

Federal Medicaid and Block Grant Funding Update: What's the Impact on North Carolina?

Chuck Ingoglia, MSW
National Council for Behavioral Health



Changing Policy & Practice Environment

- Increased demand at same time as diminishing federal, state, and local resources
- State and local systems undergoing accelerated change in organization and financing
- Integrated care becoming expectation for payers, consumers, and families
- Health IT linking behavioral health system to the rest of healthcare

News From Washington

- **FY2018 omnibus funding bill** passed in March.
- **Various executive and legislative actions** repeal or undercut portions of the ACA.
- **CMS** moves to permit work requirements, other restrictions on Medicaid benefits.

Where are we now?

TAX CUTS

FY '18/19 Appropriations

**LIMITED COVERAGE HEALTH
PLANS**

**STATE MEDICAID
WAIVERS**

Tax Cuts and Jobs Act of 2017

Impact on insurance markets

- Repealed the ACA's individual mandate
 - Little impact expected on premiums in CY 2018
 - Substantial premium increases expected in future years as healthy enrollees drop coverage
 - Potentially opens door to smoother passage of future ACA repeal bill by reducing # of uninsured in CBO score?



Did you know: The tax bill also doubled the standard deduction, shifting incentives away from charitable giving, resulting in an projected \$13.1 billion loss in giving.

FY 2018 Appropriations

- Massive omnibus spending bill passed in March
 - **+\$10.1 billion** for federal health spending
 - SAMHSA, NIH, CDC receive increases
 - \$4 billion dedicated to addressing opioid crisis
 - Key programs:
 - **CCBHCs** (+\$100 million)
 - **PIPBHC** (level funding)
 - **Mental Health First Aid** (+\$5 million)
 - **Opioid STR grants** (doubled to \$1 billion)
 - **And more!**

FY 2019 Appropriations

- **President's Budget Request**
 - Signaled support for bills that would **end Medicaid expansion**, convert Medicaid to block grants for states
 - +\$10 billion in discretionary spending for HHS to address the opioid crisis
 - **-\$668 million** cut to SAMHSA
 - **Almost zeroes-out** Office of National Drug Control Policy budget
 - +\$1.4 billion for National Institutes of Health\
- **On to Congress for budget resolutions**

Proposed changes to essential health benefits

- Would open the door to less comprehensive EHB by allowing states to:
 - Choose plans (and benefit categories) from other states
 - Substitute one category of benefits for another
 - Create a new benefit plan from scratch
- HHS considering a “federal default definition of essential health benefits”
 - Could include a “national benchmark plan standard” that would shift costs to states for more generous coverage

What do we know about what's ahead?



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President Trump's new health team is reshaping regulatory direction and action, with an emphasis on state “flexibility.”

Trump's Health Care Team



*Alex Azar,
Secretary of HHS*



*Seema
Verma,
Administrator
of CMS*



*Dr. Elinore
McCance-
Katz,
Assistant Sec.
for Mental
Health*

Regulatory Areas of Focus

- **Medicaid Expansion and Work Requirements**
 - CMS recently released guidance allowing states to **require Medicaid recipients to work**, which marks a significant shift in the program.
 - Several key policy decisions are still being contemplated within the Administration, including whether to **allow “partial” Medicaid expansion or limits on eligibility**.
- **The Future of CMMI**
 - CMS issued an informal request for information for CMMI, dubbed New Direction, to help shape its future work.
 - CMMI could ostensibly be used to both: (1) introduce **subtle changes in physician reimbursement** and scale down mandatory demonstrations, and (2) be a **tool for entitlement reforms** and push for **increased beneficiary accountability for cost of care**.
- **Association Health Plans (AHPs) and Short-Term Plans**
 - The Trump Administration has been pushing regulations that would allow consumers to buy insurance plans that **skirt many of the consumer protections included in the ACA**.
 - A rule on AHPs would allow **employees in the same trade or geographic area to band together** under the same rules that apply to large employers.
 - **Short-term plans are exempt from ACA regulations**, and under new rules, could be renewed annually.

