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[Arizona](#)

[California](#)

[Florida](#)

[Idaho](#)

[Iowa](#)

[Kansas](#)

[Louisiana](#)

[Maine](#)

[Massachusetts](#)

[New Hampshire](#)

[New Jersey](#)

[Ohio](#)

[Oregon](#)

[Rhode Island](#)

[South Carolina](#)

[Texas](#)

[Utah](#)

[Wisconsin](#)

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For questions or comments, please contact Rasheda Parks (Rasheda.Parks@samhsa.hhs.gov).

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Around the States: State and Local Behavioral Health Financing News

Arizona

- **Update: Supreme Court Rejects Request for Medicaid Eligibility Freeze:** On June 24, the **Arizona Supreme Court** declined to impose an injunction on Arizona's FY2012 Medicaid eligibility freeze. Citing potential irreparable harm to affected individuals, three public interest law groups filed a brief on June 16 requesting an injunction until the court hears their case. Currently scheduled for a hearing on September 20, the case challenges a Medicaid enrollment freeze for adults earning over 75 percent of the federal poverty level (FPL). The suit alleges that the freeze violates the state constitution because it effectively repeals a voter-approved measure (**Proposition 204**) expanding coverage to all adults earning up to 100 percent of the FPL. Contingent upon federal approval, the freeze will take effect July 1 ([The Arizona Republic, 6/25](#); [Kaiser Health News, 6/27](#)).

California

- **Bay Area News Group Finds Problematic Spending under Mental Health Services Act:** The Bay Area News Group has released an analysis of spending under California's **Mental Health Services Act of 2004 (Proposition 63)**, concluding that much of the funding has gone to consultants and programs not directly linked to prevention, treatment, and recovery. Designed to raise funds for new and expanded county mental health programming through a tax on residents earning over \$1 million annually, the measure has raised \$7.4 billion since its enactment. However, the analysis asserts that state regulations have made it increasingly difficult for counties to use the fund to expand existing programs, resulting in a two-tiered system under which beneficiaries of older programs receive inadequate care while those served under new programs receive high quality care ([Kaiser Health News, 6/27](#)).
- **Assembly Health Committee Approves Health Care Financing Bill:** On June 21, the **California Assembly Committee on Health** approved legislation (**SB 36**) that would grant counties increased flexibility in accessing federal funds to provide health care to low-income children. Already approved by the **California Senate**, the bill would allow counties to receive federal funding for care provided to children whose families earn up to 400 percent of the federal poverty level (FPL). However, county officials would determine where to set income-based eligibility limits within their jurisdictions. The bill now goes before the **California Assembly Committee on Appropriations** ([California Healthline, 6/24](#); [Kaiser Health News, 6/27](#)).

Florida

- **Update: AHCA Requests Temporary Extension of Managed Care Pilot:** On June 20, the **Florida Agency for Health Care Administration (AHCA)** sent a letter to the **Centers for Medicare & Medicaid Services (CMS)** requesting a 30-day extension of the state's five-county Medicaid managed care pilot program, currently scheduled to expire June 30. State officials say CMS suggested that the state request the extension to provide more time to finalize an agreement on a long-term program extension. Florida also has until August 1 to submit a proposal to expand the program, which would enroll most Medicaid beneficiaries in Managed care plans by October 2014 ([News Service Florida, 6/20](#); [Kaiser Health News, 6/22](#)).

Idaho

- **Blaine County Drug Coalition receives \$100,000 Prevention Grant:** St. Luke's Wood River Foundation has awarded the Blaine County Drug Coalition \$100,000 for prevention programming. Part of \$133,500 that foundation officials allocated at their June meeting, the funds will support evidence-based programs designed to prevent substance use and limit access to drugs ([Idaho Mountain Express, 6/23](#)).

Iowa

- **Senate Approves \$1.1 Billion Medicaid Budget:** On June 22, the **Iowa Senate** approved a \$1.1 billion Medicaid budget as part of a \$1.5 billion human services spending plan. The plan is a component of a compromise budget that will allocate a total of \$5.9 billion in the coming fiscal year. The measure now goes before the **Iowa House** ([The Des Moines Register, 6/22](#); [AP via Business Week, 6/22](#)).

Kansas

- **SRS to Reduce Medicaid Reimbursements to Social Service Providers:** Effective July 1, the **Kansas Department of Social and Rehabilitation Services (SRS)** will reduce social service providers' Medicaid reimbursement rates by 2.5 percent. The reduction is part of \$24 million in SRS cuts for the coming fiscal year ([Kansas Health Institute, 6/23](#); [Kaiser Health News, 6/24](#)).

