

# Status of Federal Funding for Addiction Services

NAADAC's Advocacy in Action Conference

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Alexandria, VA

**Robert Morrison, Executive Director/Director of Legislative Affairs**

**National Association of State Alcohol and Drug Abuse**

**Directors (NASADAD)**

**1025 Connecticut Avenue, NW, Suite 605**

**Washington, D.C. 20036**

**Phone: (202) 293-0090 x4862**

**Fax: (202) 293-1250**

**Email: [rmorrison@nasadad.org](mailto:rmorrison@nasadad.org)**

# Overview of Presentation

- ▶ Budget and appropriations calendar and timeline: traditional process and recent years
- ▶ What happened in most recent federal funding action (FY 2014)?
- ▶ Tools to make the case
- ▶ Considerations before Capitol Hill Visits

# Traditional Federal Budget / Appropriations Process

- **Early February:** President releases proposed budget
- **February – April:** Congressional panels hold hearings
- **Late February – March:** Consideration of spending blueprint known as Budget Resolution – setting spending parameters
- **March 15:** Deadline for Budget Resolution
- **May-July:** Sub / Full Committee consideration/vote on appropriations bills
- **September 30:** End of Fiscal Year
- **September – December:** Final chamber votes and passage

# Recent Budget & Appropriations Process: Anything but Traditional

- ▶ In calendar year 2013, the FY 14 proposed budget was released by the President April 10 (8 weeks late)
  - Congress clears final FY 14 appropriations bill in January 2014 – approximately **4 months after the deadline**
- ▶ In calendar year 2012, the FY 13 proposed budget was released close to “on time”
  - Congress clears an FY 13 “Continuing Resolution” in March 2013 - approximately **6 months after the deadline**

# Lesson Regarding the Calendar & Process

- Appropriations calendar & **process is uncertain**
- While the **precise message** to Congress may change **depending on the time** of year...
- ...there is **no “bad” time to educate Congress**

# Most recent appropriations action

- Final FY 2014 “omnibus” appropriations bill – with a focus on Substance Abuse and Mental Health Services Administration (SAMHSA)

# What happened in most recent appropriations cycle – FY 2014?

- ▶ **Administration Proposal for Center for Substance Abuse Treatment (CSAT)**: Proposed *cut* of \$70 million compared to FY 13 and proposed cut of \$94 million compared to FY 12.
  - **Congress Reacts in FY 14 Omnibus**: Cut of \$40.6 million compared to FY 13 and \$64 million compared to FY 12. ATR sustained largest cut of \$50 million.
  
- ▶ **Administration Proposal for Center for Substance Abuse Prevention (CSAP)**: Proposed *level funding* compared to FY 13 and a cut of \$10 million when compared to FY 12.
  - **Congress Reacts in FY 14 Omnibus**: Provided level funding compared to FY 13 and a cut of \$10 million compared to FY 12.

# What happened in most recent appropriations cycle – FY 2014?

- ▶ **Administration Proposal on Substance Abuse Prevention and Treatment (SAPT) Block Grant:** Both increase the SAPT Block Grant by \$19.5 million compared to FY 12 and then...

...at the same time, decrease by 3 percent to redirect these funds elsewhere. This redirection was labeled “PHS Evaluation Tap”

- ▶ **Congress reacts in FY 14 Omnibus:**

*The agreement includes bill language instructing the Administrator of the Substance Abuse and Mental Health Services Administration (SAMHSA) and the Secretary to exempt... the Substance Abuse Prevention and Treatment Block Grant from being used as a source for the PHS evaluation set-aside in fiscal year 2014, as was done prior to fiscal year 2012 (text taken directly from H.R. 3547).*



# **What happened in most recent appropriations cycle – FY 2014?**

- ▶ **Administration Proposal on Substance Abuse Prevention and Treatment (SAPT) Block Grant – Final Reaction by Congress:**
  - ▶ Increase of \$19.5 million compared to FY 2012
  - ▶ Increase of \$109.5 million compared to FY 2013

## **A Closer Look at the Center for Substance Abuse Treatment (CSAT) and Workforce Issues – FY 2014 Omnibus**

- **Administration Proposal for Minority Fellowship Program** Consolidate the program within the Health Surveillance/Program Support Account as a new Behavioral Health Workforce Program. Transfer portion of reduced funds to Center for Mental Health Services (CMHS). **Total of \$550,000.**
  - Congress Reacts in Omnibus: Rejects proposed changes by Administration and provides **\$2.5 million within CSAT.**

