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National Health Financing News

- **CBO Releases Health Reform Cost Estimates, Senate Plans Delayed; House Leaders Offer Outlines:** On June 15, the **Congressional Budget Office (CBO)** released cost estimates for the **Senate Health, Education, Labor and Pensions (HELP) Committee's** health care reform bill released June 9 and for a draft version of the **Senate Finance Committee's** health care reform bill yet to be released. The CBO estimated that the HELP Committee's proposal will cost \$1 trillion over the next decade and insure only 16 million people, while the Finance Committee's draft bill would cost \$1.6 trillion over the same time period ([Kaiser Health News, 6/16](#); [Kaiser Health News, 6/16](#); [Wall Street Journal, 6/17](#)). In a letter to Senate leaders, **CBO Director Douglas Elmendorf** said that many of the cost-saving mechanisms in the health bills—including electronic health records, preventative care, and physician reimbursements tied to quality and efficiency—have little reliable evidence for practical implementation ([Kaiser Health News, 6/17](#)). Reacting to the cost estimates, **Senate Finance Committee Chair Max Baucus** (D-MT) announced plans to reduce the cost of the committee's proposal from \$1.6 trillion to \$1 trillion, funded entirely through tax increases, spending cuts, and other cost offsets. As a result, the Finance Committee bill, which was scheduled for markup up the week of June 22, may be delayed until after the July 4 recess ([Kaiser Health News, 6/19](#); [Kaiser Health News, 6/18](#); [Kaiser Health News, 6/17](#)). The HELP Committee began marking up its bill on June 17 and **Senator Chris Dodd** (D-CT) says the committee will finish the quality section by June 19 and move to prevention and workforce issues the week of June 22 ([Kaiser Health News, 6/19](#); [Kaiser Health News, 6/18](#); [Kaiser Health News, 6/17](#)). Responding to the perceived slowdown of health reform progress in the Senate, **Senators Max Baucus, Charles Grassley** (R-IA), **Kent Conrad** (D-ND), **Orrin Hatch** (R-UT), **Olympia Snow** (R-ME), and **Mike Enzi** (R-WY) formed a bipartisan group, the "Coalition of the Willing," to find consensus and fresh momentum on health care reform ([Washington Post, 6/18](#)). Meanwhile, in the House, Republican leaders unveiled their health care reform outline on June 17. The plan would allow dependents to remain on their parents' health plans up to age 25, provide business tax credits to employers offering health care, create insurance pools at the state and business level, incentivize the use of health savings accounts (HSAs), and allow Medicaid beneficiaries to transfer their coverage to a private insurer ([Kaiser Health News, 6/17](#); [MSNBC, 6/17](#)). House Democrats are scheduled to release a working draft of their health care reform legislation on June 19 that will include a public health plan, a tax on employers who do not provide health insurance, and an individual health care mandate ([Kaiser Health News, 6/19](#)). The New York Times provides an interactive health care reform tracker [here](#) and the **Kaiser Family Foundation (KFF)** continues to update their health care reform tracker [here](#).
- **Ex-Legislators Release Health Care Reform Proposal:** On June 17, **former Senators Tom Daschle** (D), **Bob Dole** (R), and **Howard Baker** (R) unveiled a health care reform plan estimated to cost \$1.2 trillion, but is budget neutral over 10 years. The plan would tax health care benefits with a value in excess of the benefits granted to members of Congress and include both an employer and individual health care mandate. In addition, the plan would call on states to create insurance exchanges, slow the cost growth of Medicaid and Medicare, and require that insurers offer a minimum benefits plan that limits out-of-pocket insurance premiums to 15 percent of income ([Kaiser Health News, 6/18](#); [Kaiser Health News, 6/17](#)).
- **President Obama Announces Plans to Cut More from Medicare and Medicaid:** In his weekly internet and radio address on June 13, **President Barack Obama** announced a plan to cut \$313 billion from Medicaid and Medicare over the next decade in an effort to raise additional funding for health care

reform. The cuts come on top of revisions to Medicare and Medicaid that President Obama requested in his FY2010 budget proposal, yielding a total of \$622 billion in cuts over 10 years. In his most recent proposal, President Obama suggests cutting the subsidies paid to hospitals to treat uninsured patients and reducing the prices paid for prescription drugs through Medicare ([Washington Post, 6/14](#)). The **American Hospital Association** (AHA) is urging hospitals to resist the cuts that will take \$200 billion for hospitals over a decade ([AP, 6/14](#); [Kaiser Health News, 6/17](#)).

