

SAMHSA's Weekly Financing News Pulse: National Edition

National News

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- SAMHSA Awards NASADAD \$1.1 Million for Block Grant Assistance
- President Signs Deficit Reduction Legislation, Health Care Funding Likely Reduced

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- NBER Finds Chronically Ill Have Less Generous Employer-Sponsored Health Plans
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Around the Hill: Hearings on Health Financing

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National News

- **3rd U.S. Circuit Court of Appeals Rejects Health Reform Suit:** On August 3, the **3rd U.S. Circuit Court of Appeals** rejected non-profit **New Jersey Physicians Inc.'s** appeal in their lawsuit challenging the national health care reform law. The non-profit and one of its patients filed the suit in March 2010, alleging that the law would prevent physicians from directly accepting patient payments. However, in December 2010, **U.S. District Court Judge Susan Wigenton** rejected the suit on the grounds that the law does not preclude direct payment acceptance. In considering the appeal, the appellate court ruled that the organization failed to adequately demonstrate a concrete or actual injury ([Bloomberg, 8/3](#); [Kaiser Health News, 8/4](#)).
- **SAMHSA Awards NASADAD \$1.1 Million for Block Grant Assistance:** On July 29, the **Substance Abuse and Mental Health Services Administration (SAMHSA)** awarded the **National Association of State Alcohol and Drug Abuse Directors (NASADAD)** a \$1.1 million grant to support states administering SAMHSA's **Substance Abuse Prevention and Treatment Block Grants**. Under the grant, NASADAD will provide technical assistance to substance abuse Single State Agencies (SSAs) to increase service capacity, facilitate care integration, and improve health outcomes. In addition, NASADAD will assist states in improving information technology (IT) capabilities, implementing evidence-based practices, and responding to new health care challenges, including implementation of health care reform and **Mental Health Parity and Addiction Equity Act (MHPAEA)** ([SAMHSA via Newswise, 7/29](#); [SAMHSA, 7/29](#)).
- **President Signs Deficit Reduction Legislation, Health Care Funding Likely Reduced:** On August 2, **President Obama** signed legislation (**S. 365**) to increase the federal debt ceiling through 2012 and implement spending reductions to reduce the federal deficit, averting a default on U.S. debts. The measure features nearly \$1 trillion in spending cuts over the next 10 years, including \$25 billion for the fiscal year beginning October 1. In addition, the legislation establishes a bipartisan 12-member committee of lawmakers that will author legislation to enact \$1.2 trillion to \$1.5 trillion in additional deficit reduction measures over the same period. If the committee does not present legislation to Congress by November 23 or if Congress fails to approve the legislation by December 23, automatic spending cuts will take effect, impacting Medicare, defense spending, and other federal programs. The committee will likely consider cuts to federal health programming as part of its legislative proposal ([Kaiser Health News, 8/2](#); [Politico, 8/1](#); [Kaiser Health News, 8/2](#); [Kaiser Health News, 8/2](#); [The Washington Post, 8/1](#); [The Hill, 8/2](#); [AP, 8/3](#); [Kaiser Health News, 8/3](#)).

Studies Released

- **NHC Estimates Cost Sharing in Health Reform's Essential Benefits Package:** On August 3, the **National Health Council (NHC)** released an actuarial [analysis](#) estimating cost sharing requirements under the national health care reform law's essential benefits package. Currently under development by the **U.S. Department of Health and Human Services' (HHS) Center for Consumer Information and Insurance Oversight (CCIIO)**, the essential benefits package will outline the basic coverage package that insurers must offer in the law's health exchanges. Employing a model based on the **Blue Cross Blue Shield (BCBS) Standard Option plan** offered through the **Federal Employee Health Benefit Program (FEHBP)**, the analysis suggests that even beneficiaries qualifying for subsidized coverage may have difficulty affording coverage if they have a chronic condition. The report encourages HHS officials to ensure that the package offers a continuum of patient protections that grant beneficiaries access to affordable, quality health coverage ([Kaiser Health News, 8/4](#)).

- **Commonwealth Fund Highlights Provider Impediments to Risk Sharing in ACO Models:** On July 25, the **Commonwealth Fund** released a [brief](#) examining private sector accountable care organizations' (ACO) experiences implementing shared payer-provider risk payment models. Noting that the national health care reform law implements such a model under the Medicare Shared Savings Program, the brief posits that providers currently lack the necessary infrastructure to successfully assume and manage risk. The authors conclude that providers need improved data and analytic capabilities to negotiate appropriate risk-sharing arrangements with payers and adequately manage risk for affected patient populations ([The Commonwealth Fund, 7/25](#); [Kaiser Health News, 7/29](#)).
- **NBER Finds Chronically Ill Have Less Generous Employer-Sponsored Health Plans:** The **National Bureau of Economic Research** (NBER) has released a [study](#), finding that households containing at least one family member with a chronic illness typically have less generous employer-sponsored health coverage than households without such individuals. Comparing households' out-of-pocket (OOP) expenses with their total health care spending, the authors assess coverage generosity based on the ratio of OOP spending to total health spending. The study found that households with a family member with a chronic illness generally had higher proportions of OOP spending to total health spending than their counterparts. However, the authors assert that this disparity is not due to variations in plan benefits but rather to the use patterns consistent with chronic illnesses, noting that individuals with chronic illnesses typically have higher expenditures in traditionally less generous coverage categories, including prescription drug coverage. The study suggests that current health plan designs may have a negative financial impact on the chronically ill, which may negatively affect their outcomes if high costs impede their ability to adhere to treatment regimens ([Kaiser Health News, 7/29](#)).
- **Mercer Finds Most Employers Plan to Continue Offering Health Coverage under Reform:** On August 1, **Mercer LLC** released a [survey](#) finding that only 8 percent of employers are "very likely" or "likely" to stop offering coverage after health reform's employer-sponsored health coverage mandate takes effect in 2014. Under the mandate, employers with 50 or more employees must offer health coverage or pay a fine for each employee that purchases subsidized coverage through the law's health exchanges. Mercer found that 47 percent of employers are "not at all likely" to stop offering coverage while an additional 46 percent are "not very likely" to do so. The survey also found that employers have experienced a 2 percent increase in health coverage enrollment attributable to the law's dependent coverage extension and anticipate an additional 2 percent increase in 2014 when the law requires employers to automatically enroll employees into health coverage ([The Hill, 8/2](#); [The Hill, 8/3](#)).

Around the Hill: Hearings on Health Financing

The House and Senate are in recess for the remainder of August but will hold regular pro forma sessions. The Senate will resume legislative business on September 6 and the House will do so on September 7.

Senate Health, Education, Labor and Pensions Committee: *Health Overhaul and Health Insurance Premiums*
August 2, 10:00 a.m. 430 Dirksen

Senate Finance Committee: *Dually-Eligible Beneficiaries*
August 3, 10:00 a.m. 215 Dirksen



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August 5, 2011

House Armed Services Subcommittee on Military Personnel: *Suicide Prevention Programs in the Military*

August 4, 11:00 a.m. 2212 Rayburn