

National Health Financing News

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National Health Financing News

- **Congress Approves \$3.5 Trillion Budget Including Health Care Reconciliation; Congressional Republicans Opposed:** On April 29, Congress passed a \$3.5 trillion budget for fiscal year 2010 (**S.Con.Res.13**) that includes the option of using the budget reconciliation process to pass health reform legislation after October 15. The measure, which came on **President Barack Obama's** 100th day in office, passed with a 233-193 vote in the House, receiving no Republican support, and a 54-43 vote in the Senate. President Obama is scheduled to release a more detailed budget proposal next week. **Senate Finance Committee Chair Max Baucus** (D-MT) and **Senate Budget Committee Chair Kent Conrad** (D-ND) say they will pass health care legislation before the October 15 deadline (see below) ([Kaiser Daily Health Policy Report, 4/30](#); [Washington Post, 4/30](#)). Congressional Republican leaders oppose using the budget reconciliation process to pass health reform and **Senate Budget Committee ranking member Judd Gregg** (R-NH) said he will use procedural tools to prevent the passage of such a resolution ([Kaiser Daily Health Policy Report, 4/27](#)). In a letter to congressional leaders, the **Independent Insurance Agents & Brokers of America**, the **Association of Health Insurance Advisors**, the **Council of Insurance Agents & Brokers**, the **National Association of Health Underwriters**, and the **National Association of Insurance and Financial Advisors** also expressed opposition to passing health care reform using the budget reconciliation process ([Insurance & Financial Advisor, 4/27](#)). Finally, **Senator Arlen Specter's** (PA) announcement that he is leaving the Republican party and joining the Democratic party has been seen by some as a victory for Democrat's health care reform agenda, giving them 59 guaranteed seats in the Senate, and 60 if Al Franken wins in Minnesota. Senator Specter said that he is not an "automatic" yes vote but some health care advocates believe that his switch will prove helpful to the Democratic health care agenda ([Kaiser Daily Health Policy Report, 4/30](#); [Kaiser Daily Health Policy Report, 29](#)).
- **Congress Takes Steps Towards Health Reform, Finance Committee Senators Releases Report:** On April 28, **Senate Finance Committee Chair Max Baucus** (D-MT) and **ranking Republican member Chuck Grassley** (R-IA) released a 48-page report outlining health reform proposals that include payment reforms and quality improvements. The proposal seeks to increase the number of primary care physicians, lower hospital readmission rates, increase transparency, overhaul Medicare Advantage (MA) payments, and create quality benchmarks for health care providers. ([Kaiser Daily Health Policy Report, 4/29](#)). At an April 29 **Senate Finance Committee** hearing attended by the **Medicare Payment Advisory Commission** (MedPAC) and **Congressional Budget Office Director, Douglas Elmendorf**, Senator Baucus said the changes to Medicare, which include a 5 percent reimbursement increase for primary care physicians, could drive a transformation of the health care system ([Kaiser Daily Health Policy Report, 4/30](#)). However, on April 30, Senator Baucus questioned whether the **Centers for Medicare & Medicaid Services** (CMS) could handle a massive Medicare overhaul and suggested that a new entity might be better suited to lead the effort and work alongside CMS ([Kaiser Daily Health Policy Report, 5/1](#)). Meanwhile, on April 24 Senator Baucus said that he would temporarily set aside talks on a new public insurance plan to focus on maintaining employer self-insurance plans ([Kaiser Daily Health Policy Report, 4/27](#)); however, in a letter on April 28, leaders of the **Congressional Progressive Caucus**, **Black Caucus**, **Hispanic Caucus**, and **Asian Pacific American Caucus** urged leading Democrats to include a public insurance option in any health care reform ([Kaiser Daily Health Policy Report, 4/29](#)). Elsewhere in Congress, the **House Ways and Means Committee** heard testimony on mandatory employer-sponsored insurance and the **Senate Committee on Health, Education, Labor and Pensions** discussed ways to reduce health care costs including increasing funding for community health centers and the **National Health Services Corporation** ([Kaiser Daily Health Policy Report, 5/1](#)).

- **Senate Confirms Governor Sebelius as HHS Secretary:** On April 28, **President Obama** swore in **Kansas Governor Kathleen Sebelius (D)** as **Secretary of the Department of Health and Human Services (HHS)** after the Senate voted 65-31 to approve her nomination. Senate Republicans delayed Sebelius' nomination over concerns about her abortion stance; however, they opted to drop their opposition in light of rising concern about Influenza A (H1N1) (swine flu) ([Kaiser Daily Health Policy Report, 4/29](#); [Washington Post, 4/29](#)). **Lt. Governor Mark Parkinson (D)** was sworn in to replace Sebelius as the new governor of Kansas on April 28 ([AP, 4/28](#)).
- **President Obama Requests Funding to Combat Swine Flu, Sebelius and Sharfstein Brief Congress:** In a letter to the **House Appropriations Committee** on April 28, **President Barack Obama** requested that the committee add \$1.5 billion to the fiscal year 2009 war supplemental appropriations bill to address the **H1N1 influenza virus** (swine flu) public health emergency which the **World Health Organization (WHO)** raised to a level-five pandemic alert on April 29 ([Kaiser Daily Health Policy Report, 4/30](#)). The committee is scheduled to mark up the bill next week and **Chair David Obey (D-WI)** says it will include the president's request. **Senator Tom Harkin (D-IA)**, who chairs the **Senate Appropriations Labor, Health, and Humane Services, Education and Related Agencies Subcommittee**, said that Congress may provide more funds than President Obama requested in light of the emergency ([Kaiser Daily Health Policy Report, 4/30](#); [Kaiser Daily Health Policy Report, 4/29](#)). Newly confirmed **HHS Secretary Kathleen Sebelius** briefed Congress on April 29, noting that the U.S. has 50 million courses of antiretroviral drugs stockpiled for such an emergency ([Kaiser Daily Health Policy Report, 4/30](#)) and **Food and Drug Administration Deputy Commissioner Joshua Sharfstein** outlined the agency's response to the emergency at a **House Energy and Commerce Health Subcommittee** hearing on April 30 ([Kaiser Daily Health Policy Report, 5/1](#)). The **Senate Homeland Security and Government Affairs Committee** also convened this week to discuss swine flu ([Kaiser Daily Health Policy Report, 4/28](#)).
- **Obama Administration Seeks to Increase Physician Supply:** The Obama administration is considering proposals to increase the supply of physicians, especially primary care physicians (PCPs), without increasing national health care costs. One proposal from MedPAC would raise PCPs Medicare reimbursement rates by 10 percent and decrease specialists' reimbursement rates to offset the cost. Another proposal by the **American Association of Medical Colleges** would increase medical school enrollment by 30 percent to yield 5,000 additional physicians annually ([Kaiser Daily Health Policy Report, 4/27](#)).
- **VA EHR System Offers Low Cost Option for Non-VA Hospitals:** The open-source electronic health records (EHR) system developed by the **Veterans Health Administration (VA)**, currently used at over 1,400 VA medical facilities, offers non-VA hospitals a low-cost EHR solution. The software code for the system, the **Veteran's Health Information Systems Technology Architecture (VistA)**, is public property and available for free. Though the system would still have installation and maintenance costs, those costs would be far less than the average \$20 to \$100 million required to implement an EHR system. In addition, the VA system offers useful standardization, allowing for easy cross-facility communication ([Kaiser Daily Health Policy Report, 4/30](#); [Wall Street Journal, 4/30](#)).
- **Study Shows Hospitals Cutting Staff and Services:** A study by the **American Hospital Association (AHA)** surveyed community hospitals in the U.S. between March 5 and March 27 and found that 22 percent of hospitals responding to the survey reduced services since September 2008. The services