Louisiana

- **Update: Legislature Approves \$25 Billion Budget with Increased Health Funding:** On June 21, the **Louisiana House** approved the \$25 billion FY2012 budget, approved by the **Louisiana Senate** on June 19. Slated to allocate \$200 million more than the original House budget, the spending plan provides increased health funding to maintain outpatient mental health services and finance the implementation of a plan to use coordinated care to reduce Medicaid costs. The plan will begin coordinating care for approximately 800,000 Medicaid beneficiaries in January, providing health coverage through private insurers and offering financial incentives for preventive and primary care. In addition, to improve program oversight, the **Louisiana Department of Health and Hospitals (DHH)** must produce detailed annual reports regarding program specifics. The budget now goes before **Governor Bobby Jindal (R)** ([The Times-Picayune, 6/21](#)).

Maine

- **Update: Governor Signs \$6 Billion Budget, Avoids Substance Abuse Funding Cuts:** On June 20, **Governor John LePage (R)** signed a two-year \$6 billion budget, allocating nearly all \$18 million from Maine's state tobacco settlement fund for its originally intended purpose. The budget avoids closing 10 residential substance abuse treatment facilities and reducing funding for tobacco prevention services that would have occurred under the governor's proposed budget. Governor LePage previously proposed reallocating the settlement funds to support the state's Medicaid program ([AP via Daily Journal, 6/25](#)).

Massachusetts

- **Legislature Approves Interim Budget, Maintains Health Payments:** On June 27, the **Massachusetts Legislature** approved a \$1.25 billion 10-day stopgap budget to finance state government operations

during final FY2012 budget negotiations. The budget will maintain current state health care program payments ([AP via The Boston Herald, 6/27](#)).

- **Attorney General's Office Finds Global Payment Program Not Reducing Health Costs:** On June 22, **Attorney General Martha Coakley's (D) Office** released a [report](#) concluding that Massachusetts' global payment program is not reducing health costs. Designed to reduce costs through global provider payments that allocate an overall budget for patients, rather than paying for individual services, the report notes that influential providers with large market shares are still able to negotiate higher payments for comparable services. Conducting a yearlong review of six large insurers' 2009 health services payments, the report found that the global payment system did not significantly reduce costs compared to the previous fee-for-service (FFS) system. The report also found that preferred provider organizations (PPOs) are not ideal for facilitating care coordination, instead recommending discounts for beneficiaries that enroll in coverage that promises coordinated care. When releasing the report, Attorney General Coakley recommended that the state adopt temporary restrictions limiting price variance for health services to help reduce costs ([The Boston Globe, 6/23](#); [Kaiser Health News, 6/23](#)).
- **WBUR Finds Individual Mandate Fine Raised \$65 Million Since 2007:** WBUR, **Boston's National Public Radio (NPR)** station, has determined that the state's fine on uninsured individuals has raised \$65 million since its implementation in 2007. Part of the state's 2006 health care reform law, Massachusetts' individual mandate requires individuals who can obtain affordable coverage to enroll in a plan or pay a fine, which has increased from \$219 in 2007 to \$1,212 in 2011. Funds raised through the fine help subsidize coverage for low and moderate-income individuals ([WBUR, 6/21](#); [Kaiser Health News, 6/22](#)).

New Hampshire

- **Governor Allows Budget to Take Effect, State to Retain Hospital Tax Funds:** On June 22, **Governor John Lynch (D)** announced he will let the **New Hampshire Legislature's** \$10 billion budget take effect without his signature. For the first time in 20 years, New Hampshire will retain all of the funds raised by the state's hospital tax, rather than returning the funds to hospitals after they draw down federal Medicaid matching funds. Instead, the New Hampshire will allocate all of the funds for Medicaid, resulting in an additional \$115 for the program ([Nashua Telegraph, 6/23](#); [AP via The Boston Globe, 6/24](#); [Kaiser Health News, 6/22](#)).

New Jersey

- **Legislature Proposes Alternate Budget Maintaining Medicaid Funding:** On June 27, Democrats in the **New Jersey Legislature** introduced a \$30.6 billion alternate budget, which would maintain Medicaid funding slated to be cut under **Governor Chris Christie's (R)** budget proposal. The Democrats' budget also includes \$9 million to prevent the closure of Hagedorn Psychiatric Hospital. The legislature must approve a budget before the new fiscal year begins on July 1 ([Star-Advertiser News, 6/27](#); [AP via Business Week, 6/23](#)).

