

SAMHSA's Weekly Financing News Pulse: National Edition

National News

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- GAO Finds Federal Health Fraud Detection Efforts Inadequate

Around the Hill: Hearings on Health Financing

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National News

- **HHS Releases Health Exchange Rules:** On July 11, the **U.S. Department of Health and Human Services** (HHS) [proposed rules](#) governing the national health care reform law's health insurance exchanges. The regulations require operational health exchanges in every state by January 1 2014, giving states until January 1, 2013 to demonstrate their ability to operate a functional exchange. However, the rules also allow states to receive conditional approval to operate an exchange if they demonstrate adequate progress toward establishing one. HHS will operate exchanges in states that are unprepared or unwilling to operate their own. The rules require exchanges to provide online health plan price and quality information, offer specific standardized plans, and establish an annual open enrollment period. The rules outline an initial open enrollment period of October 1, 2013 through February 28, 2014, with subsequent annual open enrollment periods running from October 15 to December 7. Federal officials anticipate that 11.5 million individuals will obtain coverage through the exchanges in 2014. To date, governors in 10 states have signed laws establishing health exchanges ([Kaiser Health News, 7/11](#); [Kaiser Health News, 7/12](#)).
- **2011 National Drug Control Strategy Emphasizes Community-Based Prevention and Integration of Substance Abuse Treatment into National Health Care System:** On July 11, **President Obama's Administration** released the [2011 National Drug Control Strategy](#), designed to reduce drug use and its consequences. ONDCP officials say the strategy emphasizes community-based prevention efforts, the integration of substance abuse treatment into the mainstream health care system, criminal justice system innovations designed to end the cycle of drug use and crime, and efforts to disrupt transnational drug trafficking. In addition, the strategy offers specific measures to improve the health and safety of three special populations affected by high substance use rates: active duty military members and veterans; college students; and women and their dependent children. Released in February, the **White House Office of National Drug Control Policy's** (ONDCP) proposed FY2012 federal drug budget would provide approximately \$26 billion for drug abuse efforts, of which half is slated for prevention and treatment while the other half will fund enforcement and interdiction. However, **ONDCP Director Gil Kerlikowske** notes that ongoing budget negotiations may affect the final budget ([Join Together, 7/11](#); [ONDCP, 7/11](#); [Bloomberg, 7/11](#)).
- **HHS Awards \$95 Million to Expand School-Based Health Clinics:** On July 14, the **U.S. Department of Health and Human Services** (HHS) awarded \$95 million to 278 school-based health center programs, nationwide. Allocated under the national health care reform law, the funds will allow the clinics to expand, serving an additional 440,000 students. The clinics currently serve 790,000 students, providing health screenings and programming designed to promote health and prevent disease. In addition, the clinics enable children with acute and chronic illnesses to attend school. Overseen by the **U.S. Health Resources and Services Administration** (HRSA), the funds are part of \$200 million in health reform funding for school-based clinic expansions through 2013 ([HHS, 7/14](#); [eNews Park Forest, 7/14](#)).
- **CMS Announces New Financing Models Designed to Reduce Costs and Improve Quality for Dual Eligibles:** On July 8, the **Centers for Medicare & Medicaid Services** (CMS) announced two new financing models that will use increased care coordination to reduce costs and improve care quality for dual eligibles. The Capitated Model will authorize three-way contracts between a state, CMS, and a health plan, establishing a system under which the health plan will receive a blended payment for comprehensive coordinated care. Under the Managed Fee-For-Service Model, CMS will enter into agreements with states, allowing them to receive savings for implementing successful initiatives that

reduce costs and improve care quality. **CMS' Center for Medicare and Medicaid Innovation (CMI)** will test the models with participating states to determine whether they meet programmatic goals ([CMS, 7/8](#); [Becker's Hospital Review, 7/13](#)).

Studies Released

- **Health Affairs Study Finds State Variance in Medicaid Spending and Service Volume:** *Health Affairs* has released a [study](#) examining per capita Medicaid spending, finding significant variance in both spending and service volume across states. The study determined that the 10 states with the highest per capita spending paid \$1,650 more than the national average, of which \$1,186 was attributed to increased service volume. Conversely, the 10 states with the lowest per capita spending paid \$1,161 less than the national average, of which \$672 was attributed to lower service volume. The authors emphasize the need for improved understanding of these variations to improve care quality and reduce costs, particularly in the context of expanded Medicaid coverage under national health care reform ([Kaiser Health News, 7/8](#); [Kaiser Health News, 7/8](#)).
- **AIM Study Stresses Need to Address Health Access Issues in Light of Coverage Expansion Under Health Reform:** The *Archives of Internal Medicine* (AIM) has published a [study](#) examining trends in physicians' acceptance rates for different types of health coverage and self-pay patients. Employing data from the **Centers for Disease Control and Prevention's** (CDC) National Ambulatory Medical Care Survey (NAMCS), the authors highlight the need for policymakers to understand health coverage acceptance data to address health care access issues. The study notes that this is particularly salient in light of the current primary care physician shortage and the upcoming health coverage expansion under the national health care reform law ([Kaiser Health News, 7/8](#)).
- **GAO Finds Federal Health Fraud Detection Efforts Inadequate:** On July 12, the **Government Accountability Office** (GAO) released a [report](#) finding that the federal government's current electronic health care fraud detection system is inadequate and underused. Implemented in 2009, federal officials originally projected that the \$150 million system would save \$21 billion annually, but the GAO found that inadequate system operation prevents it from addressing the up to \$90 billion in estimated annual health fraud. The report notes that the system currently lacks Medicaid data, which officials from the **Centers for Medicare & Medicaid Services** (CMS) plan to integrate into the system by 2014. Additionally, the report asserts that CMS is not conducting staff training on schedule for employees needed to operate the system ([AP, 7/12](#); [Kaiser Health News, 7/12](#)).

Around the Hill: Hearings on Health Financing

House Energy and Commerce Subcommittee on Health: *Public Health Bills*

July 11, 2:00 p.m. 2123 Rayburn

House Budget Committee: *Medicare Payment Advisory Board Oversight*

July 12, 10:00 a.m. 210 Cannon

House Oversight and Government Reform Subcommittee on Health Care, District of Columbia, Census and the National Archives: *Administration Medicare Plan*

July 12, 1:00 p.m. 2154 Rayburn



Senate Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security: *Cutting Waste and Fraud in Medicare and Medicaid*

July 12, 2:30 p.m. 342 Dirksen

House Budget Committee: *Medicare and Social Security Fiscal Issues*

July 13, 10:00 a.m. 210 Cannon

House Energy and Commerce Subcommittee on Health: *Impact of IPAB on Medicare*

July 13, 9:00 a.m. 2123 Rayburn

Senate Finance Committee: *Perspectives on Medicaid from Governors*

July 14, 2:00 p.m. Utah State Capitol, Salt Lake City, Utah

Senate Veterans' Affairs Committee: *VA Mental Health Care*

July 14, 10:00 a.m. 418 Russell

House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies:

Fiscal 2012 Appropriations: Labor, HHS, Education

July 26, Time TBA. 2358-C Rayburn

House Appropriations Committee: *Fiscal 2012 Appropriations: Labor, HHS, Education*

August 2, Time TBA. 2359 Rayburn