- **Senators Introduce Bill to Improve Medicare Transitional Care:** Senators **Jeanne Shaheen** (D-NH), **Susan Collins** (R-ME), and **Blanche Lincoln** (D-AR) have introduced the **Medicare Transitional Care Act** to add a Medicare benefit to help patients transition from hospital to home or long-term care. The **American Association of Retired Persons** (AARP) and the **New Hampshire Hospital Association** support the bill, saying it will save money and improve outcomes ([Concord Monitor, 6/18](#)).
- **Survey Finds Health Care Entities Believe Pay-For-Performance Will Improve Outcomes and Increase Cost:** A survey by IVANS, an insurance and health care vendor, found that 72 percent of health care entities believe that a pay-for-performance health care model would improve client outcomes; however, 79 percent believe that such a model would increase provider cost through increased reporting requirements. The survey also found that 60 percent of health care entities believe that a national health insurance plan would either increase cost or have no effect at all. Finally, the survey found that respondents do not believe the health IT funding in the ARRA will encourage the adoption of electronic health records ([American Medical News, 6/15](#); [Kaiser Health News, 6/15](#)). The survey was released June 4 and is available on the IVANS [website](#).
- **State Budget Cuts Affect Children's Health Care:** The **Wall Street Journal** (WSJ) reports that, because one in four U.S. children currently get their health coverage from Medicaid or a State Children's Health Insurance Program (SCHIP), enacted or proposed Medicaid and SCHIP cuts in 22 states would disproportionately affect children. The WSJ highlights that a recent survey by the Medical Group Management Association found that 18 percent of practices polled no longer took Medicaid patients and 11 percent said they were likely to stop due to the recession. Another survey by the **National Association of Children's Hospitals** found that 20 percent of responding hospitals had cut or were planning cuts to clinical services because of the economy ([Kaiser Health News, 6/17](#); [Wall Street Journal, 6/17](#)).
- **Urban Institute Brief Examines Potential Effects of Health Care Reform on Children Enrolled in Medicaid and SCHIP:** On June 1, the **Urban Institute** released a brief, "Health Care Reform for Children with Public Coverage: How Can Policymakers Maximize Gains and Prevent Harm?," examining the effect of health care reform on children enrolled in Medicaid and SCHIP. The brief suggests that such children would benefit from increased health coverage for their parents. The brief also notes that effects of proposals to move the children into health insurance exchanges will vary by the characteristics of those exchanges. The change may cause them to lose benefits and/or legal protection; however, if reimbursement rates in the exchanges are higher than in public programs, children's access to care will improve ([Kaiser Health News, 6/18](#); [Urban Institute, 6/1](#)). The full brief is available on the Urban Institute's [website](#).
- **Insurers Refuse to Stop Cancelling Policies for Certain Sick Enrollees:** At a **House Subcommittee on Oversight and Investigations** hearing on June 16, congressmen questioned executives

from **UnitedHealth Group**, **WellPoint**, and **Assurant** for cancelling coverage for over 20,000 policyholders with one of more than 1,000 types of expensive illnesses. The executives said that the process, known as rescission, has saved an estimated \$300 million over five years and is designed to eliminate policyholders who commit fraud. However, executives refused to agree to limit the practice to policyholders committing fraud ([Kaiser Health News, 6/17](#)).

