Federal Policy Update

National Council for Behavioral Health
February 1, 2018

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Recent News From Washington

- Congress faces action-packed year as **gov't funding expires Feb. 8**. Also on its to do list:
  - FQHC fiscal cliff, Medicare extenders package, potential health care marketplace legislation, negotiations for extending the debt ceiling
- **CHIP reauthorized** for six years
- **Tax reform package** repealed ACA individual mandate
- **Executive actions** on individual markets, essential health benefits.
- **Alex Azar** confirmed as Secretary of HHS

Bottom line: numerous threats to Medicaid, safety net still on the horizon

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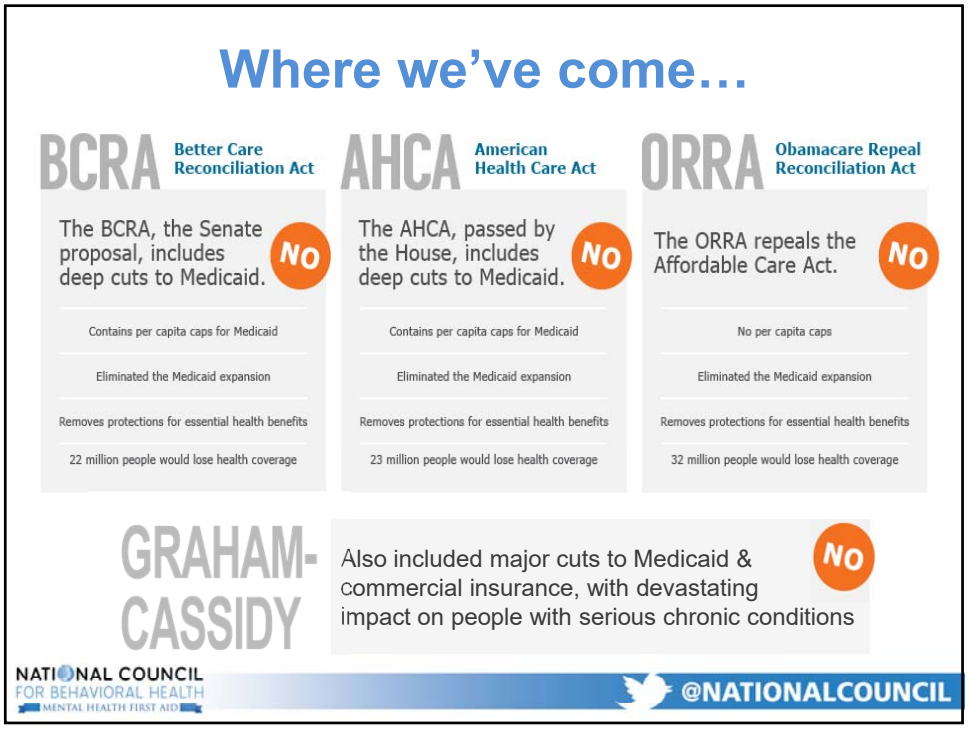
Where we've come…
BCRA
Better Care Reconciliation Act
The BCRA, the Senate proposal, includes deep cuts to Medicaid.
NO
Contains per capita caps for Medicaid
Eliminated the Medicaid expansion
Removes protections for essential health benefits
22 million people would lose health coverage
AHCA
American Health Care Act
The AHCA, passed by the House, includes deep cuts to Medicaid.
NO
Contains per capita caps for Medicaid
Eliminated the Medicaid expansion
Removes protections for essential health benefits
23 million people would lose health coverage
ORRA
Obamacare Repeal Reconciliation Act
The ORRA repeals the Affordable Care Act.
NO
No per capita caps
Eliminated the Medicaid expansion
Removes protections for essential health benefits
32 million people would lose health coverage
GRAHAM-CASSIDY
Also included major cuts to Medicaid & commercial insurance, with devastating impact on people with serious chronic conditions
NO
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Thanks to our members for standing with us to protect those with mental illness and addiction.
Let's keep up the fight!
UNITE4BH
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"Sneaky Repeal"

Tax Cuts and Jobs Act (Passed in December)

- Repealed the individual mandate, increasing number of uninsured & likely resulting in increased premiums
  - Potentially opens door to smoother passage of future ACA repeal bill by reducing # of uninsured in CBO score?
- Doubled the standard deduction, will lead to a loss of up to $13.1 billion in charitable giving contributions annually.