most commonly cut included behavioral health programs, outpatient clinics, patient education, and home health care. The study also found that 50 percent of hospitals laid off staff and 9 out of 10 hospitals reported reducing expenses in the first quarter of 2009 ([Kaiser Daily Health Policy Report, 4/27](#)). The report is available on AHA's [website](#).

- **Obama Calls for Increased Spending on Scientific Research:** In a speech on April 27, **President Obama** pledged to spend 3 percent of the gross domestic product (GDP), or about \$50 billion more than the U.S. currently spends, on scientific research and development. The speech, which President Obama delivered to the **National Academy of Sciences**, did not give a timeline for the increased spending ([Kaiser Daily Health Policy Report, 4/28](#)).
- **Study Shows Physician Medicaid Rates Rising, Not Keeping up with Inflation:** A study published in *Health Affairs* analyzed physicians' Medicaid payments from 2003 to 2008. The analysis revealed that payments have increased by an average of 15.1 percent and narrowed the gap between Medicare and Medicaid reimbursement rates but have failed to keep pace with the rate of inflation. The study, conducted in conjunction with the **Kaiser Family Foundation's Commission on Medicaid and the Uninsured** and the **California HealthCare Alliance**, is the first analysis of Medicaid physicians' fees since 2003. The study also offers state-level analyses ([Kaiser Daily Health Policy Report, 4/28](#)). An abstract of the study is available on the *Health Affairs* [website](#).
- **Kerry and Kennedy Propose Drug Courts for Veterans:** **Senator John Kerry** (D-MA) and **Rep. Patrick Kennedy** (D-RI) propose legislation to create drug courts for U.S. veterans and expand funding for drug courts nation-wide. The proposed bill, the **Services, Education, and Rehabilitation for Veterans Act (H.R. 2138)**, allocates \$25 million over five years for the **Office of National Drug Control Policy** (ONDCP) to establish drug treatment courts and enhance existing courts dealing specifically with veterans. The bill would also allocate \$10 million to create a **National Drug Court Institute** to provide training programs for drug courts nationwide ([South Coast Today, 4/27](#)).
- **IOM Urges Doctors to Reject Financial Agreements with Pharmaceutical Companies:** A report issued by the **Institute of Medicine's (IOM) Committee on Conflict of Interest in Medical Research, Evaluation and Practice** recommends that medical professionals, medical schools, and hospitals not accept gifts from drug makers or medical device manufacturers. The report also calls on medical professionals to disclose any payments or gifts that they do accept from medical companies ([Kaiser Daily Health Policy Report, 4/29](#)). An article in the *New England Journal of Medicine* (NEJM) praises IOM's recommendations ([Kaiser Daily Health Policy Report, 4/30](#)). The IOM report is available on the institute's [website](#) and the NEJM article is available on the journal's [website](#).
- **Legislation Would Expand Medicare Telemedicine to Non-Rural Areas:** The **Medicare Telehealth Enhancement Act (H.R. 2068)**, proposed by a bipartisan group of lawmakers, would increase access to telemedicine by allowing Medicare to reimburse for telemedicine expenses in urban and suburban areas. Currently, 80 percent of Americans cannot access telemedicine because federal funding is restricted to rural areas. The legislation would also provide \$30 million in grants to help health care facilities purchase telemedicine equipment and expand telehealth services ([iHealthBeat, 4/27](#); [Eureka Times-Standard, 4/27](#)).