Likely Medicaid waiver proposals

- Work requirements
- Drug testing
- Higher cost sharing
- Use of HSAs
- Special enrollment & lockout periods
- Time limit on coverage
 - CMS rejected KS lifetime limit on coverage



"Disability" is often touted as a category of exemption from new waiver requirements.

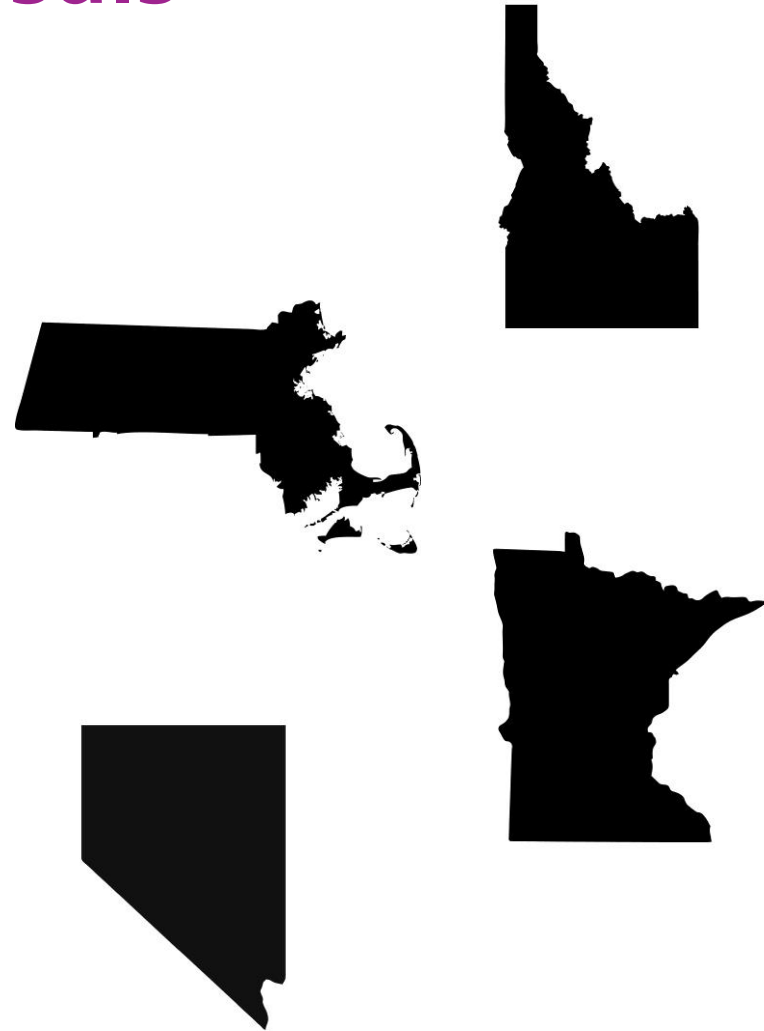
Medicaid Work Requirements

- CMS released guidelines for states to create work requirements
- At least 11 states have submitted waivers
- Proposals approved in Kentucky, Indiana, Arkansas, New Hampshire
 - Non-exempt individuals must complete 20+ hrs/week of work, job training, job search or “community engagement” activities
 - Lawsuit pending against HHS & CMS



State Medicaid Buy-In Proposals

- Reaction to ACA Repeal efforts
- Could expand Medicaid by allowing individuals not currently eligible to buy into public coverage
- Need to seek federal approval to offer subsidies



SAMHSA priorities

Refocusing of SAMHSA

- Maintain a system to disseminate research findings and EBPs to service providers to improve prevention and treatment services
 - Small agency/small budget/big job: requires a focus on the most seriously ill/tackling the biggest issues in behavioral health:
 - People living with SMI
 - Opioid Crisis