Market stabilization

- Alexander-Murray Bill
  - Two years of subsidy funding
  - Extend "copper plan" to people over 30
  - $106 million in enrollment outreach funding
  - Shorter review time for states seeking Section 1332 waivers
  - Funding to help states launch reinsurance programs
- Collins-Nelson Bill
  - $4.5 billion in federal reinsurance over 2 years
- Trump eager to see both bills passed in January …

FY 2018 Appropriations

- **President's Budget Request**
  - +$500 million for opioids, -$300 million across the board at SAMHSA, key SAMHSA programs zeroed out
- **House Appropriations Committee-approved**
  - -$300 million across the board at SAMHSA, -$141 million from Mental Health Block Grant, +$1.1 billion for NIH funding, level funding for key SAMHSA programs (PBHCI, MHFA)
- **Senate Appropriations Committee-approved**
  - +$500 million for opioids, +$13 million at SAMHSA, level funding for key SAMHSA programs, +$2 billion for NIH funding

Next funding deadline: Jan. 19, 2017

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Meanwhile, at the White House…

Action on CSRs, association health plans

CSRs

- Plans to end $7B in subsidies that help low-income consumers purchase coverage
- Affects people 100-250% FPL in silver plans
- Insurers' rates for 2018 already locked in
- The litigation begins…

Association Health Plans

- Executive order reinterprets AHPs as ERISA plans (largely exempt from ACA coverage requirements)
- Allows sale of AHPs across state lines by employers in the same line of business
- Rulemaking required

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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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1

Attempted entitlement reform does not seem likely in 2018.

2

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

Trump's Health Care Team

HHS Sec. Nominee Alex Azar

Seema Verma, Administrator of CMS

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

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"Today, we commit to ushering in **a new era** for the federal and state Medicaid partnership where **states have more freedom** to design programs that meet the spectrum of diverse needs of their Medicaid population…"

–Former Sec. Tom Price & Administrator Seema Verma

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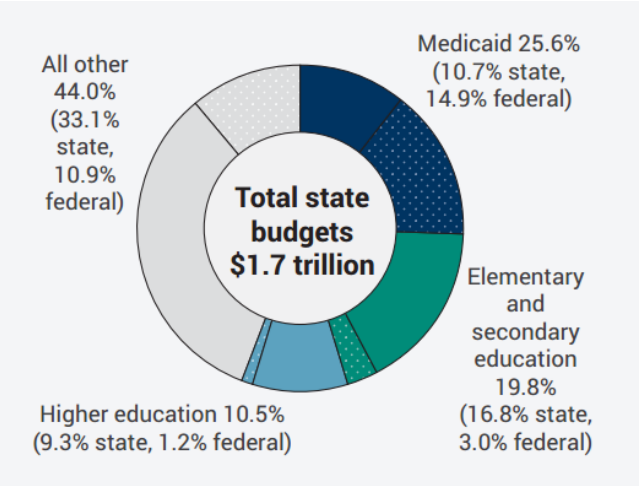
States rely heavily on federal Medicaid funding



Likely Medicaid waiver proposals

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

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

State Medicaid Buy-In Proposals

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

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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

3

SAMHSA

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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)

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

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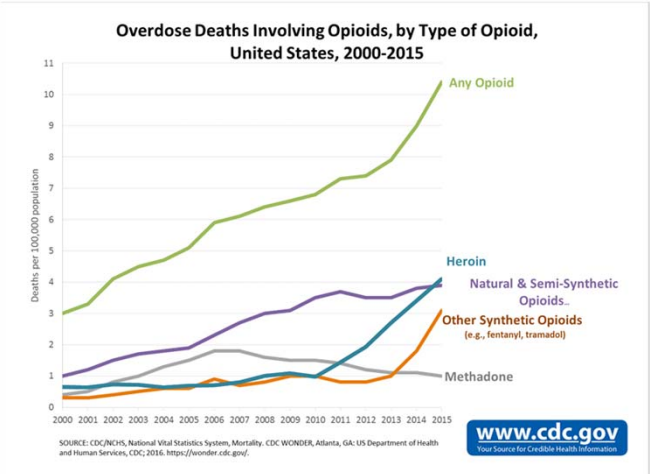
Opioid deaths are still on the rise



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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.