- **Congressman Proposes Legislation Tying Medicare Reimbursements to Quality of Care: Rep. Jason Altmire** (D-PA) proposed the **Quality First Act (H.R. 1776)** on April 28, designed to alter Medicare reimbursements for hospitals. The legislation would require hospitals to report on certain quality measures and would pay hospitals based on their performance and improvement. The proposal would place 2 percent of hospital reimbursements in a pool to be distributed based on performance ([Health Data Management, 4/29](#); [Beaver County Times & Allegheny Times Online, 4/30](#)).
- **Circuit Court Rules State Medicaid Plans Have Role in Determining Medical Necessity:** In a case involving a 14-year-old Georgia girl, the **11th U.S. Circuit Court of Appeals** ruled that state Medicaid officials have a role in determining the medical necessity of a procedure and cannot be forced to pay for treatment if they disagree with a doctor over medical necessity. The ruling applies in Alabama, Florida, and Georgia where health care advocates worry that it may allow state health agencies or private Medicaid contractors to make decisions about treatment based on financial considerations, potentially overruling doctors recommendations ([AP via Miami Herald, 4/24](#)).
- **Many Health-Related Companies See First Quarter Profit Increases:** On April 27, **Humana Inc.** reported that its first quarter profit doubled since 2008. The larger profits result from increased enrollment in Humana's Medicare Advantage (MA) plans and significantly lower expenses for the company's Medicare drug plan (Part D). Humana earned \$205.7 million in the first quarter of 2009, up from \$80.2 million in the first quarter of 2008 ([AP, 4/27](#); [Wall Street Journal, 4/28](#)). **Aetna Inc.** reported gaining more than one million new members in the first quarter of 2009 with a modest profit increase since the first quarter of 2008; however, higher-than-expected medical costs affected company profit ([AP, 4/29](#)). Hospital management company, **Universal Health Services Inc.**, also saw a 9.5 percent increase in first quarter profit due, in part, to increased admissions at its behavioral health facilities ([RTT News, 4/27](#)). Finally, **Medco Health Solutions Inc.**, a pharmacy benefits manager, saw profits increase eight percent, which company officials attribute to new clients and greater use of higher-margin generic drugs ([AP, 4/29](#)).
- **Update: Chrysler's Files for Bankruptcy and Strikes Deal on VEBA Payments:** On April 30, **Chrysler Group** filed for bankruptcy under a plan developed by the Obama administration. Under the plan, approved by the **United Autoworkers (UAW)**, Chrysler will pay about half of its \$10.6 billion retiree health obligations to the **Voluntary Employees' Beneficiary Association (VEBA)** (Financing News Pulse 4/27, 4/20, 3/13, 2/20 editions). The plan gives the VEBA a 55 percent stake in the company. **Fiat** will have a 20 percent stake, the U.S. government will have an 8 percent stake, and the Canadian government will have a 2 percent stake ([Kaiser Daily Health Policy Report, 5/1](#); [Kaiser Daily Health Policy Report, 4/27](#)).
- **Kaiser Family Foundation Launches New Global Health Report:** The **Kaiser Family Foundation (KFF)** launched a new daily global health policy report focusing on global health issues as well as funding, financing, and health systems. Kaiser also released an analysis of the involvement of U.S. governmental agencies in global health policies and funding ([KFF, 4/21](#); [KFF, 4/27](#)). The **Kaiser Global Health Policy Report** is available on the KFF website [here](#) and the **U.S Governments Global Health Policy Architecture** report is also available on the KFF [website](#).

Around the Hill: Hearings on Health Financing

Senate Health, Education, Labor and Pensions Committee: *State Experiences with Health Care Revision*

2:30 p.m. April 28, 430 Dirksen

Senate Finance Committee: *Treasury and HHS Nominations*

10:00 a.m. April 30, 215 Dirksen

Senate Health, Education, Labor and Pensions Committee: *Revising Access to Health Care*

10:00 a.m. April 30, 430 Dirksen

House Veterans' Affairs Committee: *Mental Health Needs of Veterans*

10:00 a.m. April, 30 334 Cannon

Senate Finance Committee: *Health Care Overhaul*

TBA, May 5, TBA

TBA, May 14, TBA

House Veterans' Affairs Committee: *Innovative Technologies and Treatments for Veterans*

10:00 a.m. May 13, 334 Cannon

Around the States: State and Local Behavioral Health Financing News

Alabama

- **Senate Committee Approves House Budget with Increased Medicaid Funding:** The **Alabama House** passed a \$2.5 billion general fund budget on April 23, relying on \$1 billion in American Recovery and Reinvestment Act (ARRA) funds to increase Medicaid funding and fully fund state programs providing health insurance to children ([AP via Forbes, 4/24](#)). The **Senate General Fund Budget Committee** approved the House's general fund budget on April 29 and the budget is expected to move to the Senate floor on May 5 ([AP via MSN Money, 4/29](#)).
- **State Waived Filing Fee for Veterans Home:** In a ruling announced on April 28, the **State Health Planning and Development Agency** waived an \$18,611 filing fee for a proposed 260-bed assisted living facility for veterans in Pell City, Alabama. The \$40 million facility will receive \$26 million in federal funds and is expected to be operational in 2012 ([Birmingham Business Journal, 4/28](#)).
- **Medicaid Program Extends Preferred Status of Flu Medication:** As a result of the swine flu national health emergency, the **Alabama Medicaid Agency** has extend the preferred status of Tamiflu and Relenza to allow Medicaid beneficiaries access to the medications without prior approval. The move allows over 700,000 Alabama residents easier access to the swine flu medications ([Huntsville Times, 4/29](#)).

Arizona

- **Update: Governor Signs Bills to Ensure ARRA Funding:** Last week's Financing News Pulse (4/27 edition) reported that the Arizona legislature approved two bills designed to place the state in compliance with provisions tied to ARRA funding. **Governor Jan Brewer** (R) approved the bills on April 24, extending

benefits to the unemployed and reducing the frequency with which Medicaid beneficiaries must reapply for benefits ([Phoenix Business Journal, 4/24](#)).

Arkansas

- **New Behavioral Health Center to Open in Springdale:** Governor Mike Beebe (D) officially opened a new acute behavioral health unit at **Northwest Medical Center** in Springdale, Alabama this week. The facility is the result of a cooperative agreement between **Northwest Health System, Ozark Guidance, the University of Arkansas for Medical Sciences (UAMS), the Care Foundation, Inc., Washington Regional Medical Center, and Mercy Health System of Northwest Arkansas**. Half of the program's \$2 million startup budget comes from the governor's office while the other half comes from appropriations made by the Arkansas legislature in 2005 and 2007. The facility will begin admitting patients on May 5 ([KARK via Arkansas Matters, 4/29](#); [Arkansas Democrat Gazette, 4/30](#)).

California

- **Update: Democrats Remain Neutral on Proposition 1E:** At a meeting on April 26, Democratic delegates broke with the party's legislative leaders and elected to remain neutral on **Proposition 1E** (Financing News Pulse 3/6, 2/20 editions). Proposition 1E, which goes to a popular vote on May 19, asks California voters to approve fund transfers from mental funds created by **Proposition 63** to help close the state's budget gap ([Los Angeles Times, 4/27](#)).
- **Community Clinics Sue State Over Medicaid Cuts:** The **California Primary Care Association** is filing a lawsuit against the state of California in **California Superior Court**, alleging that the proposed cuts (Financing News Pulse 2/20, 2/27 editions) to **Medi-Cal**, the state's Medicaid program, which cut services the state deems "optional", actually cut mandatory services provided by California's Federally Qualified Health Centers and Rural Health Centers. The service elimination is scheduled to take effect July 1 ([Business Wire, 4/30](#)).
- **Update: Golden Gate Restaurant Association Refuses to Drop Law Suit Over San Francisco Health Insurance Rule:** The Financing News Pulse (3/13, 4/6 editions) reported the **Golden Gate Restaurant Association (GGRA)** filed a lawsuit against the City of San Francisco over requirements associated with the city's Healthy San Francisco plan, which requires private companies with more than 20 employees to provide health insurance or pay into the public program. **San Francisco Public Health Chief Mitch Katz** offered to freeze employer contribution rates if the GGRA agreed to drop the lawsuit; however, the GGRA board rejected the offer partially because Katz did not specify the duration of the freeze. Katz later indicated that the city is open to discussing a permanent freeze ([Kaiser Daily Health Policy Report, 4/30](#)).
- **Pomona Mental Health Center Expects State Funds:** The once-bankrupt **Tri-City Mental Health Center** expects to receive \$14.2 million in state funding from the **Mental Health Services Act** over three years. To receive the funds, the **California Mental Health Department** must approve the center's Community Services and Support Plan ([Contra Costa Times, 4/23](#)).

