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Around the States: State and Local Behavioral Health Financing News

California

- **San Francisco Supervisors Report Healthy San Francisco Financing Loophole, Consider Measure to Address It; NBER Finds Most Financing Burden Falls on Consumers:** On July 14, San Francisco Board of Supervisors officials reported a financing loophole in the city's Healthy San Francisco health coverage program, allowing employers to recoup some of their health care contributions. Established in 2006, Healthy San Francisco requires businesses with 20 or more employees to offer their employees health coverage, pay into a fund for a public health coverage plan, or provide funding to employees' health reimbursement accounts (HRA). In 2010, approximately 860 of the 4,000 affected businesses provided \$62.5 million to employees' HRAs, which, in turn, paid \$12.4 million for employees' health services. However, San Francisco's law allows employers to remove unspent HRA funds at the end of each year, reclaiming \$50.1 million in unspent health care funding. City officials are now considering a measure to require employers to maintain funds in employees' HRAs. In related news, the **National Bureau of Economic Research** (NBER) has released a [study](#) finding that employment and earning patterns did not change significantly after implementation of Healthy San Francisco. The study determined that employers are passing approximately half of the cost onto consumers ([San Francisco Chronicle, 7/15](#); [Kaiser Health News, 7/15](#); [Kaiser Health News, 7/15](#)).

Connecticut

- **High Watch Farm AA Facility Begins Construction on \$2 Million Treatment Center:** On July 18, Alcoholics Anonymous' (AA) first retreat facility nationally, High Watch Farm, began construction on a \$2 million medical treatment center. AA officials say the facility will provide improved residential treatment space and offer an education center for the public and interested stakeholders ([The Litchfield County Times, 7/18](#)).
- **Connecticut OPM Awards TYS \$10,000 for Student Behavioral Health Programming:** The **Connecticut Office of Policy and Management** (OPM) awarded Tolland Youth Services (TYS) a \$10,000 Police and Youth Program grant to support the VOICES student program, which will address student substance abuse, depression, suicide, and bullying. Under the grant, TYS and area state troopers will provide programming to Tolland High School students, encouraging them to address behavioral health issues ([Tolland Patch, 7/15](#)).
- **Governor Proposes Spending Reduction Plan, Includes Health Cuts:** On July 15, **Governor Dannel Malloy** (D) proposed a plan to reduce state spending by \$1.6 billion over the next two years, including health cuts and a large spending cut at the **Connecticut Department of Mental Health and Addiction Services** (DMHAS). Under the plan, the **Connecticut Department of Social Services** (DSS), which administers the state's Medicaid and Children's Health Insurance Programs (CHIP), would receive \$131.2 million less than currently projected. The plan would also cut \$5.2 million for community health centers serving low-income and uninsured individuals and reduce the **Connecticut Department of Public Health** (DPH) budget by \$20.6 million. The plan now goes before the **Connecticut Legislature** ([Connecticut Post, 7/15](#)).

Florida

- **Update: House Democrats Send Letter Asking CMS to Reject Medicaid Managed Care Pilot Expansion:** A group of **Florida House** Democrats have sent a letter to the **Centers for Medicare & Medicaid Services** (CMS) requesting that the agency deny the proposed expansion of Florida's five-county Medicaid managed care pilot program. **Governor Rick Scott** (R) approved legislation (**HB 7107** and **HB 7109**) authorizing the expansion, which would enroll most Medicaid beneficiaries in Managed care plans by October 2014. However, the expansion cannot occur without federal approval. Representatives opposed to the expansion argue that the pilot program was flawed and that the expansion fails to address programmatic structural issues. CMS has yet to issue a ruling on the expansion ([Post on Politics, 7/15](#)).

Georgia

- **DCH Approves Medicaid and CHIP Reimbursement Reductions, Proposes Increased CHIP Copayments:** In an effort to save \$5.1 million, **Georgia Department of Community Health** (DCH) officials authorized a 0.5 percent reduction to Medicaid and Children's Health Insurance Program (CHIP) provider reimbursement rates. Though the DCH action came on July 14, the **Georgia Legislature** approved the reduction earlier this year. Also on July 14, DCH officials proposed increasing CHIP copayments to save an estimated \$4.2 million. DCH officials will vote on the copayment proposal in August ([Atlanta Journal-Constitution, 7/14](#); [Kaiser Health News, 7/15](#)).

Hawaii

- **Governor Signs Legislation Maintaining PHCA:** On July 12, **Governor Neil Abercrombie** (D) signed legislation preventing the national health care reform law from terminating the **Hawaii Prepaid Health Care Act of 1974** (PHCA). Under the PHCA, Hawaii has an **Employee Retirement Income Security Act** (ERISA) waiver allowing the state to require all employers to provide health insurance for employees working more than 20 hours a week and limiting employees' premium contributions to 1.5 percent of their annual wages. The law originally had a provision stating it would expire when equal or greater federal health care legislation took effect; however, under Hawaii's new legislation, the Prepaid Health Care Act will continue operating alongside the national health care reform law ([Honolulu Star Advertiser, 7/13](#); [Kaiser Health News, 7/14](#)).