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New legislation in 2017

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

Strengthening the Addiction Treatment Workforce Act: Loan forgiveness for professionals in addiction settings

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

Other bills introduced: **CHRONIC Care Act** (Wyden/Grassley), **Family First Prevention Services Act** (Wyden/Hatch), **Medicaid CARE Act** (Durbin/Portman) and others… HIPAA… telehealth?

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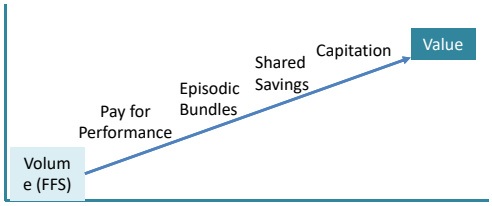
Caveats

- Changes to other federal programs undermine other safety net supports
- Investment via grants, not coverage
- Need for health-related "moving vehicles" to pass any of these bills

4 "Quality" and "Value" are still the buzzwords of the day… but there are conflicting signals from the federal gov't about its investment in pursuing delivery and payment reform

Shifting Focus from Volume to Value



Incentives for health system investment in behavioral health care

- Reduce ED overcrowding
- Improve bed availability
- Reduce inpatient length of stay

- Prevent unnecessary readmissions
- Improve clinical outcomes & reduce cost of care for complex, chronically ill populations

Fad, or future?

"ACOs reduced spending by **$836** million in 2016, **nearly double** the amount they posted in 2015."

$

CMS backed away from publicizing its findings—an indication of changing commitment, or the result of a tumultuous administrative transition?

Shift in CMMI Focus

2016 Focus Areas:

- Implementation of models
- Monitoring & optimizing results
- Evaluation & scaling of models
- Integrating innovation across CMS
- Development of new models to round out portfolio

2017 Focus Areas:

- Reducing administrative & regulatory burdens
- Increasing focus on voluntary models
- Seeking industry-driven innovations
- Promoting provider choice and competition
- Eliminating unsuccessful models

5 What can YOU do? Adapt to thrive… and advocate!

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Demand for impact

- Transparent organization
- Reliability and reputation
- Using patient-specific data to examine progress or lack of progress
- Using registries and monitoring to benchmark staff variance in clinical practice standards

Infrastructure Needs

- Contracting expertise and willingness to experiment
- Value-driven decision-making (outcomes + costs)
- Sophisticated compliance program
- EHRs with registries, HIEs
- Committed and valued workforce
- Smart, fearless, team-based leadership

What is BHECON?

The Behavioral Health + Economics Network, known as BHECON (pronounced “beacon”) unites diverse stakeholders to examine and advance policy reforms to strengthen states’ behavioral health delivery systems.

BHECON exists to **breakdown policy silos** and **bring data to bear** in order to improve the lives of individuals living with behavioral health needs.

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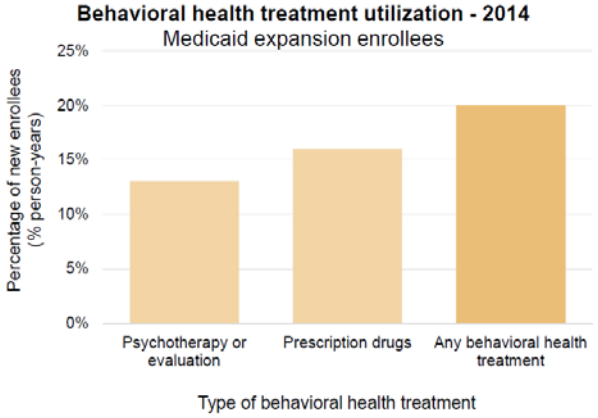
Barriers & challenges faced by all

- Financial constraints
- Regulatory barriers
- Workforce challenges
- Health systems partnerships
  - Information exchange between providers
  - Care coordination relationships
- **Demonstrating value in a world driven by data**

Use of behavioral health treatment among Medicaid expansion enrollees

NEW YORK 2014



Source: U.S. Government Accountability Office; Medicaid expansion - behavioral health treatment use in selected states in 2014 (GAO-17-529) https://www.gao.gov/assets/690/685415.pdf (table 3)

After Medicaid expansion, 1,759,414 individuals were additionally enrolled in New York in 2014. Many of these individuals received behavioral health services and/or prescription drugs in the year following expansion.

