



Health Care Reform

Brief Update on Implementation Activities Relevant to California's Public Mental Health System

**Presentation to CMHDA All Directors Meeting
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Molly Brassil
Associate Director, Public Policy
California Mental Health Directors Association

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Today's Overview

- ❖ Recent Federal Guidance
- ❖ Medicaid Expansion
- ❖ Covered California
- ❖ 1115 Waiver – Behavioral Health Services Plan
- ❖ Coordinated Care Initiative
- ❖ Let's Get Healthy CA Task Force

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Recent Federal Guidance

- ❖ *Patient Protection and Affordable Care Act Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation* – Proposed Rule – November 2012
- ❖ *Essential Health Benefits in the Medicaid Program* – CMCS State Medicaid Director Letter – November 2012
- ❖ *Exchanges, Market Reforms and Medicaid* – CMS Frequently Asked Questions – December 2012
- ❖ *Conversion of Net Income Standards to MAGI Equivalent Income Standards* – CMS State Health Official/Medicaid Director Letter – December 2012
- ❖ *Coverage and Service Design Opportunities for Individuals with Mental Illness and Substance Use Disorders* – CMCS Informational Bulletin – December 2012
- ❖ Anticipated Rule-Making on Parity

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Proposed Rule on Essential Health Benefits, Actuarial Value & Accreditation

- ❖ The proposed federal rule primarily seeks to codify the approach described in the Essential Health Benefits bulletin released by the CCIIO in December 2011.
- ❖ The outlined approach utilizes a reference plan model by which states essentially identify an existing insurance product to set as the benchmark – supplementing as necessary in order to ensure coverage of all ten essential health benefits, including mental health/substance use disorder treatment.
- ❖ The proposed rule provides an explicit recognition of the ACA requirements for essential health benefits to include mental health and substance use disorder services, in a manner consistent with the requirements of the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA).
- ❖ The proposed rule makes clear that the essential health benefit applicability to Medicaid will be defined in a separate regulation.

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Proposed Rule on Essential Health Benefits, Actuarial Value & Accreditation

- ❖ CMHDA submitted comments in late December to HHS outlining our concerns and recommendations regarding the proposed regulation
- ❖ CMHDA's comments:
 - Pleased with mental health parity reference.
 - Concern with lack of detail in a number of key areas, including, among others, compliance enforcement, specific benefits, discrimination standards and benchmark supplementation.
 - Ongoing concern with exclusion of non-pregnancy related Methadone Maintenance Treatment in CA's selected benchmark plan for the individual and small group market.

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CMCS Guidance on Essential Health Benefits in the Medicaid Program

- ❖ CMCS released a letter to State Medicaid Directors in November to provide guidance to states on Medicaid benchmark benefit coverage options (alternative benchmark plans).
- ❖ Essentially, this letter explains how HHS intends for participating states to operationalize the requirement to provide essential health benefits to the Medicaid expansion population.
- ❖ State Medicaid Director letters are not open for public comment. According to the letter, HHS expects the proposed regulation on this issue to be published shortly.

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CMCS Guidance on Essential Health Benefits in the Medicaid Program

- ❖ Alternative benchmark plans (ABPs) were first defined in federal law per the 2005 DRA which provided states with significant flexibility to design Medicaid benefit packages under the state plan.
- ❖ The guidance outlined in the letter closely aligns with the current ABP option, as established in 2005, and continues to provide states with significant flexibility in designing benefit packages.
- ❖ The benchmarking process outlined in the guidance is very similar to the process outlined in the proposed rule for the commercial sector, however states are required to choose from slightly different plans.
- ❖ Also, an important additional option offered to states is "Secretary Approved Coverage" – which includes the Medicaid state plan adult benefit package offered in the state and may be supplemented to ensure coverage of the ten statutorily-specified essential health benefits.
- ❖ The guidance is clear that the MHPAEA applies to ABPs.

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Anticipated Rule-Making on Parity

- ❖ It is still anticipated that HHS will release further guidance on mental health and addiction parity.
- ❖ Some speculate that the forthcoming guidance may simply finalize the interim final rules released in February 2010.
- ❖ However, advocates hope that the final parity guidance will be more substantive than the interim final rule, and go into more detail on some of the questions raised in the essential health benefit defining process, such as service exclusions.

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Medicaid Expansion

- ❖ Beginning January 1, 2014, the ACA establishes a new Medicaid eligibility group of non-pregnant adults between the ages of 19 and 64 with incomes at or below 138% of the federal poverty level based on modified adjusted gross income.
- ❖ This new eligibility group consists of non-Medicare eligible childless adults and individuals receiving Aid to Families with Dependent Children.
- ❖ Participating states will receive 100% federal medical assistance percentage (FMAP) for the first three years of implementation (2014-2016), gradually declining to 90% in 2020 and thereafter.
- ❖ Participating states are required to provide essential health benefits (benchmark or benchmark equivalent coverage), including MH & SUD treatment, to Medicaid beneficiaries in the new eligibility group.

