

SAMHSA's Weekly Financing News Pulse: National Edition

National News

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National News

- **House Republicans Question HHS on Health Plan Waivers; HHS Awards Community Health Center Grants, Denies Guam's MLR Waiver Request:** On August 3, **House Oversight and Government Reform Committee Chair Darrell Issa** (R-CA) sent a [letter](#) to **U.S. Department of Health and Human Services** (HHS) officials, seeking information on HHS' decision to stop awarding the waivers exempting health plans from the law's annual benefit limit requirement and requesting detail on the waiver approval process. September 22 is the last day that HHS will accept waiver applications. ([The Hill, 8/10](#); [Kaiser Health News, 8/11](#)). In other health reform news, on August 9, HHS officials announced \$28 million in grants to establish new community health centers. Funded under health care reform, the grants will go to 67 recipients in 23 states and Puerto Rico, increasing access to care for an estimated 286,000 individuals ([The Hill, 8/9](#); [Modern Healthcare, 8/9](#); [Kaiser Health News, 8/10](#)). Finally, on August 5, HHS officials denied Guam's request for an exemption from health reform's medical loss ratio (MLR) requirements, noting that Guam's market is so small that the territory would not face penalty if it failed to meet the rule's standards. HHS officials also received letters from Michigan and Texas officials requesting MLR exemptions ([Kaiser Health News, 8/8](#)).
- **CMS to Launch Medicaid Demonstration Project Expanding Mental Health Coverage:** On August 9, **Centers for Medicare & Medicaid Services** (CMS) officials announced a \$75 million three-year Medicaid [demonstration project](#) that will examine the impact of covering mental health treatment in psychiatric hospitals with more than 17 beds. Often referred to as "institutions of mental disease" (IMDs), Medicaid does not currently fund treatment at such facilities for individuals aged 21 to 64. Created and funded under national health care reform, the demonstration project is designed to examine the quality of care that patients receive at such facilities, their effect on emergency room utilization, and the overall cost-effectiveness of such care. All states may apply for the program; however, CMS only plans to accept a "limited number" ([The Hill, 8/9](#)).
- **HHS, DOI, and DOJ Create a New Federal Framework to Coordinate Tribal Substance Abuse Programs:** On August 5, **U.S. Department of Health and Human Services (HHS) Secretary Kathleen Sebelius**, **U.S. Department of Interior (DOI) Secretary Ken Salazar**, and **U.S. Attorney General Eric Holder** announced a new federal framework to coordinate substance abuse prevention and treatment among American Indian and Alaskan Native communities. Called for under the **Tribal Law and Order Act of 2010**, which President Obama signed in July 2010, the [Memorandum of Agreement](#) (MOA) describes how an inter-departmental coordinating council will guide the new federal effort while the **U.S. Substance Abuse and Mental Health Administration's (SAMHSA) Office of Indian Alcohol and Substance Abuse** will coordinate tribal substance abuse programs at the federal level ([DOI via the Cherokee One Feather, 8/5](#)).
- **SAMHSA Awards Universities and Colleges \$6.2 Million for Suicide Prevention:** On August 1, the **Substance Abuse and Mental Health Services Administration** (SAMHSA) announced plans to award over \$6.2 million in grants to help 21 colleges and universities enhance suicide prevention and crisis services. Designed to serve students with behavioral health problems, grant funds will help develop training programs for students and campus personnel, create on-campus networks, conduct educational seminars, prepare and distribute educational materials, and promote the National Suicide Prevention lifeline, which provides 24-hour help for individuals with suicide-related problems. Sixteen schools will receive Campus Suicide Prevention grants under the Garrett Lee Smith Memorial Act, receiving up to

\$102,000 per year for up to three years. In addition, five schools will receive grants under health care reform, receiving up to \$306,000 over three years ([SAMHSA, 8/1](#); [St. Cloud Times, 8/9](#)).

