE) levels for adults until exchanges are operational (expected 2014) and for children through September 2019 (also for CHIP)
- Extend coverage to former foster care children to age 26
- Simplify enrollment processes for Medicaid and CHIP
- Conduct outreach to educate and enroll vulnerable populations into Medicaid or CHIP including individuals with mental health or substance use conditions
- Facilitate enrollment in exchange plans and subsidy programs for those found not eligible for Medicaid or CHIP.

# Medicaid's Growing Role for People w/ MH/SUD

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- Medicaid will cover 24.3% of individuals with these disorders when reform is fully implemented in 2019, versus 12.4% pre-reform.
- Nationally, mental health expenditures in Medicaid would increase by 49.7% .
- Individuals with behavioral health disorders would account for approximately 31.9% of the increase in Medicaid expenditures under health reform.

# Medicaid Medical Home Pilot

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- Provides states the option of enrolling Medicaid beneficiaries with chronic conditions, including serious and persistent mental illness, into a health home. Grants of up to \$25 million will be provided.
- January 1, 2011

# 1915(i) State Option for Home and Community Based Services

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- Amended by health reform law so eligibility rules & services parallel those for 1915(c) waivers. Allows individuals with functional needs to receive home and community based services and supports.
- State uptake has been limited so far

# Amendments to 1915(i)

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- Prohibits waiver of statewideness
- Adds additional service options
- Increases income option
- Eliminates option to limit number of participants

# Co-Location Grants

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- Authorizes \$50 million in grants for coordinated and integrated services through the co-location of primary and specialty care in community-based mental and behavioral health settings.
- Underway

# Health Information Technology

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- State-level Health Information Exchange Consensus Project
  - Objective: to ensure all health information exchange activities throughout the U.S. align
  - Provides a forum for an exchange of information between ONC and the states.
- State Alliance for eHealth
  - Consensus-based, executive-level body of state elected and appointed officials.
  - Provides a forum through which stakeholders can work together to identify new inter- and intrastate-based policies and best practices and explore solutions to programmatic and legal issues related to the exchange of health information.

# Health Information Technology

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- State HIE Toolkit

- <http://statehieresources.org/>
- Compilation of resources provided under the auspices of the State HIE
- Designed to support State HIE participants with practical How to guidance
- Toolkit addresses the five essential domains (i.e. governance, finance, technical infrastructure, business operations, and legal/policy) and also offers information related to general planning, grant management and other cross-cutting areas such as coordination with federal programs.

# Health Insurance Exchanges

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- Each state required to establish an American Health Benefit Exchange and a Small Business Health Options Program Exchange for individuals and small businesses that have 50 to 100 employees (allows expansion to larger employers after 2016)
- By January 1, 2014

# Health Insurance Exchanges

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- Grants to states to establish American Health Benefit Exchanges, as well as establish standards for Exchanges, qualified health plans, reinsurance, and risk adjustment.
- By January 1, 2014

# Health Insurance Exchanges

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- In the event the HHS secretary determines a state will not have an operational Exchange by 2014, allows the secretary to operate an Exchange in that state.
- January 1, 2013

# Interstate Compacts

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- HHS secretary will issue regulations for interstate **Health Care Choice Compacts**, which can offer qualified health plans in all associated states, provided that these plans adhere to the consumer protection and other laws of each of the states
- By July 31, 2013
- Can begin operations on January 1, 2016

# Pre-existing Condition Insurance Program (PCIP)

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- (aka “high-risk health insurance pool”)
  - Temporary program for U.S. citizens and legal immigrants who have a pre-existing condition and have lacked coverage for at least six months
  - \$2,500 deductible; out-of-pocket costs cannot be more than \$5,950 per year
  - Began July 1, 2010
  - 21 states run by US Dept. of HHS
  - How long will money last?

# Federal Assistance to States

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- Start up funding for states to establish exchanges 2011-2015
- If a state fails to establish exchange by 2014, federal government will set it up
- Funding for consumer assistance programs (\$30 million) (2010)
- Feds to establish web portal to inform individuals and small businesses about private insurance options (7/10)

# Federal Assistance to States

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- Funding to help states monitor insurance rates - \$250 million over 5 years starting in 2010
- Grants for states and communities to develop systems of counseling and access to help consumers understand and navigate health and long term care options - \$60 million

# www.HealthCareReform.ny.gov

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## What's New

- **Learn how health care reform will affect you and New York State** There are many resources available throughout this website that can help you learn about what is included in the health care reform law. Visit the [Summary of Health Care Reform page](#) to learn the basics of health care reform and how it will affect New York State. Descriptions of how health care reform will affect certain population groups are provided on the [Benefits of Health Care Reform for Specific Groups page](#).
- **Questions and Answers** A list of frequently asked questions on health care reform and how it will affect New York State residents is available on the [Questions and Answers page](#).

# Future of State MH Systems?

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- “We should not maintain state systems if the alternative is being part of the mainstream... We must lead to achieve integration of care, everywhere... I believe that a few entrepreneurial leaders will embrace the challenge of achieving true integration at every level, from policy to plan to practice. These entrepreneurs will also succeed in business, because the game will come to them.”

Michael F. Hogan, Ph.D.  
Commissioner, New York State Office of Mental Health

# Role of State Substance Abuse and Mental Health Agencies

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- New kind of leadership/collaboration/negotiation required with state agencies (Medicaid, enrollment agency, superintendent of insurance, health information exchanges and coordinators, high risk pools)
- Change in use of block grants (moving demos to practice)
- Supporting communities selected for discretionary grants

Pam Hyde, SAMHSA Administrator

# Impact on MH Block Grant?

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- SAMHSA is reviewing current block grant spending to focus on recovery and support services not paid for through Medicaid or commercial insurance

Pam Hyde, SAMHSA Administrator

# Role of NASMHPD?

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- Look ahead
- Prioritize
- Be strategic

# Attention Required!

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- Insurance-based system not likely to cover a variety of evidence based treatment components for people with SPMI and severe addictive problems
- Increased Medicaid audits and accountability
- Outreach/education/enrollment

# Into the Mainstream

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“The policy challenge is to encourage the integration of people with mental illness into the mainstream ... at the same time recognizing unique features of their circumstances that ... social and medical insurance programs must take into account to effectively serve them.”

Richard G. Frank and Sherry A. Glied,

*Better But Not Well: Mental Health Policy in the United States since 1950*

# Resources

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## Information about Health Reform:

- [www.healthcare.gov](http://www.healthcare.gov)
- [www.healthreformgps.org](http://www.healthreformgps.org)
- [www.familiesusa.org/health-reform-central/](http://www.familiesusa.org/health-reform-central/)
- [www.kaiserhealthnews.org/](http://www.kaiserhealthnews.org/)
- [www.nga.org](http://www.nga.org)

# Thank you!

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