- **Update: HHS Releases Report Detailing California Medical Center's Medicare Violations:** Last week's Financing News Pulse (4/27 edition) reported that CMS warned **Southwest Healthcare System** that a **California Department of Public Health** inspection of the **Rancho Springs Medical Center** on March 5 found the center was in violation of Medicare rules surrounding infection control and hospital governance. CMS officials have released the report this week, detailing three protocol breaches that could have resulted in the spread of drug-resistant bacteria ([Press-Enterprise, 4/28](#)). The report is available on the Press-Enterprise [website](#).

Colorado

- **Update: Health Reform Bill Withdrawn:** House Bill 1358, which would have created a health care authority and mandated health coverage for Coloradans, was withdrawn on April 24 (News Pulse 4/27 edition), that would have created a health care authority tasked with developing a system to mandate that all Colorado residents obtain individual health insurance was withdrawn from consideration on April 24. Authors of the bill primarily designed it to oppose a single-payer health care bill (**HB 1273**) that was also withdrawn by its sponsor ([Denver Business Journal, 4/24](#)).

Delaware

- **Panel Approves Employee Health Insurance Premium Hikes:** The **State Employee Benefits Committee** approved **Governor Jack Markell's** (D) proposal to raise employee health care premium contributions by 50 percent beginning July 1. The proposal, which does not require legislative approval, will save the state \$22.5 million next year in combination with another proposal to change aspects of the state's prescription drug plan. The average monthly health premium is currently \$54 and is capped at \$129. Under the new plan, the average monthly premium will go up to \$81 and will be capped at \$193 ([Delaware News Journal, 4/27](#)).
- **Study Finds Families Cut Back to Afford Health Insurance:** A study by the **Colorado Center on Law and Policy** found that families with incomes less than 500 percent of the federal poverty level (FPL) cut back on expenses like education and housing to afford health care. The study found that many families stop saving in order to pay health care expenses. The study also found that 35 percent of families with annual incomes below \$84,000 spend more than they make, exacerbating the effects of health care costs ([Kaiser Daily Health Policy Report, 5/1](#)). The report is available on the center's [website](#).

Florida

- **House and Senate Leaders Reach Preliminary Budget Compromise, Legislative Session Continues:** After the House and Senate passed budgets differing by \$547 million (Financing News Pulse 4/27 edition), legislative leaders announced on April 28 that they had reached a preliminary agreement on critical budget issues. Conference committees continue through May 1 and differences that remain fall to the House and Senate budget committee chairman. If they fail to work out the final details of the deal, the **Speaker of the House** and **Senate President** must set the compromise. The agreement included a \$1 per-pack increase in the cigarette tax as well as \$100 million more for health care than originally allocated in the Senate plan ([AP via Forbes, 4/28](#); [News-Press, 4/28](#)).

- **State, WellCare Extend Coverage Deadline for Medicaid Beneficiaries:** WellCare Health Plans withdrew from Florida's HMO Medicaid pilot program two months ago (Financing News Pulse 2/6 edition) but has reached an agreement with Florida's **Agency for Health Care Administration (AHCA)**, which oversees the state Medicaid program, to allow 34,000 Duval County beneficiaries previously enrolled in WellCare's **Health Ease** program until July 1 to enroll in a new plan. The 2,300 beneficiaries formerly in WellCare's **Staywell** program must find new coverage before May 1 ([Kaiser Daily Health Policy Report, 4/28](#)).
- **House Passes Bill to Limit Medicare and Medicaid Fraud:** After a report by the **HHS Office of the Inspector General** found that South Florida is responsible for a large portion of Medicare fraud (Financing News Pulse 4/27 edition), the **Florida House** has passed legislation mandating that the operator of a home health agency, medical equipment provider, or health clinic have been U.S. citizen for five years or file a \$500,000 bond. Legislators say the bill aims to prevent a common form of Medicare fraud where immigrants return to their home countries prior to the culmination of a fraud investigation. The Florida Senate plans to debate a similar bill ([Miami Herald, 4/28](#); [Kaiser Daily Health Policy Report, 4/30](#)).
- **Legislature Considers Bill to Allow Medicaid Buy-In:** The **Florida Legislature** is currently considering a bill (**SB 348**) that would allow disabled individuals who earn too much to qualify for the state's Medicaid program to buy into the program on a sliding scale. The state's AHCA has not yet developed the payment scale and cannot yet estimate the fiscal impact of the proposal ([Florida Catholic, 4/28](#)).
- **Legislature Passes Bill to Stop "Doctor Shopping:"** The **Florida legislature** passed a bill (**SB 462**) this week that would allow the **Department of Health** to track prescription drugs prescribed by doctors and dispensed by pharmacies in an effort to identify individuals seeking to obtain and abuse prescription medication. The bill would require pharmacies to report prescriptions within 15 days. The proposal went to **Governor Charlie Crist** (R) on April 28 ([AP via Lexington Herald Leader, 4/25](#); [Miami Herald, 4/25](#); [AP via Miami Herald, 4/30](#)).

Georgia

- **Eli Lilly Settles with Georgia over Illegal Drug Marketing:** Georgia Attorney General Thurbert Baker (D) agreed to a settlement with **Eli Lilly** over a lawsuit alleging that the pharmaceutical company illegally marketed its antipsychotic drug, Zyprexa, and misled doctors about its side effects. The company settled for over \$15 million; however, Georgia will receive only \$6 million because the balance goes to the federal government in compensation for the federal share of the Medicaid claims in question. Thirty states have settled with Eli Lilly and 12 have decided to proceed with lawsuits seeking larger damages ([Kaiser Daily Health Policy Report, 5/1](#)).