Whereas services (e.g. psychotherapy or evaluations) for the uninsured were previously covered by state-funded programs, prescription drugs were not, and thus newly enrolled patients had greater access to this type of treatment after Medicaid expansion.

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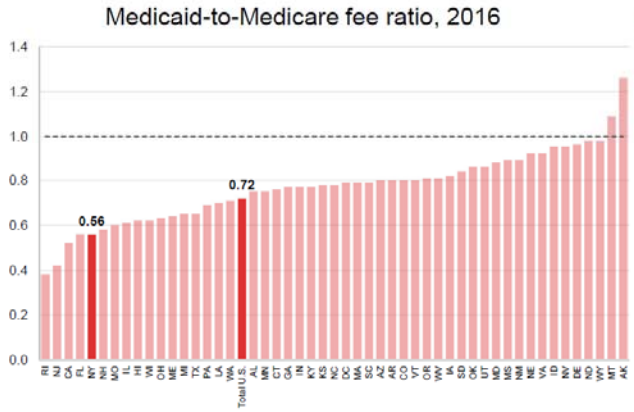
Medicaid reimbursement rates to physicians are low

NEW YORK AND UNITED STATES 2016



Low reimbursement rates *are a disincentive for individual physicians to accept patients with Medicaid coverage and mental health problems. Compared to Medicare fee levels, Medicaid reimbursement rates are low in most states.*

New York has one of the lowest Medicaid-to-Medicare fee ratios in the U.S, which may further limit physician's willingness to accept Medicaid patients

This can be a barrier for these patients to obtain access to mental health care. *Draft - do not distribute*

Source, Kaiser Family Foundation, Medicaid-to-Medicare Fee Index, FY 2016

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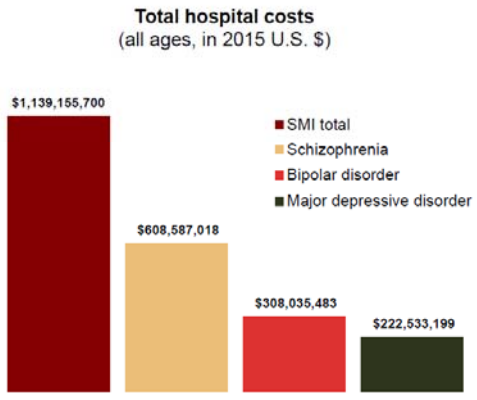
Total hospital costs for mental illness hospitalizations

NEW YORK 2014



Total hospital costs in New York for hospitalizations for serious mental illness together exceeded $1.1 billion in 2014.

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Source: Healthcare Cost and Utilization Project (HCUPnet) 2014

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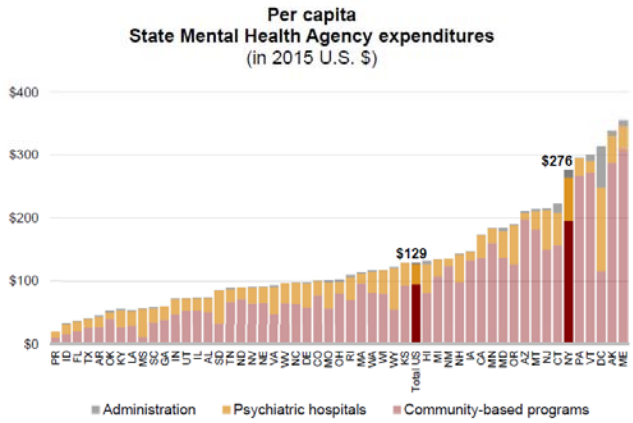
State Mental Health Agency spending

NEW YORK AND UNITED STATES 2013



New York's state mental health agency spends a higher per capita amount on mental health services compared to the U.S. average.