Ohio

- **Attorney General Announces \$3.5 Million in Local Drug Abuse Prevention Funding:** On June 27, **Attorney General Mike DeWine** announced that Ohio will award \$3.5 million in drug abuse prevention funding to local law enforcement in 63 counties. Raised through driver's license reinstatement fees paid by convicted drunk drivers when their driving privileges are restored, state officials say approximately 200 local agencies will receive funding for student prevention programming ([AP via Times Union, 6/27](#)).

Oregon

- **Legislative Committee Approves Medicaid Transformation Bill:** On June 22, the **Oregon Legislature Joint Ways and Means Capital Construction Committee** approved legislation (**HB 3650**) to reform the Oregon Health Plan. The bill would consolidate the 40 managed care organizations that administer Medicaid coverage into regional coordinated care organizations that would coordinate physical, mental, and dental care for Medicaid beneficiaries and dual eligibles. Legislators supportive of the measure say it will save \$700 million in the second year of the biennium, including \$240 million in state general funds. The measure now goes before the full Joint Ways and Means Committee ([The Lund Report, 6/22](#); [Kaiser Health News, 6/23](#)).

Rhode Island

- **House Approves \$7.7 Billion Budget Increasing Medicaid Premiums:** On June 25, the **Rhode Island House** approved a \$7.7 billion budget for the fiscal year beginning July 1. Designed to close a \$186 million deficit, the budget would increase Medicaid premiums for families with incomes above the federal poverty level (FPL). The budget now goes before the **Rhode Island Senate** ([The Boston Globe, 6/25](#)).
- **Newport County Fund Awards \$12,000 for Mental Health Programming:** As part of \$110,000 in grants to area non-profits, the Newport County Fund (NCF) has awarded two organizations \$12,000 to support mental health programming. NCF awarded the Newport County Community Mental Health Center \$8,500 to improve the organization's ability to obtain behavioral health funding through grants. In addition, NCF awarded Visiting Nurse Services (VNS) of Bristol and Newport Counties \$3,500 to support the mental health needs of home and hospice care staff. VNS' funds will also finance staff mental health training ([Portsmouth Patch, 6/24](#)).

South Carolina

- **South Carolina Legislature Approves \$6.6 Billion Budget Reducing Medicaid Reimbursements:** On June 22, the **South Carolina Legislature** approved a \$6.6 billion budget that would permanently implement the temporary elimination of optional Medicaid services that the **South Carolina Department of Health and Human Services** (DHHS) instituted earlier this year. Set to take effect for the fiscal year beginning July 1, the budget would also save \$125 million through reduced Medicaid provider reimbursements. The budget now goes before **Governor Nikki Haley** (R) ([AP via Forbes, 6/23](#)).

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Texas

- **Update: Legislature Approves Health Financing and Service Delivery Reform:** On June 27, the **Texas Legislature** approved legislation (**SB 7**) designed to reform health care financing and service delivery in Texas. An amalgamation of three previous bills that expired during the legislature's regular session (**SB 7**, **SB 8**, and **SB 23**), the legislation would save \$290 million through expanded use of managed care and \$51 million through restrictions on prescription drugs. In addition, the bill would authorize reduced Medicaid and Children's Health Insurance Program (CHIP) reimbursements for cases of preventable readmissions and complications, and save \$15.9 million by transferring children from the Texas State Kids Insurance Program (SKIP) to CHIP. The bill would also establish a copayment for unnecessary emergency room visits under Medicaid and CHIP and offer incentives to providers that reduce waste and improve the quality of care. Finally, the bill would rename and alter the **Texas Health Care Policy Council**, which studies ways to improve health care in Texas. Under the bill, the council would become the **Texas Institute of Health Care Quality and Efficiency** and would develop a plan to improve care through performance-based payments and innovative health care models. The measure now goes before **Governor Rick Perry** (R) ([Flower Mound Leader, 6/27](#)).

Utah

- **State Psychiatric Hospital to Reduce Capacity:** A result of the \$2.9 million state hospital funding reduction in the state budget, effective July 1, Utah State Hospital will eliminate 30 adult inpatient beds. The move will reduce adult inpatient mental health capacity at Utah's psychiatric hospital to 152 beds ([The Salt Lake Tribune, 6/25](#)).

Wisconsin

- **Governor Signs \$66 Billion Budget, Reduces Medicaid Spending:** On June 26, **Governor Scott Walker** (R) signed a two-year \$66 billion budget for the coming biennium, reducing Medicaid spending by \$500 million. The budget will also convert the Wisconsin Resource Center into a 45-bed mental health facility to serve female state inmates, as required by a settlement with the **U.S. Department of Justice** (DOJ) ([AP via Wisconsin Law Journal, 6/27](#)).