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Medicaid Expansion

- ❖ Following the June 2012 Supreme Court decision, states face a decision about whether to adopt the Medicaid expansion.
- ❖ While proposed regulations are forthcoming, the recent CMCS Guidance provides an overview of the intended approach for state implementation (for participating states).
- ❖ The recent CMS FAQ further clarifies a number of issues related to the expansion opportunity, including making clear that states choosing to expand must expand coverage to 133% of FPL in order to receive the enhanced federal matching funds (100% support for newly eligible adults in 2014, 2015, and 2016).
- ❖ Accordingly, CMS has asserted that the law does not provide for a phased-in or partial expansion and, as such, CMS will not consider partial expansions for populations eligible for the 100 percent matching rate in 2014 through 2016.
- ❖ It is anticipated that the Governor's Special Session on Health Care will include state legislative initiatives related to the Medicaid expansion.

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Covered California

- ❖ Covered California (California's Health Benefit Exchange) is making steady progress towards its October 1, 2013 open enrollment launch.
- ❖ On January 3, 2013, HHS Secretary Kathleen Sebelius announced that California has been conditionally approved to operate a State-based Exchange. The approval is conditional on Covered California continuing to meet its regulatory and start-up benchmarks.
- ❖ Covered California has been actively working with interested private health care plans to offer health benefit products online for individuals and small businesses.
- ❖ Consumers should be able to begin using the web portal on October 1, 2013 to select the health plan that best meets their needs and determine if they qualify for federal subsidies to offset the cost of their premiums, or if they are eligible for other public insurance programs.

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Covered California

- ❖ Recent focus has been qualified health plan contracting and benefit design, including making adjustments to co-pays and deductibles for each metal tier to meet federal actuarial value requirements.
- ❖ According to the board, the top priority in benefit design is ensuring that the plan designs sell well and that consumers can make informed choices about options.
- ❖ CMHDA, alongside our partners with CCWH, have weighed in to emphasize parity requirements in QHP contracting discussions – meaning that networks must be adequate, grievance processes appropriate, health assessments inclusive, etc.
- ❖ CMHDA will plan to reiterate these comments through the forthcoming public regulatory process to codify the QHP solicitation.

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Behavioral Health Service Plan

- ❖ As part of the Special Terms and Conditions (STCs) of the 1115 Bridge to Reform Waiver, CMS has required the DHCS to develop a behavioral health needs assessment and service plan to prepare for the 2014 Medicaid expansion.
- ❖ As outlined in the STCs, the state must submit a detailed plan to CMS outlining the steps and infrastructure necessary to meet requirements of a benchmark plan and ensure strong availability of behavioral health services statewide no later than 2014.
- ❖ This plan was originally due to CMS by October 1, 2012. However, DHCS requested a six-month extension from CMS in order to provide sufficient time to draft the proposal and ensure continued meaningful public input and transparency in the decision making process.

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Behavioral Health Service Plan

- ❖ Per agreement between DHCS and CMS, DHCS submitted a plan outline to CMS on October 1, 2012, to satisfy the due date listed in the STCs.
- ❖ DHCS will plan to submit a revised Services Plan by April 1, 2013.
- ❖ The finalized Services Plan will describe California's recommendations for serving the Medi-Cal expansion population and demonstrate the State's readiness to meet the mental health and substance use disorder needs of this population.
- ❖ According to DHCS, adjustments to the plan may be necessary depending on forthcoming federal guidance and/or state legislative action to implement components of the ACA.
- ❖ DHCS has indicated that they plan to convene stakeholders to inform the development of the final plan. CMHDA plans to participate in this process.

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Coordinated Care Initiative – California’s Duals Demonstration

- ❖ Contingent on CMS approval, the demonstration is slated to begin June 2013.
- ❖ The 8 selected counties are Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo and Santa Clara.
- ❖ DHCS’s Behavioral Health Workgroup has met monthly to further vet and define demonstration policies relevant to mental health and substance use disorders.
- ❖ CMHDA has also been hosting monthly calls for our members in the eight participating counties in order to provide an opportunity for county-to-county exchange and share local implementation opportunities and challenges.
- ❖ CMHDA and county mental health priority areas for further consideration include risk and cost shifting concerns, information exchange barriers and opportunities, payment policies, network coordination, shared savings opportunities, and MOU elements.

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Let’s Get Healthy California Task Force

- ❖ Per the Governor’s Executive Order, the California Health and Human Services Agency (CHHS) Secretary, Diana S. Dooley announced in June the creation of the “Let’s Get Healthy California Task Force.”
- ❖ The Task Force, Co-Chaired by Secretary Dooley and Don Berwick and made up of 25 appointed members and 20 appointed expert advisors, is charged with developing a 10-year plan to make Californians healthier.
- ❖ The 10-year plan will focus on improving quality, controlling costs, promoting personal responsibility for individual health, and advancing health equity.
- ❖ The final report released in December establishes baselines for key health indicators, identifies obstacles, inventories best practices, and creates a framework for measuring improvements in key areas.

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Let's Get Healthy California Task Force

- ❖ While the majority of the discussion has focused on issues related to healthy communities, such as safe and clean neighborhoods, access to nutritious foods and promotion of physical activity, CMHDA has made several recommendations for how mental health issues might be better included throughout the framework.
- ❖ CMHDA was pleased to note the inclusion of mental health and well-being as one of the key priorities outlined in the final report.
- ❖ More recently CMHDA submitted comments on the final report which we hope might assist in the implementation of the goals outlined in the report.
- ❖ CMHDA plans to work with partner mental health organizations to continue to monitor the work of the Task Force to ensure ongoing recognition and inclusion of mental health in the discussion.

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Contact Information

Molly Brassil
Associate Director, Public Policy
California Mental Health Directors Association
(916) 556-3477, ext. 152
mbrassil@cmhda.org

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