The increase provided in CSAT is intended for the purpose of increasing the number of addiction counselors with Master's level training

*(text taken directly from H.R. 3547, final FY 2014 approps bill).*

## **A Closer Look at the Center for Substance Abuse Treatment (CSAT) and Workforce Issues - FY 2014 Omnibus**

- *Addiction Workforce*- The Committee notes that several studies conducted over the past decade suggest that lack of information about the addiction field and **the perception that addiction counselors are not viewed as a valued profession appear to be recruitment barriers for the addiction workforce.** This is particularly concerning given that the demand for substance abuse services is anticipated to increase in the coming years as a result of the ACA and the Mental Health Parity and Addictions Equity Act. **The Committee strongly urges SAMHSA to work with community colleges, universities, and State substance abuse agencies to develop ways to encourage individuals to enter the addiction prevention, treatment, and recovery workforce .**

*(Senate Appropriations Committee Report 113-71)*

## **A Closer Look at the Center for Substance Abuse Treatment (CSAT) and Workforce Issues – FY 2014 Omnibus**

- *Workforce Development*- The Committee is concerned that only 50 to 55 percent of addiction counselors hold a master's degree. While 75 percent hold at least a bachelor's degree, the remainder have ...a high school diploma or equivalent. **The Committee urges SAMHSA to work with HRSA to ensure that programs aimed at mental health and substance use disorder professionals are available to addiction professionals seeking to move from a bachelor's level to a master's level**

*(Senate Appropriations Committee Report 113-71).*

# Recent Trends

- **SAMHSA**

- FY10 to FY 14: Decrease of \$148 million
- FY 05 to FY 14: Increase of \$15.1 million

- **SAPT Block Grant**

- FY 10 to FY 14: Increase of \$21.3 million
- FY 05 to FY 14: Increase of \$44.3 million

# Recent Trends

- **CSAT**

- FY 10 to FY 14: Decrease of \$90.4 million
- FY 05 to FY 14: Decrease of \$58.3 million

- **CSAP**

- FY 10 to FY 14: Decrease of 27.2 million
- FY 05 to FY 14: Decrease of \$23.7 million

# Lessons from FY 2014 Omnibus Appropriations Bill

- **No one can predict** the final outcome of the federal appropriations process
- The **Administration's proposed budget** is only the **first step** in a long process. **Congress can and does alter** proposed budgets in final bills.
- **Good things can happen** through the federal appropriations process
- **Education matters**

# Tools

- Appropriations Chart
- SAPT Block Grant One-Pager
- State-by-State SAPT Block Grant Allocations
- Larger picture on spending (1986 vs. 2009)
  - Substance abuse compared to all health
  - Substance abuse and mental health
  - Substance abuse and private insurance
  - Spending growth trends for SA – 1986-2009
- Impact of Health Reform on Substance Abuse

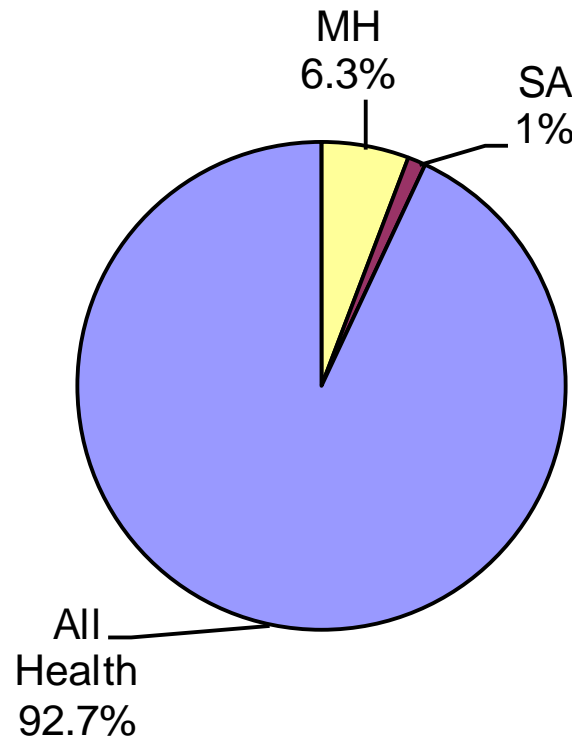


## **Larger Picture on Spending: Background on current spending (2009 figures):**

- ▶ What is the total of **all health spending**?
  - \$2.3 trillion
  
- ▶ What is the total of **all substance abuse spending**?
  - \$24 billion
  
- ▶ What is the total of **all mental health spending**?
  - \$147 billion

Question: What percentage does substance abuse spending comprise of all health spending?