Hawaii

- **House Considers Legislation to Temporarily Transfer Control of Public Hospitals to Health Department:** The **Hawaii House** is considering a bill that would eliminate the **Hawaii Health Systems Corp.** (HHSC) and temporarily transfer authority for 13 public hospitals to the **Hawaii Department of Health**. The

senate version of the bill does not eliminate HHSC and would allow regional hospitals to become other types of institutions or seek out public-private partnerships. Legislators report that concerns over the state's financial crisis and HHSC requests for emergency funds precipitated the legislation. The legislature convened a conference committee on April 28 to reconcile the two bills ([Kaiser Daily Health Policy Report, 4/27](#)).

- **Hawaii Democrats to Place Children's Health Insurance Funding in Numerous Bills to Avoid Veto:** Democratic legislators in Hawaii plan to include \$600,000 in funding to re-establish a children's health insurance program in several appropriations bills rather than passing a single measure that they believe Governor Linda Lingle (R) will veto. The governor eliminated the program, **Keiki Care**, in October 2008. When functioning, the program costs the state roughly \$50,000 monthly ([Kaiser Daily Health Policy Report, 4/30](#)).

Idaho

- **State Cuts Back on Child Immunization Funding:** Beginning on July 1, Idaho will no longer pay for all childhood vaccinations in the state. Instead, the state will only pay for vaccinations for uninsured and underinsured children or those who qualify for Medicaid. The state's immunization rate is currently 58 percent and **Idaho Immunization Program** officials believe it will drop because of the change ([AP via ABC, 4/29](#)).
- **Judge Temporarily Blocks Medicaid Cuts for Private Agencies:** Earlier in April, 16 private residential rehabilitation centers filed suit against the **Idaho Department of Health and Welfare** for attempting to cut Medicaid reimbursements for private developmental disability treatment centers by up to 55 percent. The department proposed the reduction to meet budget cuts ordered by Governor C. L. Otter (R). The new rates were slated to take effect May 1; however, **U.S. District Judge Justin Quackenbush of the East District of Washington County** has temporarily blocked the cuts ([AP via ABC, 4/29](#); [Kaiser Daily Health Policy Report, 5/1](#)).

Illinois

- **Lake County Mental Health Organizations Merge: Southlake Mental Health of Merrillville and Tri-City Mental Health of East Chicago** are merging to become **Regional Mental Health Center** effective July 1. Representatives for the new center say the move will not affect client services and note that the new center will retain all clinical staff from both organizations and have a combined \$30 million operating budget ([Post Tribune, 4/30](#)).

Indiana

- **Legislators Drop Bill to Halt Medicaid Assessment Privatization:** Indiana legislators have abandoned legislation designed to freeze the privatization of eligibility determinations for Medicaid, welfare, and food stamps after the **Family and Social Services Administration** put the program on hold to resolve issues affecting the 59 counties already on the program. The privatized eligibility determinations are conducted by an IBM-led consortium and supported by Governor Mitch Daniels' (R) administration ([WIBC, 4/29](#)).

- **Indiana Legislature Fails to Pass Budget, Forces Additional Session:** The Indiana legislature failed to pass a budget by the legislative deadline as the House voted down the Senate-approved budget by a 71-27 vote earlier this week. Legislative leaders are looking to **Governor Mitch Daniels** (R) to propose a new budget as a starting point; however, the governor would like legislative leaders to work out a budget for his approval. The House and Senate must both hold special sessions to pass the state budget by June 30 but have not yet scheduled any sessions ([Indianapolis Star, 5/1](#)).

Iowa

- **Legislators Approve SCHIP Expansion:** On April 24, the Iowa legislature approved a \$7.5 million **State Children's Health Insurance Program** (SCHIP) expansion. The bill will raise the income eligibility cut off, allowing children in families earning up to 300 percent of the FPL to enroll. The legislation is expected to provide health insurance to 53,000 uninsured children. The Iowa legislature will consider a separate measure to determine how to fund the expansion ([Kaiser Daily Health Policy Report, 4/28](#)).
- **Scott County Health System Restructures Jobs, Eliminates Inpatient Behavioral Health Services:** Scott County-based **Genesis Behavioral Health System** announced on April 24 that it will eliminate 40 positions within the organization but offer those employees equivalent jobs in vacant positions within Genesis. The health system also announced that it will no longer offer inpatient behavioral health services due to current levels of utilization and reimbursement ([Quad-City Times, 4/24](#)).

Kansas

- **Proposed Budget Cuts May Negate Planned SCHIP Expansion:** On March 31, the Kansas legislature approved an expansion of the SCHIP program (Financing News Pulse 4/6 edition) to provide health coverage to 8,000 uninsured children; however, proposed Medicaid budget cuts may negate the planned expansion. The state has already cut administrative funding for the **Kansas Health Policy Authority** (KHPA), responsible for the state's Medicaid and SCHIP programs, by 10.6 percent and the Kansas House is now proposing an additional 5 percent cut (Financing News Pulse 4/27 edition) while the Senate has proposed a 2.5 percent cut. The KHPA reports that the administrative cuts would reduce their ability to administer Medicaid and SCHIP properly. Instead, KHPA proposes a 1 percent provider reimbursement cut ([Lawrence Journal World & News, 4/27](#)).

Kentucky

- **Advocacy Group Says Kentucky is Not Meeting Federal Deinstitutionalization Standards for Medicaid:** The **Advocates for Reforming Medicaid Services** released a report saying that Kentucky's **Cabinet for Health and Family Services** and the state's Medicaid program have done a poor job meeting federal standards, particularly for transitioning disabled Medicaid recipients out of institutions and into the community. The report suggests the state may be in danger of losing \$49 million in federal Medicaid funds due to the slow transition ([ABC 11, 4/24](#); [ABC 36, 4/24](#)).

Louisiana

- **House Panel Rejects Cigarette Tax to Fund Health Care Initiatives:** On April 28, a Louisiana House tax-writing panel rejected a proposal (**HB 75**) to raise the state cigarette tax by \$1 per-pack to \$1.36. The tax would have generated \$200 million to fund numerous health care initiatives, including using some of

the funds for Medicaid provider payments to generate federal matching funds and yield an additional \$500 million for the state. **Governor Bobby Jindal** (R) stated earlier this year that he would veto any tax increases ([Louisiana Advocate, 4/29](#); [Times-Picayune, 4/28](#)).