Expenditures include (on average):

- *72% Community-based mental health programs funded and/or operated by state mental health agencies*
- *26% Mental health services in state psychiatric hospitals*
- *2% Administration/training/ research/evaluation to support these services*

Source: State Mental Health Agency-Controlled Expenditures for Mental Health Services, FY 2013 National Association of State Mental Health program Directors Research Institute, Inc (NRI)

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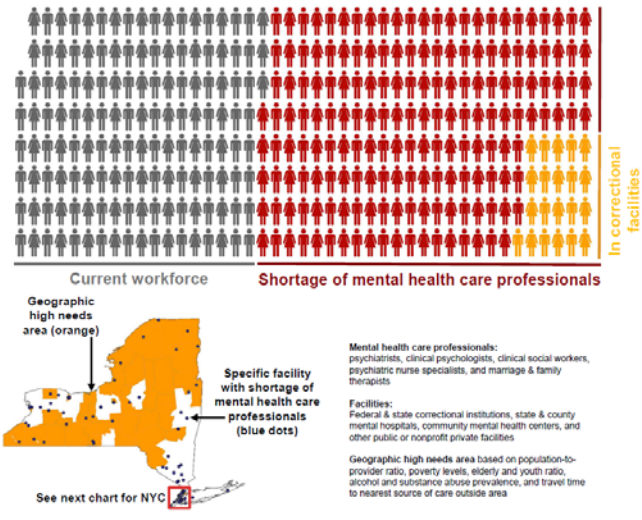
Shortage of mental health care professionals

NEW YORK 2017



Currently, New York has 145 full-time equivalent mental health care professionals in designated shortage areas. In order to address the shortage issue, 197 more full-time professionals are needed in these areas, 21 of whom are needed in correctional facilities. 22% of the total population of New York resides in designated shortage areas (4,435,492 people).

Source: Heal.th Professional Shortage Areas (HSPA), HRSA Data Warehouse data as of 1/8/2017

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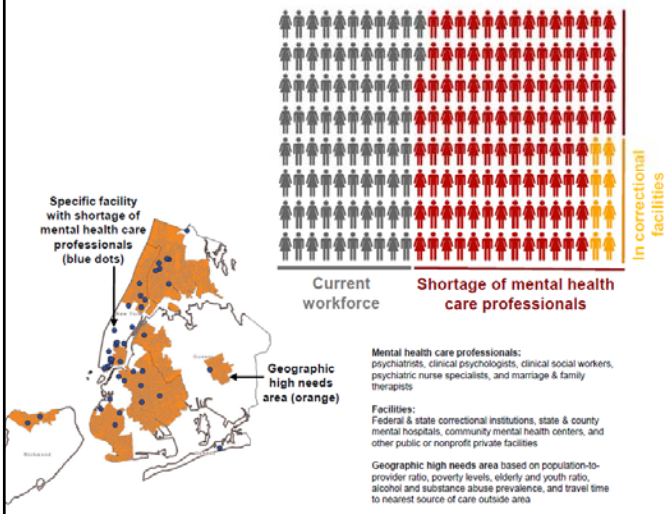
Shortage of mental health care professionals in NYC

NEW YORK CITY 2017



New York City has 82 full-time equivalent mental health care professionals in designated shortage areas. In order to address the shortage issue, 118 more full-time professionals are needed in these areas, 8 of whom are needed in correctional facilities. Approximately 30% of the total population of New York City resides in designated shortage areas (2,585,808 people).