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ISMICC Recommendations

- Strengthen federal coordination
- Increase access to care
- Address workforce shortage
- Close the gap between what works and what is offered
- Increase criminal justice diversion & early intervention

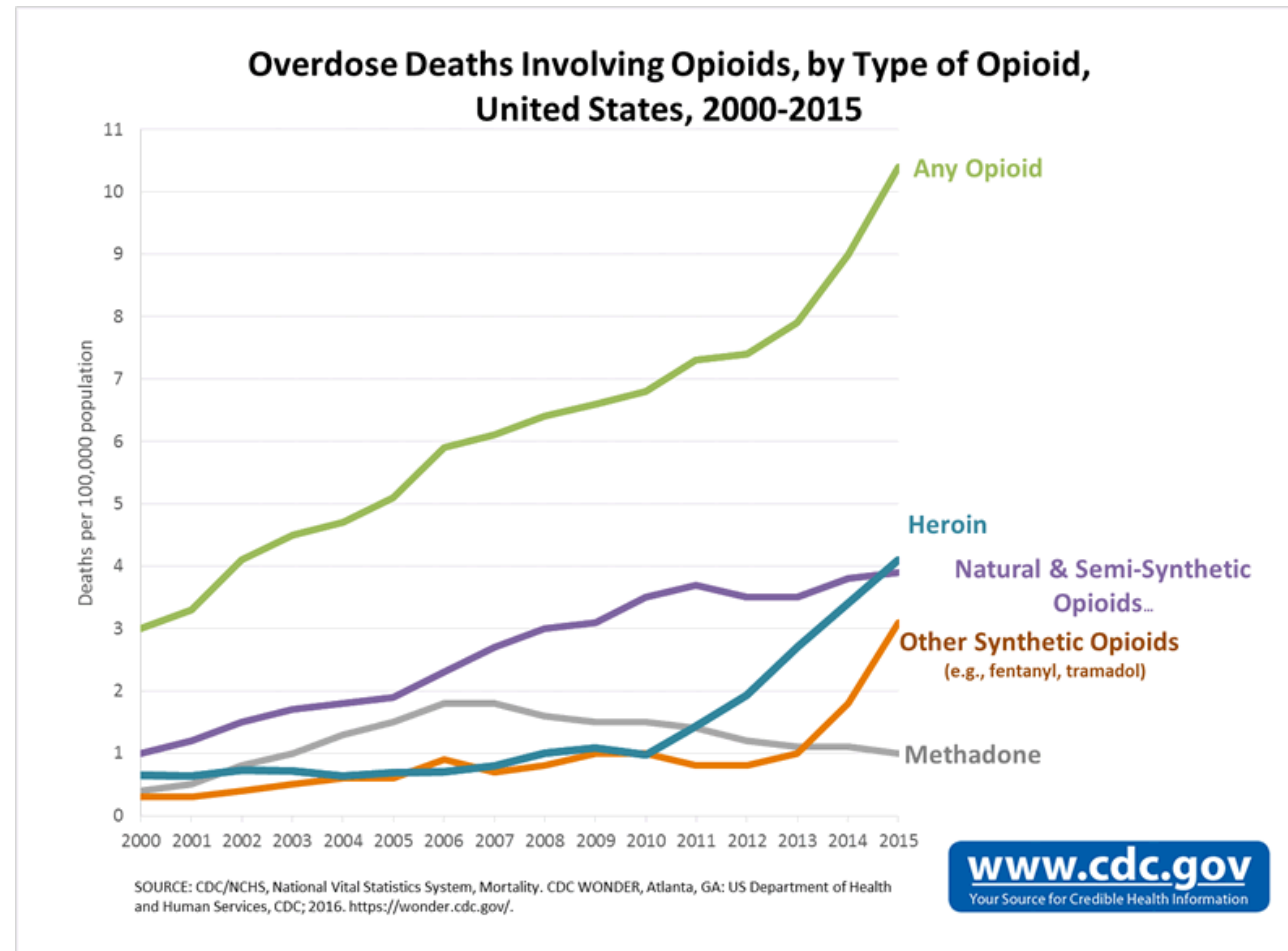
Potential Solutions

- Certified Community Behavioral Health Clinics (CCBHCs)
 - 2-year demo in 8 states
 - Increased access to services by 25% in first 6 months
- Payment reform
- Mental Health First Aid (MHFA)

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There is continued interest in Congress in addressing addiction and mental health.