Iowa

- **Audit Finds \$9 Million in 2009 Medicaid Overpayments:** In June, federal officials released an [audit](#) finding that the **Iowa Department of Human Services** (DHS) made more than \$9 million in Medicaid provider overpayments in 2009. Already discovered and rectified by DHS independently of the federal audit, federal officials note that DHS officials identified the overpayments outside of the state's existing audit procedures, concluding that existing protocol would not have allowed DHS to discover the overpayments. DHS officials say they have since altered their reimbursement policy to avoid future errors ([AP via Business Week, 7/12](#)).
- **Iowa Employer Benefits Study Finds Disparity in Employer-Sponsored Health Coverage Costs and Quality:** The annual [Iowa Employer Benefits Study](#) found a disparity in health benefits between rural

and urban employees, demonstrating that rural lowans pay more for lower quality coverage. Published by the **University of Iowa College of Public Health**, the study found that rural workers generally spend a higher proportion of their income on health coverage premiums, have higher health care deductibles, and have less access to employer-sponsored health coverage than their urban counterparts. Additionally, the study found that rural workers generally have access to lower quality care than that available to urban workers ([Becker's ASC Review, 7/18](#)).

Kansas

- **Brownback Administration Requests Input on Medicaid Cost Reduction Strategies: Governor Sam Brownback's (R) Administration** is requesting public input on strategies to reduce Medicaid spending by \$200 million in FY2013. The recommendations will inform a proposal by the Medicaid Reform Working Group, which is tasked with offering a formal plan to reduce Medicaid spending. The group is conducting forums throughout the state and has developed a [website](#) to collect public comment ([Kansas Health Institute, 7/12](#); [Kaiser Health News, 7/13](#)).

Massachusetts

- **NBER Finds BCBS of Massachusetts' Global Payment System Reduced Spending:** The **National Bureau of Economic Research (NBER)** released a [study](#) finding that **Blue Cross and Blue Shield of Massachusetts' (BCBS)** global payment system, the Alternative Quality Contract (AQC), reduced costs in its first year of operation. Beginning in 2009, BCBS began five-year AQCs with seven provider groups, which assumed spending accountability in return for the potential to receive quality and savings bonuses. Examining claims data from 2006 to 2009 for participating provider groups and a control group of non-participating provider groups, the study found that costs did not increase as rapidly among participating organizations. The authors found that savings were achieved through shifting outpatient care to facilities with lower fees, lowering expenditures for medical procedures, and lowering spending on enrollees with the highest expected spending. In 2009, all participating groups met their budget targets and received savings bonuses. However, the authors posit that future cost growth reduction under the AQC system will depend on budget targets and provider groups' ability to further improve efficiency ([Kaiser Health News, 7/15](#)).

Michigan

- **Community Mental Health Authority Details Methods for Spending Efficiency:** The Community Mental Health Authority of Clinton, Eaton and Ingham Counties has released a report detailing methods that the authority used to improve spending efficiency. Since 2002, the Authority has saved \$2 million annually through changes including merged information technology (IT) systems and the use of electronic health records (EHRs). The Authority also achieved savings by partnering with mental health authorities in Benzie, Gratiot, Ionia, Manistee, and Newaygo counties. Through the partnership, participating authorities collectively avoided an additional \$4.6 million in expenditures since 2002 ([Lansing State Journal, 7/18](#)).

Minnesota

- **Update: Government Shutdown Unexpectedly Affects Some Mental Health Services:** State officials report that an oversight in the authorization of the ongoing government shutdown has unexpectedly affected some state mental health workers who operate mental health crisis facilities, respond to mental health crises, and dispense psychiatric medications. Under the shutdown, which began July 1, most state health programs are continuing and state mental health officials expected to continue normal operations. However, 135 state mental health workers were among those laid off on July 1, forcing the closure of one mental health crisis center in Duluth. State mental health officials are attempting to correct the problem to maintain services during the shutdown ([MPR, 7/13](#); [Kaiser Health News, 7/14](#)).

New Jersey

- **Update: Senate Fails to Override Most Budget Vetoes:** On July 11, the **New Jersey Senate** failed to override all but one of **Governor Chris Christie's** (R) line-item vetoes to the \$29.7 billion FY2012 budget, reinstating \$7.5 million that will support women's reproductive and gynecological services. In approving the spending plan, Governor Christie made a total of \$1.3 billion 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. The governor's vetoes also reduced funding for programs serving individuals with mental illnesses ([AP via The Philadelphia Inquirer, 7/12](#)).

Ohio

- **Butler County and State Officials Reviewing Measure to Continue Mental Health Levy:** Butler County and state officials are currently reviewing the Butler County Board of Mental Health's proposed measure to continue the county's mental health levy. The measure would allow voters to decide whether to continue the 1-mill levy, which county officials estimate would raise \$7.8 million annually. If approved, the renewal measure will be placed on the November 8 ballot ([Middletown Journal, 7/14](#)).
- **Washington County Behavioral Health Board Approves Five-Year Levy:** The Washington County Mental Health and Addiction Recovery Board unanimously approved the placement of a measure on the November 8 ballot that would authorize a five-year 1-mill behavioral health levy. Board officials say the levy, which would raise \$1 million annually, would help improve funding for non-Medicaid services. Funding for non-Medicaid services has fallen from \$1.47 million in 2007 to \$417,000 in 2011. State and county officials will review the proposal and determine whether to allow it on the ballot ([The Marietta Times, 7/16](#)).

Pennsylvania

- **CCD OJJDP Accepting Substance Abuse Grant Applications:** The **Pennsylvania Commission on Crime and Delinquency's** (CCD) **Office of Juvenile Justice and Delinquency Prevention** (OJJDP) is accepting applications for a total of \$1.5 million in grants to address substance abuse. The Substance Abuse Education and Demand Reduction grants will fund projects targeting youth and families. Eligible non-profits may apply for the grants until August 18 ([Police One, 7/11](#)).