Source: Health Professional Shortage Areas (HSPA), HRSA Data Warehouse data as of 1/08/2017

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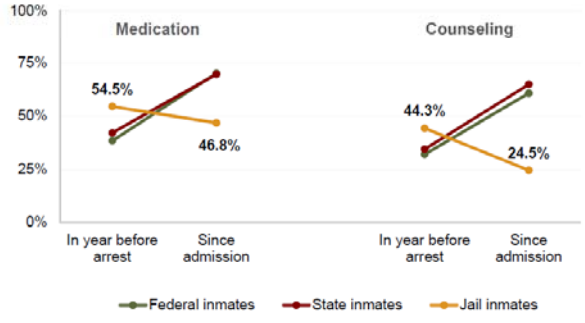
Change in treatment before and during incarceration in prison and jails

UNITED STATES

Lack of access to mental health treatment in local jails

Among inmates with a previously diagnosed serious mental illness and who have ever received respective treatment before incarceration



Source: SISFCF (Survey of inmates in states and federal correctional facilities) 2004 & SILJ (Survey of inmates in local jails) 2002

The increase in mental health care treatment in federal and state prisons after admission to prison suggests that these institutions are making up for the gaps in mental health treatment in the regular health care system.

At the same time, local jail inmates do not have the same access to medication and counseling while incarcerated as federal and state prisoners.

Mental health conditions include prior diagnosis of depressive disorder, bipolar disorder, and/or schizophrenia. Medication and counseling data includes treatment for any mental illness.

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Number of **New York state prison inmates** previously diagnosed with serious mental illness:

8,934

Overall annual costs in 2015:

$558,303,460

Overall annual costs based on 2015 average of all state prison inmates in New York
Source: Annual Survey of State Government Finances 2015
Survey of Inmates in State/Federal Correctional facilities, BJS, 2004
New York State, Commission of Correction - Inmate Population Statistics

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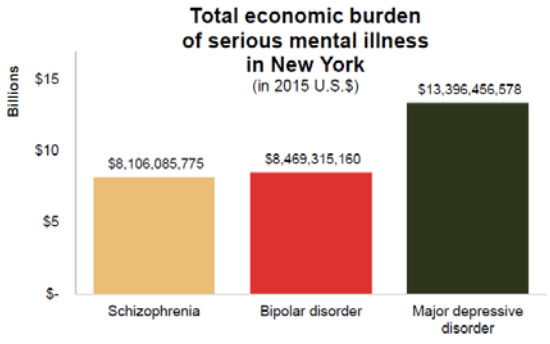
Economic burden of serious mental illness

NEW YORK 2015



*The economic burden of schizophrenia, bipolar disorder, and major depressive disorder in adults in New York is estimated to be at least **$8 billion for each serious mental illness.***

Due to symptom overlap, diagnoses of mental illnesses are not mutually exclusive, therefore, patients with two or more diagnoses may be represented in multiple categories.

Source: MacEwan JP, Seabury S, et al. Pharmaceutical innovation in the treatment of schizophrenia and mental disorders compared with other diseases. Innov Clin Neurosci. 2016 Aug 1;13(7-8):17-25. See appendix for original sources

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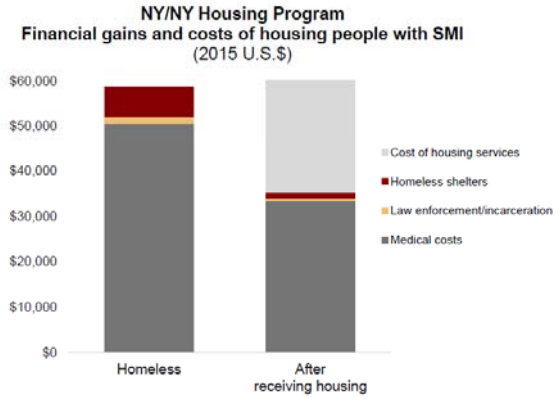
Providing housing to homeless people with SMI reduces the strain on public services

NEW YORK CITY



In 2015, approximately 10,000 homeless people in New York City had a severe mental illness (13% of the total homeless population).

Based on evaluations of a housing program in the 1990's, a homeless person with serious mental illness in New York City uses more than $58,000 per year in health care, corrections and shelter services (in 2015 U.S.$).

By investing in housing for homeless people, these annual costs can be reduced with more than $23,000 per housing unit, thereby recouping 95% of the costs of supportive housing, and significantly reducing the strain on publicly-funded service systems.

Note that there are potential benefits not evaluated here, such as better economic opportunities for people in supportive housing programs.