Answer: Substance abuse spending comprises only one percent of all health spending (2009).

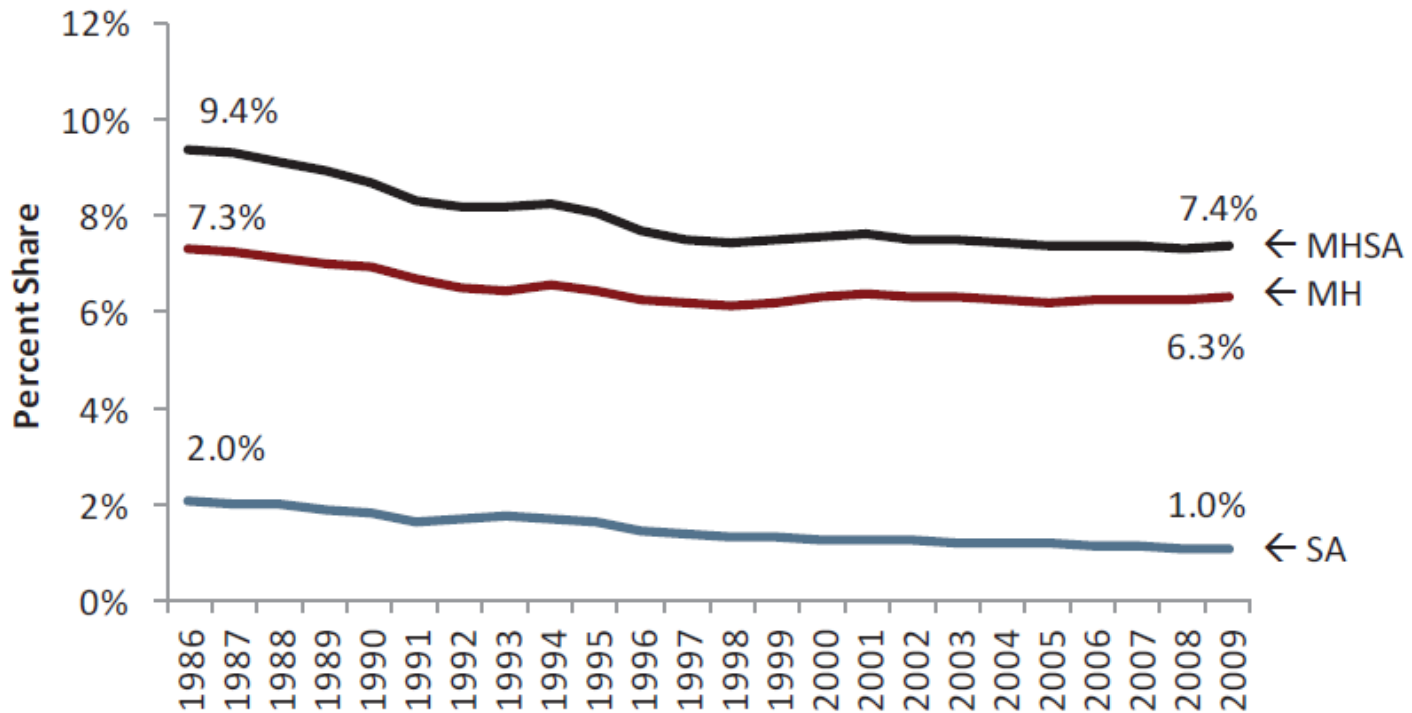


**All Health=\$2.3 trillion**

Question: What are the historical trends when looking at substance abuse and mental health spending (percentage) as part of all health spending – 1986 to 2009?