- **GE Offers Interest Free Loans to Purchase its EHR System:** **General Electric Co.** (GE) has announced that GE Capital division will give interest-free loans to hospitals and health care providers purchasing GE's electronic health records (EHR) system. GE expects to offer \$100 million in interim financing to health care providers that the company expects to qualify for Health IT funds through the ARRA. The loans will carry no interest until the institutions begin receiving federal funding ([Kaiser Health News, 6/17](#)).
- **VA Expands Coverage to Veterans in Priority 8:** On June 15, the **Veteran's Administration** (VA) opened its health care system to roughly 266,000 non-disabled veterans with incomes higher than the average wage in their communities and no illnesses attributable to their military service. Veterans in this category, known as Priority 8, lost coverage in a cost-saving move in 2003. The VA is raising income eligibility from about \$29,000 to \$32,000, adjusted for cost of living ([Kaiser Health News, 6/16](#); [AP, 6/15](#)).
- **Mathematica Examines AHRQ's National Health Plan Collaborate:** On June 12, **Mathematica Policy Research Inc.** publicly released its new report describing the National Health Plan Collaborative's (NHPC) efforts to help large health plans reduce racial and ethnic health disparities. Created in 2004, the NHPC is sponsored by the **Agency for Healthcare Research and Quality** (AHRQ) and the **Robert Wood Johnson Foundation** (RWJF). Mathematica's report, "The National Health Plan Collaborative: Overview of its Origins, Accomplishments, and Lessons Learned," found that most participating plans made significant progress in disparities measurement and reduction ([Kaiser Health News, 6/18](#)). The full report is available on Mathematica's [website](#).
- **UC-Berkeley Researchers Issue Reports Calling for Employer-Based Health Reform:** Two reports, released June 16 by researchers at the **University of California, Berkeley** (UC-Berkeley), argue that employers should play a greater role in health care reform. Philip Cryan's report for the **Economic Policy Institute** and the **Institute for America's Future**, "Will a Pay-or-Play Policy for Health Care Cause Job Losses," argues that payroll taxes will generate funds for employer-based health care reform and that such reform would add a large number of jobs to the economy. "How to Structure a 'Play-or-Pay' Requirement on Employers: Lessons from California for National Health Care Reform", authored by Jacob Hacker and Ken Jacobs, proposes implementing a 5 percent or 6 percent payroll tax on companies not providing health insurance and extrapolates lessons for national health care reform from the California experience ([California Healthline, 6/17](#); [Sacramento Bee, 6/17](#)). Cryan's report is available [here](#) and Jacobs and Hacker's is available [here](#).
- **Poll Finds Americans Want Substance Abuse Treatment Included In Health Care Reform:** A poll conducted by the Closing the Addiction Treatment Gap initiative and funded by the **Open Society Institute** found that 73 percent of Americans support including alcohol and drug addiction treatment as part of national health care reform ([Join Together, 6/17](#); [Open Society Institute, 6/16](#)). Top line results of the poll are available on the Open Society's [website](#).

- **Polls Find Stable Support For Health Reform, Attitudes Still Movable:** The **KFF's** most recent tracking poll, published June 16, found that 61 percent of people believe that health reform is more important than ever, 69 percent support employer mandates, 71 percent support individual mandates, and 65 to 67 percent support a public plan option. However, only 41 percent said they were willing to pay more for health reform and only 40 percent supported taxing employee benefits. Finally, the poll found that support for any element was susceptible to arguments pro and con, moving by as much as 40 percentage points in either direction ([Kaiser Family Foundation, 6/16](#)). In related news, a **Wall Street Journal/NBC** poll confirmed results that the public is still moveable on health care reform. Without specifics, roughly one-third of respondents favored **President Obama's** plan, one-third opposed it, and one-third had no opinion; however, when given details, 55 percent favored the plan and 35 percent opposed it. In addition, the poll found that 75 percent supported a public plan when no details were given but less than 50 percent supported specific arguments for the plan over arguments critical of it ([Kaiser Health News, 6/18](#); [Wall Street Journal, 6/18](#)). Key findings of the KFF poll are available on the KFF [website](#).
- **PricewaterhouseCoopers Report Says Health Care Costs to Rise in 2010:** On June 18, **PricewaterhouseCoopers** (PWC) released a report estimating that employers offering health insurance coverage will see a 9 percent cost increase in 2010 as health care utilization has increased this year. The report further notes that employees' costs are likely to increase more than 9 percent and that 42 percent of employers surveyed reported that they would pass cost increases on to their employees. PWC also notes that even if Congress passes health reform in the current legislative session it will have little effect on 2010 costs ([AP, 6/18](#); [Kaiser Health News, 6/18](#)).
- **More Medical Schools Improve Conflict of Interest Policies:** The latest conflict-of-interest ratings from the **American Medical Student Association** (AMSA) and the **Pew Prescription Project** found that 45 schools, one third of those rated, earned an "A" or "B" rating for making a serious attempt to address the appropriate relationship of medical faculty to the pharmaceutical and medical-device industry. Last year only 21 schools were awarded grades of "B" or higher ([Wall Street Journal, 6/16](#); [Kaiser Health News, 6/17](#)). Detailed school ratings are available from the AMSA [here](#).