Maine

- **State Representative Proposes Employee Contributions to State Health Plan:** Rep. Windol Weaver (R) has proposed legislation (**LD 417**) currently under consideration by the State and Local Government Committee requiring state employees to pay a portion of their health care costs. Under Weaver's plan, state employees would pay 5 percent of the premium in the first year after the legislation passes, 10 percent in the second year, and 15 percent in every subsequent year. A 15 percent contribution is estimated to cost employees roughly \$1,200. The bill, "An Act to Require State Employees to Pay 15% of their Health Insurance Costs," is expected to save Maine \$2.34 million the first year, \$4.72 million the second year, and \$7.01 million the third year ([Republican Journal via Village Soup, 4/28](#)).

Massachusetts

- **Cost of Emergency Department Visits Increases Despite Health Insurance Mandate:** The **Boston Globe** reports that the total cost of treating emergency room patients in Massachusetts during the 2006 and 2007 fiscal years rose by 17 percent, from \$826 million to \$973 million, despite the states' efforts to insure all of its residents. The study also found that the percentage of individuals receiving non-emergency treatment at hospitals remained constant at 47 percent, indicating that health insurance mandates alone were not sufficient to keep emergency room (ER) costs down. Health insurance advocates say that the state must ensure that primary care physicians are available and properly compensated in order to redirect non-emergency patients from the ER ([Kaiser Daily Health Policy Report, 4/27](#)).
- **Update: CHA Plans to Reduce Medicaid Business:** Last week's Financing News Pulse (4/27 edition) reported that **Cambridge Health Alliance** (CHA) is planning to cut its inpatient and detoxification units, including geriatric and adolescent units, at **Somerville Hospital**. In addition, CHA plans to cut its treatment of Medicaid patients by the equivalent of \$94 million in the coming fiscal year. The hospital says that Medicaid reimbursements are too low to sustain profitability ([Somerville News, 4/29](#)).

Michigan

- **Proposal Could Save Bay City on Retiree Health Care:** Officials in Bay City, Michigan are considering a proposal by **National Employee Benefit Companies Inc.** (NEBCO) that they estimate would save the city \$700,000 on retiree health care. The city is currently self-insured and paying roughly \$8 million for health care coverage annually. Officials say the insurance change would affect only 370 retirees and dependents currently covered by **Blue Cross Blue Shield's** PPO plan, those individuals would switch to **United American Insurance Co.** and NEBCO would handle all plan administration ([Bay City Times, 4/27](#)).

Minnesota

- **House and Senate Approve Health Bills:** On April 27, the **Minnesota House** and **Senate** approved bills aimed to slow health care spending in the face of a \$4.6 billion budget deficit. The Senate bill cuts spending by \$625 million over two years while the house bill cuts \$200 million less. **Governor Tim**

Pawlenty's (R) proposed cuts totaled roughly \$1.7 billion and he has indicated that he will not approve a plan that requires new taxes ([Saint Paul Legal Ledger, 4/30](#)). The House bill would reduce state reimbursements to doctors, dentists, and hospitals treating low-income residents by 3 percent to save \$82 million. The House bill focuses more on hospital cuts, while the Senate bill cuts more from nursing home funding. Neither bill cuts reimbursement rates for primary care physicians but the Senate version contains larger payment reductions for specialists. The House bill would also impose limits on hospital utilization for **MinnesotaCare** beneficiaries, cut inpatient mental health reimbursements by 5 percent, and result in roughly 800 residents losing personal care assistants ([AP via Dickinson Press, 4/28](#); [Kaiser Daily Health Policy Report, 4/29](#)).

Mississippi

- **Commission to Study State Mental Health System:** A joint legislative panel, created by legislation (**HB 897**) signed by **Governor Haley Barbour** (R), will investigate mental health treatment in the state and make recommendations for improving the state's mental health system. The panel will focus on the importance of community-based mental health care and the integration of inpatient and community-based care ([AP via Clarion Ledger, 4/26](#); [Fort Mill Times, 4/26](#)).
- **Update: Lawmakers Agree Not to Impose \$90 Million Hospital Tax:** On April 29, Mississippi lawmakers agreed to leave out a proposed \$90 million hospital tax that would have helped fund the state's Medicaid program (Financing News Pulse 3/13edition). The funds would have provided a total of \$360 million for Medicaid after federal matching funds. Lawmakers return to session May 6 to finish writing the state budget after taking a recess to evaluate the effects of ARRA funding on the state, resolve the Medicaid tax issue, and agree on a cigarette tax increase. Some lawmakers believe the legislature will still pass a \$45 million hospital tax proposed by the House earlier this month (Financing News Pulse 4/6 edition) ([AP via Forbes, 4/29](#); [Clarion Ledger, 4/30](#)).

Missouri

- **Audit Finds State Medicaid Oversight Inadequate:** A state audit found that the Program Integrity Unit in the **Missouri Department of Social Services** is not properly staffed or funded to conduct prompt Medicaid spending reviews. The audit also found that the unit did not have a system in place to track and evaluate follow-up reviews. The unit has requested additional funding to address the shortfalls in the past ([AP via Joplin Globe, 4/27](#); [Kaiser Daily Health Policy Report, 4/29](#)).
- **Springfield School District Cuts Clinicians:** The **Springfield Public Schools** have cut the contracted counselor services of **Burrell Behavioral Health**, which formerly provided behavioral health counseling in the district's middle and high schools. The program began with a federal grant in 2004, providing 17 clinicians and six case managers. In 2007, the program had to rely on \$900,000 in state funding and reduce its staff to six clinicians. The district and Burrell now pay \$260,000 for the clinicians but no longer have funding to sustain the cost. The Springfield district will receive \$11.5 million in ARRA special education funding but may not use that funding for existing programs ([Springfield News-Ledger, 4/28](#)).

Montana

- **Lawmakers Strike Deal on State Budget:** On April 28, Montana legislators approved a budget (**HB 2**) which spends 1.5 percent more than last year, nearly \$8 billion in state and federal money over two years. The budget implements a voter-approved expansion of Montana's SCHIP, **Initiative 155**, which raises the income eligibility cap to 250 percent of the FPL effective October 1 (Financing News Pulse 4/13 edition). Legislators agreed to use roughly \$900 million in ARRA funding, largely for targeted programs, and to fund mental health bills with \$2 million (see below) ([AP via Flathead Beacon, 4/28](#); [Missoulian, 4/26](#)).
- **Update: Governor Plans to Veto Mental Health Funding:** Governor Brian Schweitzer (D) notified the **House Democratic Caucus** on April 28 that he will line-item veto \$2 million in the budget (**HB 2**) that would have funded community mental health services in **House Bills 130, 131, and 132** (Financing News Pulse 4/27, 4/13 editions). The legislation originally funded the bills at \$4 million ([Great Falls Tribune, 4/29](#); [Bozeman Daily Chronicle, 4/30](#)).