Answer: Substance abuse spending decreased from 2.0 percent to 1.0 percent of overall health spending

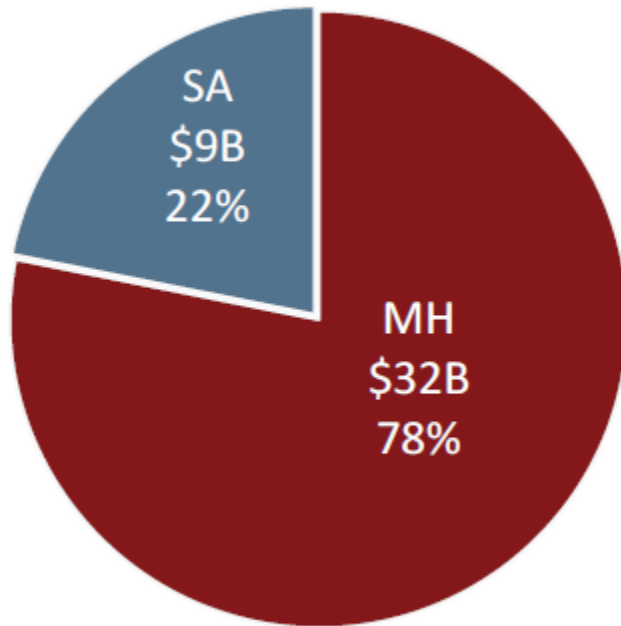
**MH and SA Shares of All-Health Spending,  
1986-2009**



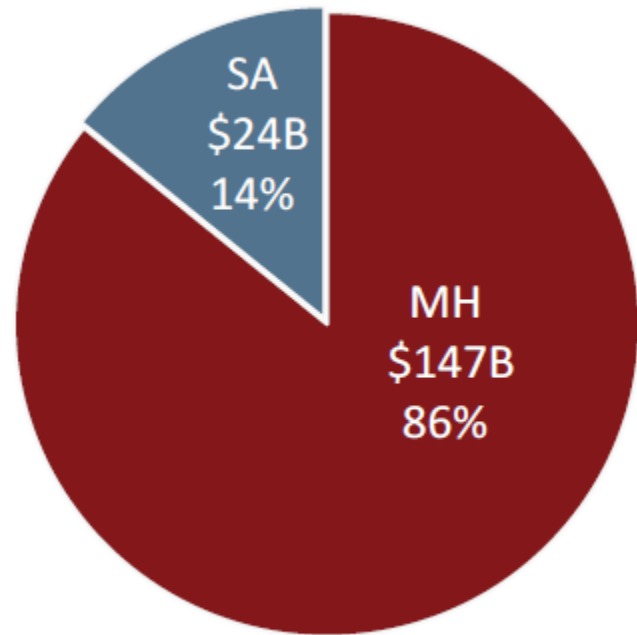
Question: What is the break-down of total substance abuse and mental health funding?