Around the Hill: Hearings on Health Financing

House Energy and Commerce Subcommittee on Oversight and Investigations: *Terminations of Individual Health Policies*

10:00 a.m. June 16, 2123 Rayburn

Senate Health, Education, Labor and Pensions Committee: *Health Care Overhaul*

2:30 p.m. June 16, 325 Russell

House Energy and Commerce Subcommittee on Health: *Medical Devices: Are Current Regulations Doing Enough for Patients?*

9:30 a.m. June 18, 2322 Rayburn

House Veterans' Affairs Subcommittee on Health: *Veterans' Health Bills*

10:00 a.m. June 18, 334 Cannon

House Veterans' Affairs Subcommittee on Health: *VA Claim Backlog*

2:00 p.m. June 18, 334 Cannon

House Budget Committee: *Statutory PAYGO*

10:30 a.m. June 18, 210 Cannon

House Budget Committee: *Economic Case for Health Overhaul*

10:00 a.m. June 19, 210 Cannon

Senate Finance Committee: *Health Care Overhaul*

TBA June 23, 213 Dirksen

House Natural Resources Committee: *Indian Health Care Improvement Act*

10:00 a.m. June 25, 1324 Longworth

Around the States: State and Local Behavioral Health Financing News

Arizona

- **Update: Governor to Sue Legislature Over Budget Moves:** The **Arizona Legislature** passed a state budget on June 4 (Financing News Pulse 6/15 edition) but has yet to deliver the budget to **Governor Jan Brewer** (R). Legislators claim that they have not delivered the budget, which Governor Brewer intends to veto, in the hopes of negotiating a compromise; however, Governor Brewer contends that the Legislature is depriving her of her executive power by withholding the budget and forcing her to decide between signing the budget she opposes and shutting down the state government when the new fiscal year begins July 1. The **Arizona Supreme Court** will hear the case next week ([Arizona Daily Star, 6/17](#); [AP, 6/17](#)).

California

- **Legislative Panel Approves Democratic Budget, Governor Threatens Veto:** In an attempt to resolve the state's \$24.3 billion deficit, a legislative panel approved a Democratic budget on June 16, rejecting **Governor Arnold Schwarzenegger's** (R) plans to eliminate SCHIP and welfare while still cutting \$11 billion in state spending, including cuts to health care programs (Financing News Pulse 6/15, 6/1, 5/26 edition). However, Governor Schwarzenegger has threatened to veto the plan because of \$1.9 billion in tax increases on oil and tobacco included in the Democratic bill. Democrats insisted they will move ahead with a full vote in the Legislature the week of June 22. Meanwhile, the governor has revoked the state controller's authority to take out an emergency loan meaning that, if a budget is not passed, the state will become insolvent in six weeks ([Los Angeles Times, 6/18](#); [Los Angeles Times, 6/17](#); [Los Angeles Times, 6/12](#)).
- **Field Poll Finds Support for National Health Care Reform, More Reluctance to Pay:** A new Field Poll, conducted between May 5 and May 24, found that 71 percent of registered voters want the country's

health care system changed or rebuilt, with 82 percent of Democrats, 73 percent of non-partisans, and 55 percent of Republicans supporting major overhaul. However, fewer Californians expressed a desire to pay for health care reform. Sixty-six (66) percent of Democrats said they would pay higher taxes for universal coverage, compared with 54 percent of non-partisans, and 25 percent of Republicans ([Kaiser Health News, 6/18](#); [San Francisco Chronicle, 6/18](#)).