New Jersey

- **Mental Health Funding Not Cut in Governor's Budget:** Governor Jon Corzine's (D) proposed \$29.8 billion budget contains a \$20.7 million increase in **Olmstead** funding to help the state comply with a 1999 **U.S. Supreme Court** ruling upholding the right of individuals with disabilities to live in the community rather than in institutional settings. The federal government will provide \$4 million in funding for residential services to help the state comply with the Olmstead ruling. The budget also increases state aid to county hospitals by \$15 million, from \$125.8 million to \$138.8 million ([Courier Post Online, 4/27](#)).

New York

- **New York City Plans to Incorporate NIDA Tool in EHRs:** New York City's Department of Health and Mental Hygiene plans to integrate a new substance abuse screening tool developed by the **National Institute of Drug Abuse** (NIDA) into its community electronic health records (EHR) system (Financing News Pulse 4/27 edition). When incorporated into the city's EHR system, the **Primary Care Information Project**, it will allow all city physicians access to substance abuse screening tools ([Government Health IT, 4/29](#)).
- **Attorney General Reports State Medicaid Fraud Recovery Results:** A report released by **New York Attorney General Andrew Cuomo** said that the **Medicaid Fraud Control Unit** recovered \$263.5 million from Medicaid fraud cases in 2008, up from \$113.8 million in 2007. The unit also secured nearly 150 convictions in 2008 ([AP via News Day, 4/29](#); [Empire State News, 4/30](#); [Kaiser Daily Health Policy Report, 5/1](#)).
- **New York Legislature Considering Health Bills:** New York legislators are currently considering bills to: require hospitals, nursing homes, and clinics to reporting staffing ratios for each shift and unit as well as certain quality measures (**S 3527/A 1752**), strengthen provider rights under the external appeals law and enhance the utilization law review (**A 792**), require that hospitals with neonatal care offer flu

vaccinations to parents of newborns (**S 3911**), and establish a behavioral health and long-term care council (**A 7027/S 3341**) ([Healthcare Association of New York State, 4/29](#)).

- **Update: Governor Signs Rockefeller Drug Law Reforms:** On April 24, **Governor David Paterson** (D) signed a reformation of the **Rockefeller Drug Laws** after reaching an agreement with legislative leaders in March (Financing News Pulse 4/6 edition). The reform agreement eliminates much of the mandatory sentencing guidelines and gives judges broader discretion in sentencing ([Catholic Courier, 4/24](#)).

North Carolina

- **State Health Plan Lost Nearly \$80 Million:** A report, released April 30 by the **Office of the State Auditor**, found that the \$2.2 billion **North Carolina State Health Plan** lost \$79.7 million this year. The plan had projected a surplus for the fiscal year that ended in June 2008 but underestimated claims expenses and administrative costs. The state's PPO plan, started in 2006, was budgeted for \$1.1 billion but actual claims came in at \$1.42 billion as more plan members switched from the indemnity plan to the PPO plan and 30,500 new members elected to enroll in the PPO. The state underestimated administrative costs largely due to lack of access to cost information from **Blue Cross Blue Shield of North Carolina**, which administers the state plan ([Triangle Business Journal, 4/30](#)).
- **Durham County to Build New Health Complex:** On May 5, Durham County, North Carolina will begin construction on a new **Health and Human Services Complex** designed to allow county residents to receive multiple services at a single location. The new complex, which will house programs by the **Public Health Department**, the **Department of Social Services**, and private providers, is slated to be 277,590 square feet and officials estimate it will be completed by 2013 ([Durham County Press Release, 4/27](#)).
- **Daymark Takes Over Some Richmond County Mental Health Services, Makes Changes:** **Daymark Recovery Services** began operating the **Sandhills Center for Mental Health Services** in Richmond County last week. Daymark plans to shift the center's focus to professional services rather than paraprofessional community support and open up the center to clients with all forms of payment. Previously, the center treated primarily Medicaid patients ([Richmond County Daily Journal, 4/24](#)).

North Dakota

- **House Rejects SCHIP Expansion:** On April 24, the **North Dakota House** rejected part of **Governor John Hoeven's** (R) budget proposal (**HB 1478**) to raise the income eligibility ceiling for North Dakota's SCHIP program from 150 percent of the FPL to 200 percent of the FPL. The state insured 3,400 children through SCHIP in January and estimated that the new law would insure an additional 1,100 children per month ([Kaiser Daily Health Policy Report, 4/28](#)).

Oregon

- **Governor Signs Bill to Extend COBRA to Small Business Employees:** On April 22, the **Oregon Senate** passed a bill (**HB 2433**) to extend the ARRA COBRA subsidies to employees laid off from business with fewer than 20 employees ([Kaiser Daily Health Policy Report, 4/27](#)). **Governor Ted Kulongoski** (D) signed the bill on April 28 ([News Channel 8 Portland, 4/28](#)). At least 30 other states have passed similar bills extending ARRA COBRA benefits to employees of small businesses (Financing News Pulse 4/20 edition).

- **Study Finds Medicaid Program Prescribing Drugs for Off-Label Use:** A study conducted by the **Oregon State University College of Pharmacy, Oregon Health and Science University, and Columbia University** and sponsored by the **National Institutes of Health (NIH)** found that the majority of the 830 Medicaid patients prescribed antipsychotic medication approved to treat schizophrenia and bipolar disorder were not diagnosed with those conditions. Most recipients of the brand-name antipsychotics were receiving the drugs for off-label use and often at lower doses and for shorter durations than recommended by the **Food and Drug Administration (FDA)**. The study was published in the **Journal Clinical Psychiatry (Statesman Journal, 4/26)**. An abstract of the article is available through the **National Library of Medicine (NLM)** [here](#).
- **Coos County Health Budget at Mercy of State Funds:** **Coos County** has proposed a \$1.9 million public health budget for the coming fiscal year, down from \$2.2 million last year, but **County Administrator Frances Smith** believes that much of that money will not be available. Oregon has yet to pass a state budget that will determine Coos County's funding. The county is required to pass its budget by June 30. Smith said Family Planning, Babies First, Health Start, and the county's immunizations program all face possible cuts if Oregon reduces funding ([World Link, 4/28](#)).

