Identifying Financial Resources

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Today’s Agenda

• Review sources and recipient of funding for substance use disorder treatment services
• Highlight expenditure trends
• Review Single State Agency SUD service delivery systems
Who Pays for SUD Treatment?
(Projected 2020 spending = $42 billion)

• Private health insurance: benefits paid by private health insurers:
  • UnitedHealth Group - 49.5 million members
  • Anthem - 40.2 million members
  • Aetna - 22.2 million members
  • Cigna - 15.9 million members
  • Humana - 14 million members
  • Centene - 12.2 million members
  • Molina Healthcare - 4.4 million members
  • WellCare Health Plans 4.37 million members

• Out-of-pocket payments - direct spending by consumers for health care goods and services:
  • Self pays
  • Coinsurance
  • Co-payments
  • Deductibles

• Other private - spending from philanthropic and other nonpatient revenue sources:
  • Foundation grants
  • Gifts from public

Who Pays for SUD Treatment? (cont).

- Public payments: Any payments made on behalf of enrollees in Medicare or Medicaid or through other programs run by federal or individual state government agencies.
  - Medicare: federal government program that provides health insurance coverage to eligible aged and disabled persons.
  - Medicaid: program jointly funded by the federal and state governments that provides health care coverage to certain classes of people with limited income and resources.

Who Pays for SUD Treatment? (cont.)

• Other federal programs:
  • Health Resources Services Administration (HRSA)
  • Substance Abuse and Mental Health Services Administration (SAMHSA)
  • Indian Health Service (IHS)
  • Department of Justice (DOJ)
  • Department of Veterans Affairs (VA)
  • Department of Defense (DOD)
  • Federal Bureau of Prisons
Who Pays for SUD Treatment? Cont.

• Other state and local agencies:
  • Mental health
  • Substance abuse
  • Social services
  • Child welfare
  • Corrections
  • Juvenile justice

Projected 2020 SUD Treatment Spending by Payer
(Projected 2020 spending = $42 billion)

• Private payments (29%):
  • Private health insurance – 16%
  • Out-of-pocket payments - 9%
  • Other private- 4%

• Public payments (71%):
  • Medicare – 5%
  • Medicaid - 28%
  • Other federal – 10%
  • Other state and local - 28%

Recipients of SUD Treatment Expenditures

- General hospitals: community medical or surgical and specialty hospitals other than Mental Health (MH) and Substance Abuse (SA) specialty hospitals providing diagnostic and medical treatment, including psychiatric care in specialized treatment units of general hospitals, detoxification, and other MH/SA treatment services in inpatient, outpatient, emergency department, and residential settings.

- General hospital specialty unit: designated unit of a general medical or surgical hospital that provides care for diagnosed mental illness, SUDs, or detoxification.

- General hospital nonspecialty unit: medical or surgical units of general hospitals that provide treatment for a diagnosed mental illness, SUD, or detoxification.

- Specialty hospitals: hospitals primarily engaged in providing diagnostic, medical treatment, and monitoring services for patients with mental illness or substance use diagnoses.

Recipients of SUD Treatment Expenditures (Cont.)

- Physician services: independently billed services provided by Doctors of Medicine (M.D.) and Doctors of Osteopathy (D.O.)
- Psychiatrists: independently billed services of private or group practices of health practitioners having the degree of M.D. or D.O. who are primarily engaged in the practice of psychiatry or psychoanalysis.
- Other Physicians: independently billed services of private or group practices of health practitioners having the degree of M.D. or D.O. who are primarily engaged in practices other than psychiatry or psychoanalysis.
Recipients of SUD Treatment Expenditures (Cont.)

- Other professional services: care provided in locations operated by independent health practitioners other than physicians and dentists, such as psychologists, social workers, and counselors.
- Home health care: medical care provided in the home by private and public freestanding home health agencies.
- Nursing home care: services provided in private and public freestanding nursing home facilities.
- Specialty MH centers: organizations providing outpatient and/or residential mental health services and/or co-occurring mental health and substance abuse treatment services to individuals with mental illness or with co-occurring mental illness and substance use diagnoses.
- Specialty SA centers: organizations providing residential and/or outpatient substance abuse services to individuals with substance use diagnoses.