- **L.A. Care to Collaborate with Health Integrated for Behavioral Health:** L.A. Care, Los Angeles County's public health plan, has contracted with Health Integrated to cut costs and improve outcomes for behavioral health. Under the agreement, primary care physicians in L.A. Care will have hotline access to behavioral health specialists for consultation, patient management, medication regimens, and referral assistance. Though the terms of the deal were not disclosed, it is anticipated to improve outcomes and reduce costs for L.A. Care's Medi-Cal, Healthy Families, Healthy Kids, and Medicare Advantage patients ([Los Angeles Business, 6/18](#)).
- **San Jose Council Approves Mayor's Budget, Imposes Health Care Cost Sharing:** On June 16, the San Jose City Council approved **Mayor Chuck Reed's** (D) budget proposal, designed to close the city's \$84 million deficit for the fiscal year beginning July 1. The council also voted to force employees in the city's operating engineers union to pay 10 percent of their health care insurance premiums, \$10 copayments for doctors visits, and an additional \$4.85 weekly for retirement health benefits ([San Jose Mercury News, 6/16](#)).
- **Santa Barbara County to Privatize Jail's Mental Health Services:** On June 16, the Santa Barbara County Board of Supervisors voted to enter a two-year contract with Prison Health Services Inc. to provide mental health services at the county's jail. The move ends the jail's involvement with the county **Department of Alcohol, Drug and Mental Health Services** (ADMHS) which previously provided the services. Proponents of the switch note that Prison Health's contract is \$14,000 less than the current ADMHS contract and will provide 24/7 mental health care and discharge planning which ADMHS did not provide ([Daily Sound, 6/17](#)).
- **El Dorado County Approves Mental Health Funding, Consolidates Departments:** The El Dorado County Board of Supervisors combined the Mental Health and Public Health Departments into the **Health Services Department**, reducing staff by 30 percent. In addition, the supervisors voted to keep a \$3.3 million loan in the FYT2010 budget for the county's Mental Health Division and allocate the division an additional \$3 million in contingency funds. As a result of the funding, the South Lake Tahoe Clinic and its 24-hour crisis line will remain open ([Tahoe Daily Tribune, 6/12](#)).
- **CMS Warns Southwest Health Care Systems Again:** In a letter dated June 12, the **Centers for Medicare & Medicaid Services** (CMS) threatened to stop providing Southwest Healthcare Systems' Medicare reimbursements on July 15 if the company does not improve the four areas found lacking in a May 14 state inspection. The inspection revealed violations in quality assessment and performance improvement, physical environment, surgical services, and the agency's governing body. This is the

third warning Southwest has received from CMS; the most recent warning occurred in March (Financing News Pulse 4/27 edition) ([Press-Enterprise, 6/16](#)).

Colorado

- **Five Health Insurance Companies to Contribute to Pilot to Lower Cost and Improve Care:** Five health care companies, **Aetna, Anthem BlueCross and BlueShield, Cigna, Humana, and UnitedHealthcare**, will contribute funding to a pilot program by the Colorado Clinical Guidelines Collaborative that coordinates medical and reimbursement practices at 17 primary care sites in the state. The two-year pilot will involve roughly 25,000 patients, giving doctors incentives for preventative care and allowing graduates of medical residency programs to participate in the program. The **Harvard School of Public Health** will monitor the program ([Denver Business Journal, 6/18](#); [Kaiser Health News, 6/19](#)).
- **UNC Faculty Receives NIDA Grant:** The **National Institute of Drug Abuse (NIDA)** awarded a two-year \$377,000 grant to a **University of Northern Colorado (UNC)** researcher to develop a drug abuse intervention designed to reduce the viral and bacterial infections associated with injection drug use ([Greeley Tribune, 6/17](#)).

Delaware

- **Senator Proposes Tax in Response to Medicaid Prescription Reimbursement Lawsuit:** In previous weeks, **Walgreens Inc.** announced it would no longer fill Medicaid prescriptions beginning on July 6 because the state lowered the brand-name reimbursement rate by 2 percent. Following the Walgreens announcement, the **National Association of Chain Drug Stores** and the **National Community Pharmacists Association** filed suit against the state seeking an immediate injunction (Financing News Pulse 6/15, 6/8 editions). In response, State Senator Michael Katz (D) proposed a bill on June 11 that would raise taxes on pharmacies opting not to fill Medicaid prescriptions ([Delaware Business Ledger, 6/12](#)).

Florida

- **Legislative Agency Recommends Delaying Expansion of Medicaid Pilot:** On June 18, the **Office of Program Policy Analysis & Government Accountability** issued a report saying that little data is available to assess the effectiveness of Florida's private Medicaid pilot, begun under former **Governor Jeb Bush** (R) (Financing News Pulse 6/8, 5/11, 3/6, 2/27, 1/30 editions). The report says that the legislature should delay any expansions of the program until more information is available ([AP via Miami Herald, 6/18](#)).
- **State Conducts Investigations Into Medicaid Durable Medical Equipment Expenditures:** On June 18, the **Agency for Health Care Administration** announced that investigators from the its Medicaid Program Integrity team conducted site visits at 12 providers and visited over 120 individuals to investigate durable medical device fraud. The investigation revealed that Medicaid paid for equipment that was missing, unused, or never received. The agency is now seeking to determine if the findings are the results of errors, system abuse, or fraud ([South Florida Business Journal, 6/18](#)).