Answer: 14 percent for substance abuse and 86 percent for mental health

### MH and SA Treatment Spending, 1986 and 2009



MHSA Spending in 1986  
\$42 Billion

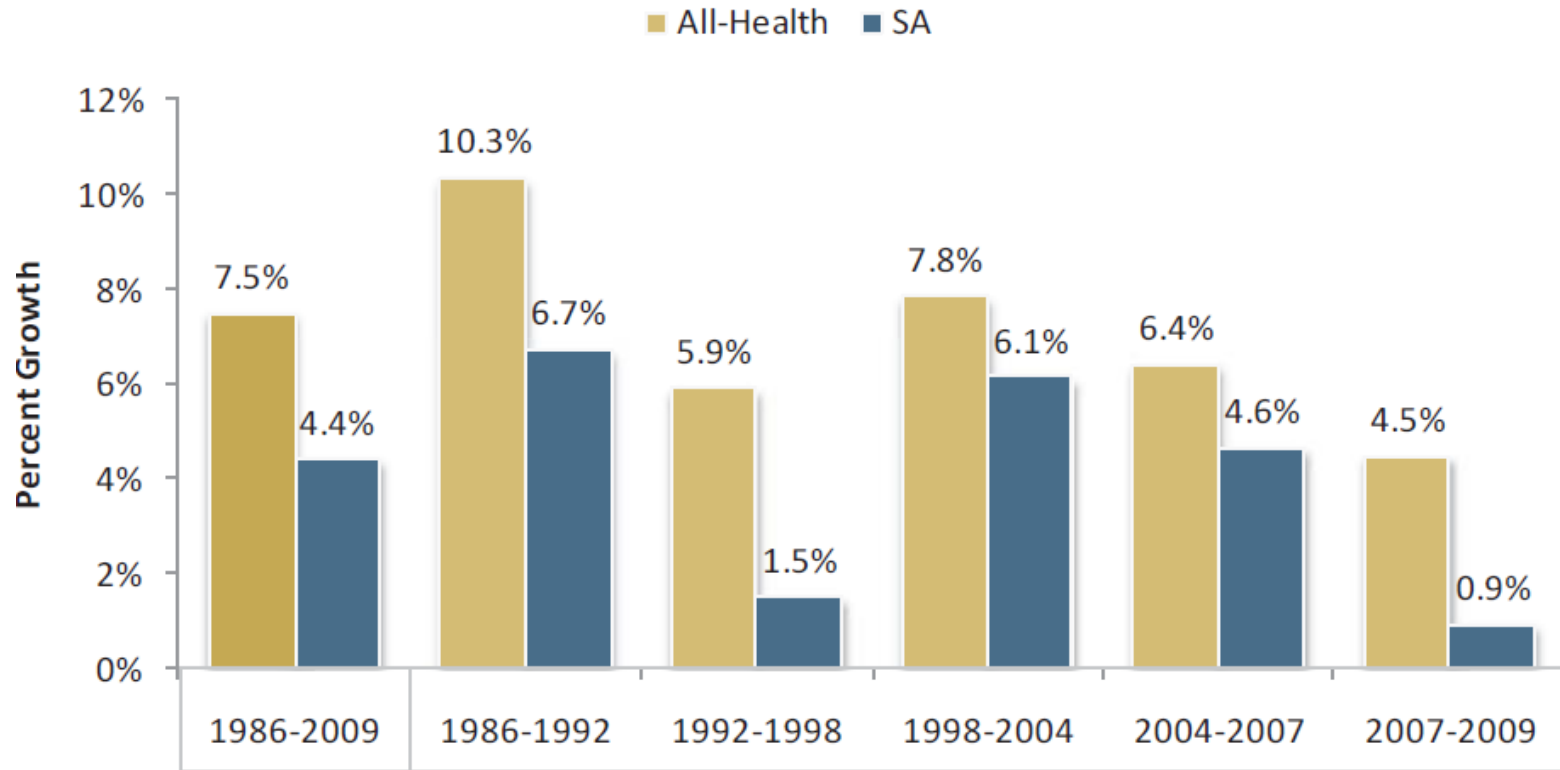


MHSA Spending in 2009  
\$172 Billion

Question: What is the average annual growth of substance abuse spending compared to average annual all health spending?

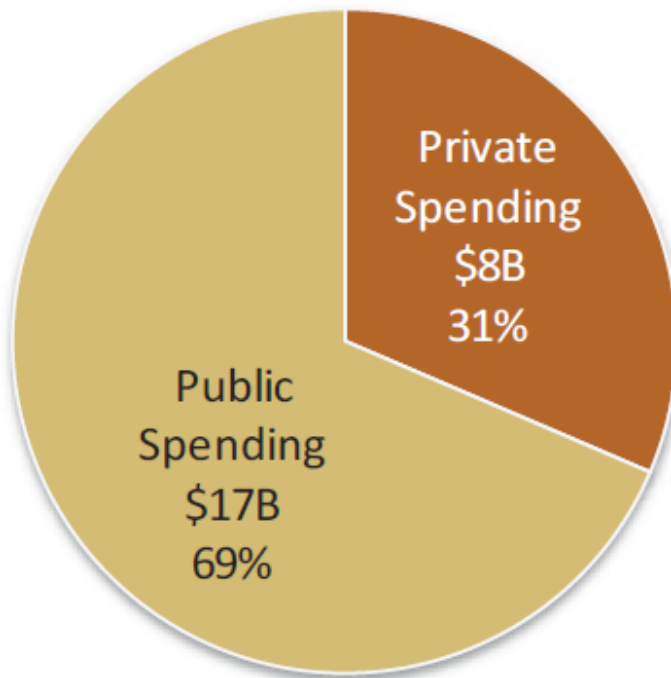
Answer: 4.4 percent growth for substance abuse compared to 7.5 percent growth for all health