Recipients of SUD Treatment Expenditures (Cont.)

- Prescription drug suppliers: psychotherapeutic medications sold through retail outlets and mail order pharmacies.
- Insurance companies: spending for the cost of running various government health care insurance programs, as well as the administrative costs and profit of private health insurance companies.
Projected 2020 Distribution of SUD Treatment Spending by Recipient Type
(Projected 2020 spending = $42 billion)

- Insurance Administration - 7%
- Retail Prescription Drugs - 4%
- Specialty SA Centers - 33%
- Specialty MH Centers - 4%
- Long Term Care - 3%
- Office-Based Professionals – 19%
- Hospitals – 30%

SUD Treatment Expenditure Trends

- SUD treatment spending was projected to increase by 66 percent between 2009 and 2020.
- The share of SUD treatment spending coming from public sources was predicted to increase to 71 percent by 2020—up from 69 percent in 2009.
- Medicaid and other state and local payers were projected to account for largest increases in SUD treatment spending.
- The Medicaid share of SUD spending was projected to rise from 21 percent in 2009 to 28 percent in 2020.
- The increase in the projected share of Medicaid spending on SUD treatment was accompanied by a decrease in the share spent by other state and local programs that largely finance treatment for individuals without insurance.

SUD Treatment Expenditure Trends

- Specialty substance abuse centers and hospitals were anticipated to be largest contributors to the increase in SUD treatment spending.
- More treatment is expected to be provided in integrated mental health/SUD facilities.
- Specialty providers were expected to continue receiving the majority of spending for SUD treatment.
- Out-of-pocket spending share by consumers was expected to fall from 11 percent in 2009 to 9 percent in 2020.
- Office-based professionals, including physicians, psychologists, social workers, and counselors, were expected to increase their share of SUD treatment spending from 15 percent in 2009 to 19 percent in 2020.

Single State Agency Delivery Systems

• Each State and jurisdiction has an identified lead agency—formally known as a Single State Agency (SSA)—that manages the publicly-funded addiction treatment, prevention, and recovery service system.

• SSAs are governed by different statutes and regulations, vary in terms of their exact functions, size, and placement within State government:
  • Stand alone
  • Mental Health
  • Public health
  • Medicaid Authority

http://nasadad.org/
SSA State Funding Sources

• General Revenue Funds
• Special Revenue Funds:
  • Liquor taxes
  • Marijuana taxes
  • Gambling taxes
  • DWI fines and penalties
• Settlement funds:
  • Tobacco
  • Prescription drugs
SSA State Funding Sources  

- Allocations from and inter-agency agreements with sister state agencies:
  - Mental health
  - Medicaid
  - Corrections
  - Juvenile justice
  - Motor vehicles
  - Labor
  - Law enforcement
  - Alcohol control
SSA Federal Funding Sources

• Substance Abuse Prevention and Treatment Block Grant (SABG)
• State Opioid Response (SOR)
• Programs for Assistance in Transition to Homelessness (PATH)
• Medicaid
• Competitive grants
SABG

• Authorized under Title XIX, Part B, subparts II and III of the Public Health Service Act (42 USC 300x-21-66)
• Provides $1.8 billion in funding across all 60 states/territories
• Funds must be used to support activities designed to plan, implement, and evaluate activities that prevent and treat substance abuse and promote public health.
• 20% of each award must be expended for primary prevention activities that are designed to reduce the risk for substance abuse among individuals who do not need treatment.
• Funding may be used to establish a revolving loan fund to support recovery homes.

Source: https://www.samhsa.gov/grants/block-grants
SABG Primary Prevention Strategies

• Information dissemination - characterized by one-way communication from the source to the audience.

• Education - characterized by two-way communication that involves interaction between the educator/facilitator and participants.