- **Report Analyzes Economic Costs of Under Age Drinking in Florida:** A study released by the **Florida Department of Children and Families** (DCF) found that the economic cost of underage drinking in Florida, including health care costs and crime, totals over \$3 billion annually. Alcohol-related violent crime accounted for 49 percent of the cost ([Claims Journal, 6/18](#)). The full report is available on the DCF [website](#).

Louisiana

- **Governor Plans to Veto Contingencies in State Budget:** On June 15, **Governor Bobby Jindal** (R) announced plans to line item veto \$278 million in spending from the state budget bill that legislators have tied to the passage of other legislation. Among the items funded with the \$278 million are restorations in planned cuts to the health care and higher education ([Times-Picayune, 6/15](#); [Shreveport Times, 6/16](#)).

Maryland

- **State Fines Hospital for Failure to Report Errors:** Doctors Community Hospital in Prince George's County paid a \$30,000 state fine last month for failure to report medical errors that led to serious patient harm. State officials reduced the fine from \$95,000 on the condition that the hospital use the remaining \$65,000 to develop a patient safety program. State regulators found that Doctors failed to report one death and at least seven cases of serious harm last year ([Washington Post, 6/15](#); [Kaiser Health News, 6/15](#)).
- **Fredrick County Sees Increased Demand for Substance Abuse Treatment:** The **Fredrick County Health Department's Substance Abuse Division** reports a 25 percent increase in adults seeking substance abuse treatment in the past year. The county anticipates it will treat 2,300 residents this year, or 600 more than in 2008 ([Fredrick News-Post, 6/14](#)).

Massachusetts

- **Hospital to Offer Pilot Program Allowing Patients Access to Doctors Notes:** The Beth Israel Deaconess Medical Center has created a one-year project, "Open Notes," to allow 35,000 patients online access to their complete medical records, including doctors' notes. The **RWJF** provided \$1.5 million to fund the project to determine whether patients find doctors' notes—which are often blunt and catered to other physicians—helpful or objectionable ([Kaiser Health News, 6/19](#); [Boston Globe, 6/19](#)).

Michigan

- **Mental Health America of Michiana Dissolved, Programs Shift:** On June 1, non-profit **Mental Health America of Michiana** dissolved because of lost **United Way** funding for Elkhart County. The organization lost one-third of its budget—\$47,000—because the United Way campaign that previously funded it suffered in the weakening economy. Bashor Children's home will continue to provide services in Elkhart County; however, outreach services for St. Joseph County, formerly handled by Mental Health American of Michiana, will be terminated because Bashor is not a United Way agency ([South Bend Tribune, 6/14](#)).

Minnesota

- **Governor Announces Health Care Unallotment Plan:** After the **Minnesota Legislature** adjourned May 19, **Governor Tim Pawlenty** (R) announced plans to use “unallotment” to cut health and human services spending (Financing News Pulse 5/26 edition). On June 16, Governor Pawlenty announced plans to cut \$236 million from the state’s health and human services. The governor’s plan includes eliminating General Assistance Medical Care six weeks earlier than planned, on March 1, 2010, saving \$15 million, and reducing hours for personal care attendants. The cuts take effect July 1 ([Minneapolis Star Tribune, 6/17](#); [Kaiser Health News, 6/17](#)).

New Hampshire

- **Home Health Agencies Say Medicare Cuts Would Reduce Services, Cripple Non-Profits:** The **Home Care Association of New Hampshire** says that **President Obama’s** recommended \$13 billion cut to Medicare home health care through 2014 would likely mean a loss for New Hampshire home health agencies of \$2.4 million in 2010 and \$59 million through 2014. A spokesperson said that, with such funding cuts, nearly half of the state’s 44 agencies would operate at a loss—potentially forcing many non-profit providers to close ([Sea Coast Online, 6/13](#)).