- **Two Universities to Launch Recovery Programs:** The University of Michigan (UM) and the Pennsylvania State University (Penn State) announced plans to launch drug and alcohol recovery programs this summer. UM's Collegiate Recovery Program is slated to launch using \$10,000 in university health services funds, providing self-help recovery courses and alcohol- and drug-free activities. Penn State has dedicated space and staff for its recovery program. In related news, this summer, 20 colleges formed the **Association for Recovery in Higher Education** to promote the spread of similar programs ([The Wall Street Journal, 8/10](#)).
- **Update: Democratic Leaders File Brief Supporting Citizens' Right to Contest State Medicaid Changes:** Numerous Democratic leaders including **Senate Majority Leader Harry Reid** (D-NV) and **House Minority Leader Nancy Pelosi** (D-CA) filed an amicus brief with the **U.S. Supreme Court** in a lawsuit challenging Medicaid rate reimbursement cuts in California. In the brief, Democratic legislators argue that private individuals have standing to sue states to enforce the federal standard of care. The brief comes after the **Obama Administration** filed an amicus brief on May 26, arguing that private individuals lack standing to sue states. Federal law requires that Medicaid rates ensure beneficiaries access to the same level of care as the privately insured, stipulating that rates must be set at a level "sufficient to enlist enough providers." Both filings came in a set of cases consolidated under the name *Douglas v. Independent Living of Southern California*, under which private individuals and providers sued California over Medicaid reimbursement reductions made in 2008 and 2009. The case is the first on the Supreme Court's docket for January 2012 ([All Headline News, 8/10](#)).

Studies Released

- **Health Affairs Article Examines Health Reform's Impact on Substance Abuse Treatment:** An [article](#) published in *Health Affairs* explores the looming expansion and transformation of public substance abuse treatment under national health care reform. Authored by Jeffery Buck of the **Centers for Medicare & Medicaid Services** (CMS), the article notes that public substance abuse treatment currently operates largely outside the mainstream health care system, utilizing unique funding streams, administrative mechanisms, and service delivery vehicles. However, Buck notes that substance abuse treatment is slated to become better integrated within the general health care system, expanding the variety of treatment providers while shifting away from residential and stand-alone programs towards outpatient programs and integrated care ([Kaiser Health News, 8/5](#)).
- **NACH Finds States Medicaid Changes Negatively Impact Children's Care:** On August 10, the **National Association of Children's Hospitals** (NACH) released its [2011 Mid-Year State Legislative Factsheets](#), examining trends in state legislation passed between January 1 and June 30, 2011. The NACH found that more states have reduced Medicaid and Children's Health Insurance Program (CHIP) payments for children's services than have raised them, noting that 10 states lowered reimbursement rates while only four increased them. In addition, nine states have passed legislation that the NACH says will reduce children's access to health care or create new barriers to obtaining coverage ([The Hill, 8/10](#); [Kaiser Health News, 8/11](#)).
- **KFF Maps Geographic Premium Variation in the Individual Market:** On August 9, the **Kaiser Family Foundation** (KFF) released a [brief](#) examining **National Association of Insurance Commissioners**

(NAIC) data on health insurance premium variation in the individual market, finding that premiums vary substantially between states. For 2010, KFF found that average monthly premiums ranged from \$136 in Alabama to \$400 in Vermont and Massachusetts, averaging \$215 across all states. KFF suggests that the brief provides a useful baseline for consumers and policymakers examining the state of insurance policy before the full implementation of health care reform. KFF has also released a [map](#) depicting premium variation between states ([KFF, 8/9](#); [Kaiser Health News, 8/10](#)).

- **Thomson Reuters Finds Geographic Spending Disparity in the Group Market, Uncorrelated with High Medicare Spending:** On July 26, **Thomson Reuters** (TR) published a [whitepaper](#) examining spending in the employer-sponsored health insurance market. TR found that, while considerable geographic variation exists, that variation does not correlate with areas of high Medicare spending. The authors note that McAllen, TX is frequently cited as metropolitan area with the highest Medicare spending, yet the city was among those with the lowest spending in commercially-sponsored plans. The authors highlight the need for additional research into employer-sponsored coverage, noting that Medicare data is not reflective of the private insurance market. TR's analysis does not control for geographic price variation or health status and does not cover all employers ([Thomson Reuters via PRNewswire, 8/10](#); [Kaiser Health News, 8/10](#); [Kaiser Health News, 8/10](#); [Wall Street Journal, 8/10](#)).
- **Update: Moody's says Non-Profit Hospitals Face Downgrades:** On August 10, **Moody's Investors Services** issued a report warning that non-profit hospitals are increasingly facing credit downgrades in light of declining revenue. Noting that the 4 percent median revenue growth rate was the lowest Moody's has observed in 20 years, the report highlights cuts to Medicare and Medicaid coupled with declining patient loads as contributing to the decline. The report comes after Moody's downgraded several non-profit hospitals in July and warned of the effects of state Medicaid cuts ([Moody's, 8/9](#); [Wall Street Journal, 8/10](#); [Feirce Healthcare, 8/11](#)).

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: *Aid to Children's Hospitals; Autism*

September 7, 10:00 a.m. 430 Dirksen