• Alternative activities - operate under the assumption that constructive and healthy activities offset the attraction to or otherwise meet the needs usually filled by alcohol, tobacco, and other drugs.

Source: https://www.samhsa.gov/grants/block-grants
SABG Primary Prevention Strategies (Cont.)

• Program identification and referral consist of identifying those who have indulged in illegal/age-inappropriate alcohol or tobacco use or who have indulged in illicit drug use for the first time.

• Community-based processes aim to help the community more effectively provide alcohol, tobacco, and other drug prevention and treatment services.

• Environmental approaches intend to establish or change community standards, codes, and attitudes that influence the incidence and prevalence of alcohol, tobacco, and other drug use in the general population.

Source: https://www.samhsa.gov/grants/block-grants
Revolving Funds for Establishment of Homes in Which Recovering Substance Abusers May Reside

- Each loan:
  - Must be for homes of six or more people
  - Can only be made to private nonprofit entities
  - Cannot exceed $4,000
  - Must be repaid within 2 years
  - Has to be repaid in monthly installments

Source 45 CFR section 96.129
SABG Admission Preferences

• Programs that serve an injecting drug abuse population must give preference to treatment in the following order:
  • Pregnant injecting drug users first
  • Other pregnant substance abusers second
  • Other injecting drug users third
  • All others

Source: 45 CFR section 96.131
State Opioid Response (SOR)

• Aims to address the opioid crisis by increasing access to medication-assisted treatment using the three FDA-approved medications for the treatment of opioid use disorder, reducing unmet treatment need, and reducing opioid overdose related deaths through the provision of prevention, treatment and recovery activities for opioid use disorder (OUD).

• $1.5 billion funding in FY 2020

Source: https://www.samhsa.gov/sites/default/files/grants/fy_2020_funding_opportunity_announcements.pdf
Medicaid

• Funded jointly by the federal and state governments.
• States can expand treatment capacity by making more SUD services eligible for Medicaid payment.
• Provides health care coverage to certain classes of people with limited income and resources.
• Largest payer for SUD treatment services.
• SSAs may be organized as components of State Medicaid Authorities or coordinate Medicaid payment for SUD services delivery through sister agencies.
PATH

• Authorized by the Stewart B. McKinney Homeless Assistance Amendments Act of 1990.
• The goal of PATH is to reduce or eliminate homelessness for individuals with serious mental illness (SMI) or co-occurring substance use disorders (CODs) who are homeless or at imminent risk of becoming homeless.
• Awarded to State Mental Health Authorities (SMHA)
PATH-funded Services

- Outreach services
- Screening and diagnostic treatment services
- Habilitation and rehabilitation services
- Community mental health services
- Alcohol or drug treatment services
- Staff training, including the training of individuals who work in shelters, mental health clinics, substance abuse programs, and other sites where individuals who are homeless require services
- Case management services
- Supportive and supervisory services in residential settings
- Referrals for primary health services, job training, educational services, and relevant housing services
- Identifying and securing appropriate housing

Source:
http://pathprogram.samhsa.gov/Super/Path/About.aspx
SSA Service Delivery Funding Mechanisms

• Grants/Contracts directly with service providers
• Allocations to sister state agencies
• Allocations to regional authorities and local jurisdictions
• Contracts with MCOs
• Grants to higher education institutions
Accessing SSA Resources

- Receive grant/contract directly from SSA
- Receive subaward/contract from SSA subrecipient
  - State or local governmental entity
  - MCO
  - Service providers and support entities
- Direct contact with SSA officials is highly recommended
How To Identify Your SSA

Contact the National Organization of State Alcohol and Drug Abuse Directors

Telephone: (202) 293-0090
Fax: (202) 293-1250
Postal address: 1919 Pennsylvania Avenue NW, Suite M-250, Washington, DC 20006
URL: http://www.nasadad.org
Question & Answer Session
The purpose of RCORP is to support treatment for and prevention of substance use disorder, including opioid use disorder, in rural counties at the highest risk for substance use disorder.

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