New Jersey

- **Budget Committees Approve State Budget, Governor Delays Final Vote Due to Tax Amnesty Gains:** On June 15, Budget committees in both houses of the **New Jersey Legislature** approved a budget with few changes from **Governor Jon Corzine’s** (D) March proposal. However, Governor Corzine delayed a scheduled June 18 vote because the state has generated an additional \$600 million through a tax amnesty program. The budget will be revised in light of the increased state revenue ([Reuters, 6/18](#); [Philadelphia Inquirer, 6/16](#)).

New York

- **State Law Regulating In-Office Surgery Takes Effect in July, Doctors to Adjust:** On July 14, the **Patient Protection Bill**, signed by former **Governor Eliot Spitzer** (D) in July 2007, will require doctors who perform in-office surgeries in New York State to conform to a set of requirements and submit to accreditation by one of three existing state agencies. The law marks the first time the state will regulate in office surgery and, in some cases, doctors may be required to move offices to meet the new requirements, which can include larger elevators, improved ventilation, and backup power equipment ([New York Times, 6/16](#); [Kaiser Health News, 6/17](#)).
- **Committee Recommends Tompkins County Join Health Insurance Consortium:** On June 12, a Government and Workforce Relations Committee of the Tompkins County legislature recommended that the county pool its employee insurance resources with those of other county municipalities through a health insurance consortium that has been under study for two years. The Greater Tompkins Health Insurance Consortium, which the committee recommends joining January 1, 2010, has been studied with over \$750,000 in grant funding from the Tompkins County Council of Government ([Empire State News, 6/13](#)).

- **MVP Health Care to Outsource Behavioral Health Management:** MVP Health Care, previously known as Preferred Care, will outsource the management of its behavioral health services to **ValueOptions**. MVP says the change comes because the company is no longer simply an insurance HMO but not also includes other self-funded plans ([RNews, 6/13](#)).

North Carolina

- **Pitt County Mental Health Providers File Complaints Over Management Company:** Mental health providers in Pitt County have filed complaints with the Pitt County Board of Supervisors alleging that **East Carolina Behavioral Health (ECBH)**, the local management entity for nine counties, is inconsistent in issuing and revoking endorsements that allow providers to work with clients. Only the state has the authority to remove the county from ECBH's purview; however, the county commissioners have requested a meeting with ECBH and the local providers who lodged the complaints ([Daily Reflector, 6/11](#)).

Ohio

- **Southern Consortium for Children to Close, Affect Mental Health Treatment:** Beginning July 30, the Southern Consortium for Children (SCC), which previously controlled mental health services for a 10-county region, will close due to lack of funding. The **Ohio Department of Mental Health** previously funded SCC. With SCC closed, mental health services will shift to local boards and, in some cases, may be eliminated ([Pomeroy Daily Sentinel, 6/13](#)).
- **Free Clinic Overwhelmed by Demand, Sends Patients to Volunteer Doctors Offices:** The Parma Health Ministry, a free clinic for uninsured patients with incomes up to 150 percent of the federal poverty level (FPL), has been unable to accept new patients since March. The clinic has recruited four new doctors who have each agreed to see 10-12 patients a year at their own offices but clinic officials estimate it will take more than a year to recruit enough doctors to provide care for all those seeking treatment ([Kaiser Health News, 6/18](#); [Plain Dealer, 6/18](#)).
- **Substance Abuse Facility Wins State Grant:** On June 15, State Senator Chris Widener (R) announced that McKinley Hall, a substance abuse facility in Springfield, will receive a \$33,843 grant from the state. McKinley plans to use the funding to add a wing to its facility and begin admitting women to its substance abuse treatment programs ([Springfield News-Sun, 6/16](#); [Springfield News-Sun, 6/15](#)).

Pennsylvania

- **Grand View Hospital Closing Behavioral Health Unit:** On June 17, Grand View Hospital announced it will close its behavioral health unit, managed by the Penn Foundation, on August 28. Both organizations say that they are shifting their behavioral health focus from inpatient to outpatient treatment. The move, which the companies say is the result of a nearly 50 percent reduction in utilization, will eliminate 17 full time staff positions ([Philadelphia Business Journal, 6/17](#)).

