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Around the States: State and Local Behavioral Health Financing News

Arizona

- **Update: State Receives Federal Approval for Medicaid Eligibility Freeze:** On July 1, federal officials approved Arizona's proposed FY2012 Medicaid eligibility freeze. Originally scheduled to take effect July 1, the freeze will take effect July 8, preventing childless adults earning over 75 percent of the federal poverty level (FPL) from enrolling in Medicaid or renewing their current Medicaid coverage. The freeze is part of a package of FY2012 budget measures approved to save \$500 million in Medicaid expenditures. Three public interest law groups are currently challenging the freeze before the **Arizona Supreme Court**, alleging that it 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 ([WCNC, 7/4](#)).

California

- **Update: Governor Signs \$86 Billion Budget Reducing Health Spending:** On June 30, **Governor Jerry Brown** (D) signed an \$86 billion general fund budget for the fiscal year that began July 1, reducing health program spending by \$450 million to help close a \$10 billion deficit. The health cuts include new Medicaid copayments, limits on physician visits for Medicaid beneficiaries, and a 10 percent Medicaid provider reimbursement reduction. The budget anticipates \$4 billion in new revenue; however, if the state does not raise the projected revenue, the plan will enact \$2.5 billion in additional cuts, including further cuts to health programs ([California Healthline, 6/29](#); [Reuters, 6/29](#); [Los Angeles Times, 6/30](#); [Kaiser Health News, 7/1](#); [San Francisco Chronicle, 6/30](#)).
- **Detoxification Facility Opens in Fresno County:** On July 5, Comprehensive Addiction Programs, Inc. (CAPI) opened a 12-bed residential detoxification facility in Fresno County. The county will fund eight of the beds for individuals unable to pay for their health services and the facility will reserve the remaining four beds for individuals referred by local hospital emergency departments. CAPI will charge \$65 per day for the 14-day program ([The Fresno Bee, 7/2](#)).

Colorado

- **Substance Abuse Treatment Facility to Close in Aspen:** Citing a budget deficit, on June 23, officials from the non-profit substance abuse treatment agency Right Door announced that they will close their Aspen facility on January 1, 2012. Operating on an annual budget of approximately \$500,000, the facility faces a funding shortfall of up to \$200,000, which Right Door officials attribute to declining private contributions. In 2010, the City of Aspen provided the facility \$85,000, while Pitkin County contributed \$65,000. Right Door served 1,000 clients in 2010 ([Aspen Daily News, 7/2](#)).

Georgia

- **Oglethorpe University Receives NCAA Alcohol Abuse Prevention Grant:** The National Collegiate Athletic Association's (NCAA) CHOICES alcohol education grant program has awarded **Oglethorpe University's** Counseling Center a three-year \$30,000 grant. The grant will fund an alcohol abuse prevention campaign, involving student athletes in educating their fellow students ([The Weekly, 6/29](#)).

Illinois

- **Update: Governor Signs \$33 Billion Budget, Reduces Substance Abuse Program Funding:** On June 30, **Governor Pat Quinn** (D) signed a nearly \$33 billion FY2012 budget, allocating approximately \$2 billion less than his original budget proposal. When signing the budget, Governor Quinn made \$376 million in line-item vetoes, reducing Medicaid spending by \$276 million through measures including hospital reimbursement rate reductions. The budget also eliminates \$1.5 million for a youth methamphetamine treatment program in Franklin County and reduces psychotropic medication funding for mental health patients by \$666,000. The **Illinois Legislature** will have an opportunity to override the Governor's vetoes ([The Chicago Tribune, 6/30](#)).

Iowa

- **Update: Legislature Approves \$1.1 Billion Medicaid Budget:** On June 30, the **Iowa Legislature** approved a \$5.99 billion budget that would provide \$1.1 billion for the state's Medicaid program. The measure now goes before **Governor Terry Branstad** (R) ([The Des Moines Register, 7/1](#); [WCF Courier, 7/1](#)).

Kansas

- **Mental Health Center Requests Increased Funding to Improve Access to Services:** On June 29, officials from Mental Health Center of East Central Kansas testified before the Lyon County Commission, requesting \$424,000 for 2012 operations. In 2011, Lyon County will provide the center \$283,000; however, center officials say the increased funding is necessary to ensure access for uninsured residents. The commission is still considering 2012 budget requests as part of its study period ([The Emporia Gazette, 6/30](#)).

Maryland

- **Update: 3 Percent Alcohol Sales Tax Increase Takes Effect:** Maryland's alcohol sales tax increase took effect July 1, raising the state's tax from 6 to 9 percent. Approved by **Governor Martin O'Malley** (D) in May, state officials estimate that the measure will raise approximately \$85 million in its first year. Most of the first year revenue will finance school construction but \$15 million will fund services for individuals with developmental disabilities ([CNBC, 6/30](#)).

Massachusetts

- **Update: Legislature Approves Budget Saving \$800 Million in Medicaid:** On July 1, the **Massachusetts Legislature** approved a \$30.6 billion FY2012 budget that would save the state's Medicaid program \$800 million through measures including provider reimbursement reductions and increased copayments. The spending plan now goes before **Governor Deval Patrick** (D) ([Gazette Net, 7/2](#)).