Opioid deaths are still on the rise



Death Rates Rising for Middle-Aged White Americans, Study Finds

By GINA KOLATA NOV. 2, 2015



Angus Deaton with his wife, Anne Case, right, last month after he won the 2015 Nobel Memorial Prize in Economic Science. Together, they wrote a study analyzing mortality rates.

Ben Solomon for The New York Times

Something startling is happening to middle-aged white Americans. Unlike every other age group, unlike every other racial and ethnic group, unlike their counterparts in other rich countries, death rates in this group have been rising, not falling.

That finding was reported Monday by two Princeton economists, Angus Deaton, who last month [won the 2015 Nobel Memorial Prize in Economic Science](#), and Anne Case. Analyzing health and mortality data from the Centers for Disease Control and Prevention and from

other sources, they concluded that rising annual death rates among this group are being driven not by the big killers like

heart disease and [diabetes](#) but by an epidemic of suicides and afflictions stemming from [substance abuse](#): [alcoholic liver disease](#) and overdoses of heroin and prescription opioids.

Opioid Legislation

One of the few issues in health care that has the potential to break through for the remainder of the election year is opioid-related legislation.

- The **House Energy and Commerce Health Subcommittee** is holding a series of hearings on opioid legislation, and Health Subcommittee Chairman Greg Walden (R-OR) is aiming to get a House vote on a package of bills by Memorial Day.
- In the **Senate**, the **HELP and Finance Committees** are pursuing a parallel effort to the House, but have been moving at a slower pace thus far.
- Sens. Rob Portman (R-OR) and Sheldon Whitehouse (D-RI) are working on their own opioid-related measure, framing it as a follow-up bill to the **Comprehensive Addiction and Recovery Act (CARA)** signed into law in 2016.

House Response

- Energy & Commerce is in the midst of hearings to consider dozens of bills with various solutions:
 - Telehealth
 - Alternatives for pain management
 - IMD exclusion
 - Recovery housing best practices
 - Research
 - Grant-funded services
 - SUD Workforce
 - Incentivize EHR use



Senate Response

- Senate Health, Education, Labor, & Pensions (HELP) Committee working on large package of legislation dubbed the “**Opioid Crisis Response Act**” that would:
 - Reauthorize the Opioid State Targeted Response Grant Program
 - Make medication-assisted treatment (MAT) available via telemedicine
 - Increase access to MAT with more prescribers
 - Require HHS to provide guidance on recovery housing best practices
 - Spur development for new pain & addiction treatments
 - Promotes the substance use disorder treatment workforce through loan forgiveness opportunities

Other Recent Legislation

Excellence in Mental Health and Addiction Treatment Expansion Act: More states allowed to implement CCBHCs

Mental Health Access Improvement Act: Medicaid billing for MFTs/MHCs

Multiple loan forgiveness bills for professionals in addiction settings

Behavioral Health IT Act: Demonstration to help BH providers adopt electronic health records

Other bills introduced: CARA 2.0, CHRONIC Care Act, Medicaid CARE Act, Telehealth proposals

Caveats

- Changes to other federal programs undermine other safety net supports
- Investment via grants, not coverage
- New rescission package threatens federal spending
 - Would rescind \$15.4 billion, including \$7 billion from CHIP
- Need for health-related “moving vehicles” to pass any of these bills



Convene. Strategize. Activate.