Pennsylvania

- **Malpractice Lawsuits Decline, Increase Access to Care:** A report released by the **Administrative Office of Pennsylvania Courts** found that medical malpractice lawsuits have declined by 41 percent this decade. The report, which **Governor Ed Rendell (D)** says exemplifies the state's success at easing the cost of malpractice insurance, also found that physicians' premiums have either decreased or remained constant for three years. Because of the report, Governor Rendell will not seek to renew the state subsidy for malpractice insurance premiums, **MCARE** ([Kaiser Daily Health Policy Report, 4/27](#)).
- **Hospital Profits Fall, Group Urges Lawmakers to Restore Medicaid Funding:** According to the **Hospital & Healthsystem Association of Pennsylvania**, Pennsylvania hospitals' profit margins fell to negative 6.3 percent in the second half of 2008. The group is urging lawmakers to restore \$75 million in combined state and federal Medicaid funding that was cut from **Governor Ed Rendell's (D)** proposed 2009-2010 budget. Roughly \$34 million of the Medicaid funding would come from the state ([Pittsburg Business Times, 4/27](#); [Philadelphia Inquirer, 4/28](#); [Kaiser Daily Health Policy Report, 5/1](#)).

Tennessee

- **State Employee Health Plan to Charge Smokers Surcharge:** Beginning January 1, 2010, Tennessee employees who smoke must pay a \$50 per-month surcharge for their state health insurance. Alabama, Georgia, Kentucky, and North Carolina have all instituted similar programs. Beginning May 1, Tennessee will offer smoking cessation classes and price reductions on over-the-counter and prescription smoking cessation products. Though the cost of the smoking cessation program is unknown, authorities believe that the smoking surcharge will cover the cost. Authorities also estimate that the incentive to quit will yield roughly \$3,400 annually in per-worker savings on smoking-related health claims and lost productivity for every state employee that quits smoking ([Tennessean, 4/28](#)).

Texas

- **Bill Proposes Expanding SCHIP with Sliding Scale:** A bill (**SB 841**) currently in the **Texas Senate** would expand Texas' SCHIP program through a sliding scale payment system. The current SCHIP program limits eligibility to those children living in families earning up to 200 percent of the FPL. Under the proposed bill, the income eligibility cap would be increased to 300 percent of the FPL but those families qualifying for the program between 200 and 300 percent of the FPL would pay more than those earning below 200 percent. The details of the sliding scale have not yet been determined but senators estimate the expansion would cost \$30 million to \$40 million in the short term but save money in the long-term by avoiding unnecessary hospitalizations and ensuring children receive preventative care ([Waco Tribune-Herald, 4/26](#)).

Virginia

- **Martinsville Approves Health Insurance Switch:** On April 28, the **Martinsville City Council** approved switching city employees to a high-deductible insurance plan supplemented by an employer-funded Health Reimbursement Account (HRA) and a joint employer-employee funded Health Savings Account (HSA). The switch, which is designed to make the plan more attractive but has drawn criticism from numerous retirees, will save the city \$400,000 ([Martinsville Bulletin, 4/29](#)).

Washington

- **Governor Signs Two Bills to Increase Hospital Safety Standards:** On April 28, **Governor Christine Gregoire** (D) signed two bills that seek to control the spread of infection in hospitals. One bill authorizes the state to conduct unscheduled hospital inspections while the other bill requires that hospitals screen high-risk patients for methicillin-resistant Staphylococcus aureus (MRSA) and notify all hospital patients in the event of an infection ([Kaiser Daily Health Policy Report, 4/30](#)).
- **Alexandria Passes Budget, Restores Health Programs, and Raises Cigarette Tax:** The **Alexandria City Council** unanimously approved a fiscal year 2010 budget, down 2.2 percent from the previous year. The budget restores previous cuts to social safety net programs in the **Health Department, Human Services Department, and the Mental Health, Mental Retardation, and Substance Abuse Department**. The budget also raises the city's cigarette tax from 70 cents per-pack to 80 cents per-pack ([Washington Business Journal, 4/28](#)).

West Virginia

- **Judge Hears Testimony on State Mental Health System:** On April 24 and 27, **Kanawha County Circuit Judge Duke Bloom** heard testimony on the state's current mental health treatment system and plans for short and long-term improvements. The hearing dates back to a 1981 case about the West Virginia mental health system. The judge ordered lawyers to report on June 1 with responses to issues addressed in the court, including overcrowding at the states two psychiatric hospitals and a lack of community-based care. Judge Bloom also recommended that the state and the petitioning lawyers enter into mediation as soon as possible to provide him with a report by the second week of June. The state has spent \$17.5 million on behavioral health care since 2006 ([AP via Charleston Daily Mail, 4/27](#); [West Virginia Gazette, 4/27](#)).

- **Study Reports Weaknesses of State's Medicaid Program:** A study conducted by the **West Virginia University Institute for Health Policy Research** and funded by the **Robert Wood Johnson Foundation** analyzed the effects of changes to West Virginia's Medicaid program, **Mountain Health Choices**, made in 2007. Under the new program, beneficiaries must make certain commitments, like attending all their medical appointments or using the hospital only for emergency visits, in order to receive the full scope of available services. The study found that, under the new program, 90 percent of Medicaid enrollees received only the "basic benefit, which is less than traditional Medicaid. The basic benefit does not include mental health services and places a cap on prescription medications. The study also found that many participants did not understand the requirements and that the state implemented the program before it had a mechanism to reinforce positive behavior ([Huntington News, 4/29](#); [AP via Charleston Daily Mail, 4/30](#); [Kaiser Daily Health Policy Report, 5/1](#)). The study is available on the West Virginia University's [website](#).

Wisconsin

- **Dane County Jail Switches Mental Health Provider:** **Correct Care Solutions** provides general health services at the **Dane County Jail** and previously contracted with **Mental Health Center of Dane County Inc.** to provide mental health services within the jail. However, beginning April 27, Correct Care Solutions will directly handle mental health care in the jail. Correct Care claims that Mental Health Center did not properly regulate, utilize, monitor, and distribute inmate psychotropic medication. The mental health contract was worth \$722,000 last year ([Wisconsin State Journal, 4/27](#)).