Sources: HUD Exchange, and Culhane et al., Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. Housing Policy Debate 2002, 20; 1:107-163

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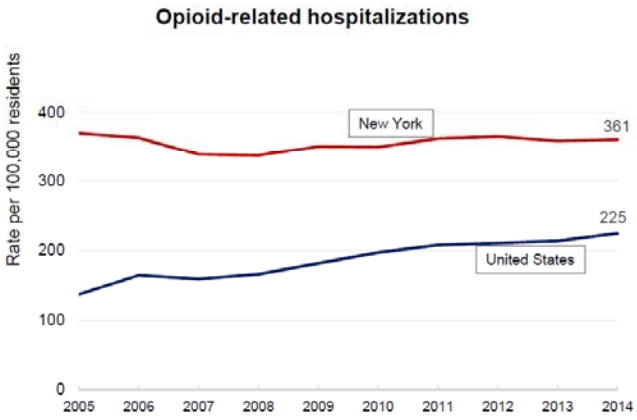
Opioid-related hospitalization rates are high in New York

NEW YORK AND UNITED STATES 2005-2014



In contrast to the rest of the country, the rate of opioid-related hospitalizations in New York did not increase during the last decade. However, the hospitalization rate in New York is still 60% higher than the national rate.*

Source: Healthcare Cost and Utilization Project (HCUP Fast Stats - Opioid-Related Hospital Use)
** Opioid refers to both opioids and opiates in this chartbook*

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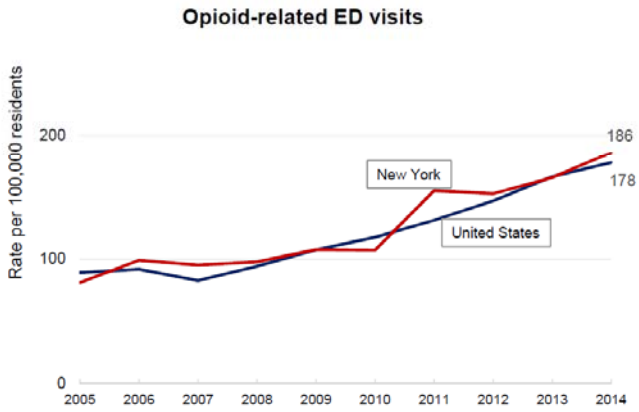
Opioid-related emergency department visits are on the rise

NEW YORK AND UNITED STATES 2005-2014



The rate of opioid-related emergency department (ED) visits doubled between 2005 and 2014 in New York and in the U.S. as a whole.

Source: Healthcare Cost and Utilization Project (HCUP Fast Stats - Opioid-Related Hospital Use)

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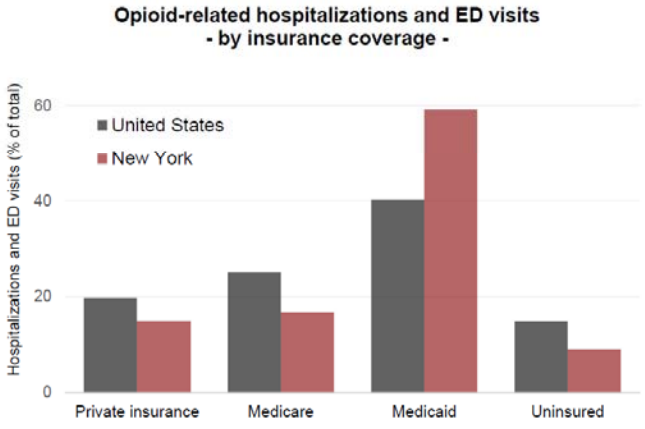
Insurance coverage for opioid-related hospitalizations and ED visits

UNITED STATES AND NEW YORK 2014



Most opioid-related hospitalizations and ED visits in the U.S. are by patients with Medicaid coverage, compared to patients with other coverage or without health insurance. This difference is even more pronounced in New York, where almost 60% of these patients are covered by Medicaid.

Source: Healthcare Cost and Utilization Project (HCUP Fast Stats - Opioid-Related Hospital Use)

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Be Heard.

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April 23-25 I Washington, DC

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HILL DAY VISITS

Gaylord National Resort & Convention Center
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