Minnesota

- **Update: Government Shutdown Begins, Health Reimbursements Maintained:** Because state officials failed to reach a budget compromise, on June 29, **Ramsey County District Chief Judge Kathleen Gearin** authorized a government shutdown, which began on July 1. Under the approved shutdown, most state health programs will continue operations and all federally funded health services will continue unaffected. **Governor Mark Dayton** (D) vetoed the **Minnesota Legislature's** budget on May 24 and

originally requested a shutdown under which state health services would cease ([Kaiser Health News, 7/1](#); [CNN Money, 6/29](#); [West Central Tribune, 6/29](#)).

New Jersey

- **Update: Governor Signs Budget, Uses Veto to Reduce Medicaid Spending \$500 Million:** On June 30, **Governor Chris Christie** (R) signed a \$29.7 billion FY2012 budget. In approving the spending plan, Governor Christie made \$900 million in line-item vetoes, resulting in a \$500 million Medicaid spending reduction. The Medicaid reductions, which require federal approval, would be achieved through more stringent eligibility standards and increased use of managed care ([Star-Advertiser News, 7/1](#); [Today's Sunbeam via Star-Advertiser News, 7/2](#)).

North Carolina

- **Budget and Tax Center Estimates FY20102 Medicaid Cuts Will Cost State \$1.2 Billion:** On June 29, the **Budget & Tax Center** released a [report](#) examining the impact of North Carolina's FY2012 budget, including its effect on the state's health programs. The report notes that the budget reduced North Carolina's health and human services budget by \$905 million, cutting \$763 million from Medicaid. The authors project that the Medicaid cut will reduce North Carolina's federal Medicaid funding by \$1.2 billion and offer an estimate of the fiscal impact of that reduction on the state economy. The report also notes that the FY2012 budget made \$45 million in mental health programming cuts, contending that the cuts may reduce access to state mental health services not covered under Medicaid ([Budget & Tax Center via The Progressive Pulse, 6/29](#)).

Ohio

- **Update: Governor Signs Budget Implementing Medicaid Reforms:** On June 30, **Governor John Kasich** (R) signed a two-year \$56 billion budget that will spend \$18.8 billion on Medicaid. A \$1 billion increase in Medicaid funding over current levels, the budget includes the governor's Medicaid reforms proposed, including the expanded use of managed care for high-cost beneficiaries and improved care integration for individuals with severe mental illnesses ([Stow Sentry, 7/30](#)).
- **Governor Approves Rules Encouraging Alternatives to Incarceration:** On June 30, **Governor John Kasich** (R) signed new sentencing guideline reforms designed to reduce prison overcrowding and recidivism through alternatives to incarceration, including behavioral health treatment. Structured to save \$46 million over four years, the new rules allow judges to assign alternative punishments to certain non-violent offenders. Additionally, the guidelines make some inmates eligible for release, contingent upon participation in alternative sentencing programs ([Cincinnati Community Press & Recorder, 6/29](#)).

Oregon

- **Update: Governor Signs Medicaid Reform Legislation:** On July 1, **Governor John Kitzhaber** (D) signed legislation (**HB 3650**) to reform Oregon's Medicaid program, the Oregon Health Plan, consolidating the 40 managed care organizations that administer coverage into regional coordinated care organizations that will 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 ([Portland Business Journal, 7/1](#)).

Pennsylvania

- **Update: Governor Signs Budget Authorizing DPW to Implement Medicaid Changes:** One day after it was approved by the **Pennsylvania Legislature**, on June 30, **Governor Tom Corbett** (R) signed a \$27.15 billion FY2012 budget, reducing spending by 3 percent from FY2011 levels. The budget gives the **Pennsylvania Department of Public Welfare** (DPW) authority to make changes to optional Medicaid services and Medicaid cost sharing without legislative input. In addition, the budget reduces funding for the Human Services Development Fund by \$8.5 million, allocating \$15 million to fund county human services ([Philadelphia Inquirer, 6/30](#); [The Times-Tribune, 6/28](#); [Kaiser Health News, 6/28](#); [Hellertown-Lower Saucon Patch, 7/1](#)).

Rhode Island

- **Update: Governor Signs \$7.7 Billion Budget, Increases Medicaid Premiums:** On June 30, **Governor Lincoln Chafee** (I) signed a \$7.7 billion budget for the fiscal year beginning July 1. Approved by the **Rhode Island Senate** on June 29, the budget closes a \$186 million deficit, increasing Medicaid premiums for families with incomes above the federal poverty level (FPL) ([The Boston Globe, 6/29](#)).

South Carolina

- **Update: Governor Signs \$6.6 Billion Budget, Reduces Medicaid Reimbursements:** On June 29, **Governor Nikki Haley** (R) signed a \$6.6 billion budget permanently implementing the temporary elimination of optional Medicaid services that the **South Carolina Department of Health and Human Services** (DHHS) instituted earlier this year. The budget took effect July 1, and will also save \$125 million through reduced Medicaid provider reimbursements ([Charleston Regional Business Journal, 6/29](#)).

Utah

- **State Requests Medicaid Waiver to Reduce Cost Growth:** Utah officials are requesting federal approval of a Medicaid waiver designed to lower cost growth through the increased use of preventive care and cost sharing requirements. Under the request, beneficiaries would pay a \$40 annual deductible for their family. In addition, copayments for non-emergency use of emergency room care would increase by \$25 while copayments for legitimate emergencies would increase \$15 ([AP via The Republic, 7/3](#)).