Rhode Island

- **Democratic Lawmakers Release Budget Proposal, Eliminate Office of the Health Insurance Commissioner:** On June 17, Democratic lawmakers unveiled a \$7.8 billion state budget designed to close

a \$70 million deficit for the current fiscal year and a \$590 million deficit for the coming fiscal year. In addition to raising taxes, the plan would eliminate the office of the health insurance commissioner, saving the state \$700,000 ([AP via Forbes, 6/17](#)).

- **Legislature Overrides Governors Veto; Approves Sale of Medical Marijuana:** On June 16, the **Rhode Island Legislature** overrode **Governor Donald Carcieri's** (R) veto to pass a bill legalizing the sale of medical marijuana by state-licensed dispensaries. New Mexico and California have passed similar laws ([Wall Street Journal, 6/17](#); [Join Together, 6/17](#)).

Tennessee

- **Legislature Passes Budget, Restores Some Mental Health Funding:** On June 17, House and Senate budget negotiators agreed to a budget that was substantially similar to the budget proposed by **Governor Phil Bredesen** (D) earlier this year. The budget calls on Governor Bredesen to cut an additional \$55 million if tax receipts fail to reach estimates for the current month, and adds back \$5.9 million in family support grants for mental health, \$4.9 million in grants for school health programs, and \$4.5 million to the **Department of Children's Services** ([Tennessean, 6/18](#)).
- **State Settles Medicaid Overcharging Case:** Pharmaceutical company **Kindred Healthcare Inc.** and its partner **PharMerica** agreed to a \$1.3 million settlement with **Tennessee Attorney General Bob Cooper** stemming from allegations that the companies violated the state's Fair Claims Act. The state claimed that the companies overcharged TennCare, the state's Medicaid program, for prescription drugs. The lawsuit was the result of an investigation initiated in 2003 ([Legal Newsline, 6/12](#)).

Utah

- **Legislative Panel Considers Drug Testing for Welfare Recipients:** On June 17, the **Workforce Services and Community and Economic Development Interim Committee** heard a proposal to force state recipients of Temporary Assistance for Needy Families (TANF), called the Family Improvement Program in Utah, to submit to random drug tests as a condition of their benefits. The Committee took no action but debate is expected to continue ([Desert News, 6/17](#)).

West Virginia

- **State to Raise Medicaid Reimbursement Rates for Nine Behavioral Health Services:** Effective July 1, the **West Virginia Department of Health Human Resources** will raise Medicaid reimbursement rates for nine behavioral health services using roughly \$6 million in state and federal funding. The change is part of the \$12.7 million that **Governor Joe Manchin** (D) pledged to direct to behavioral health care after vetoing Medicaid behavioral health legislation (**SB 672**) (Financing News Pulse 6/1, 5/26, 5/18, 5/11 editions). The services receiving rate increases include crisis intervention, professional behavioral health counseling (individual and group), and targeted case management ([Charleston Daily Mail, 6/12](#)).

Wisconsin

- **Wisconsin Budget Debate's Effect on Health Care:** On June 17, the **Wisconsin Senate** passed a \$62.5 billion two-year state budget, about \$300 million more than the budget passed by the **Wisconsin Assembly** on June 13. Differences in the budget center predominantly on capital gains and oil company

taxes; however, the Senate plan also requires health insurance plans to cover single dependents up to age 27 ([Milwaukee Journal Sentinel, 6/17](#)). On June 18, the Senate recessed without sending the budget to the assembly, allowing legislators to reach an agreement in private before the legislative session resumes on June 23. Barring such a resolution, a Senate-Assembly committee will resolve the differences ([Milwaukee Journal Sentinel, 6/18](#)).

- **State Accepting BadgerCare Plus Applications, Benefits Begin in July:** Wisconsin is now accepting applications for the state's health insurance program for adults without children, BadgerCare Plus. Funding for the expansion comes from a hospital tax approved earlier this year (Financing News Pulse 5/8 edition) ([Business Journal of Milwaukee, 6/15](#)).

Wyoming

- **Governor's Health Cuts to Affect Medicaid:** After **Governor Dave Freudenthal** (D) announced plans to cut \$43 million from the **Department of Health** on June 8, a spokesperson from the Department announced that about \$25.6 million of the cuts will come from the state's Medicaid program. The spokesperson said that most of the Medicaid savings will likely come from reductions in provider reimbursement rates. Under the cuts, the Medicaid program would lose an estimated \$53.9 million in state and federal funding ([Casper Star-Tribune, 6/17](#)).