### Average Annual Growth of Spending on SA and All-Health Treatment, 1986-2009

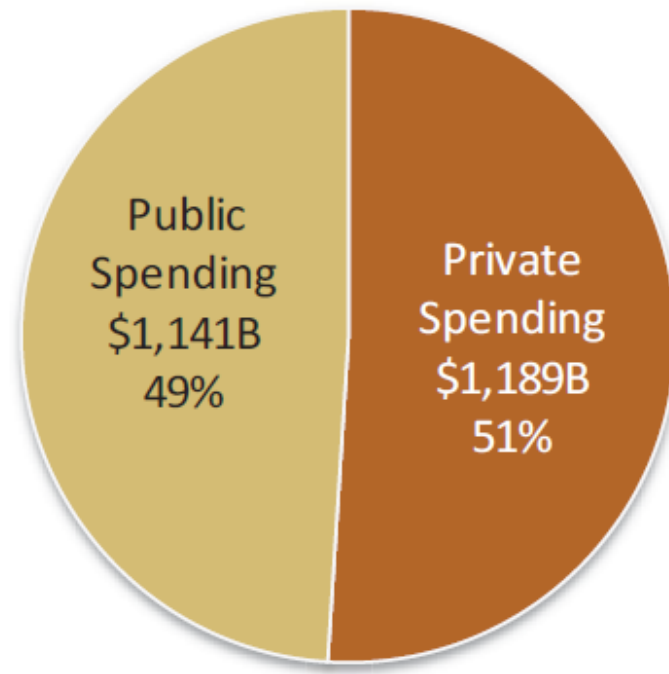


Question: How is the substance abuse system funded – public versus private payers (insurance/out-of-pocket)?  
Answer: Public payers financed \$7 out of every \$10 on substance abuse treatment in 2009

## Public and Private Spending on SA and All-Health Treatment, 2009



SA Spending = \$24 Billion



All-Health Spending = \$2,330 Billion

## Other facts to be aware of...

- ▶ **SAPT Block Grant represented 50 percent of all non-Medicaid/Medicare federal government spending in 2009.**
- ▶ **Private insurance expenditures equaled 16 percent of all substance abuse treatment spending in 2009 – a 50 percent decrease when comparing to private insurance expenditures in 1986 (32 percent)**

## Other facts to be aware of...

- ▶ In 2009, **Medicaid represented 21 percent of substance abuse treatment expenditures** while Medicaid represented 9 percent in 1986.
- ▶ **State and local funding** (excluding the State share of Medicaid) **represented 31 percent of substance abuse treatment funds** in 2009 – an increase of 4 percent compared to 1986



# ***Estimated Economic Cost to Society Due to Substance Abuse and Addiction:***

**Illegal drugs: \$181 billion/year**

**Alcohol: \$185 billion/year**

**Tobacco: \$193 billion/year**

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**Total: \$559 billion/year**

*Surgeon General's Report, 2004; ONDCP, 2004; Harwood, 2000.*

NIDA

# Financial Benefits of Treatment; National Institute on Drug Abuse (NIDA), Updated 2008

- ▶ According to several conservative estimates, **every dollar invested in addiction treatment programs yields a return of between \$4 and \$7 in reduced drug-related crime, criminal justice costs, and theft. When savings related to healthcare are included, total savings can exceed costs by a ratio of 12 to 1.** Major savings to the individual and to society also stem from fewer interpersonal conflicts; greater workplace productivity; and fewer drug-related accidents, including overdoses and deaths.

But what about...

- ▶ Impact of Affordable Care Act / Health Reform on Financing?

# Findings from NASADAD's Three State Study

What did the approach of Maine, Mass and Vermont look like?

- **General Approaches:**
  - Expanded Medicaid, subsidized health plans, private insurance (3 states)
  - Promote integration of primary care, chronic care, and prevention (3 states).
- **For the substance abuse sector**
  - Mandated coverage & Parity (2/3 states)
    - Private plans, subsidized plans, Medicaid
  - Managed care for BH Medicaid carve-out (2 States)
  - Process improvement initiatives (3 states)
  - Workforce initiatives (3 states)
  - Performance contracts/pay-for-performance (MA, ME)

# Findings from NASADAD's Three State Study

## – Saw the **overall percent of uninsured drop**

- ME - 13% in 2002 to 10.3% in 2007
- MA - 11.7% in 2004 to 2.6% in 2009
- VT - 9.8% in 2006 to 7.6% in 2009

## – **SAT Admissions rose**; public funding increased

- Maine: 14,356 (1999) to 18,951 (2008)
- Vermont: 4,388 (1998) to 9146 (2007)

## Findings from NASADAD's Three State Study

- While uninsured rate dropped, admissions rose, **many SAT clients still without health insurance**
  - MA 2009 – 22%
  - ME 2008 – 31%
  - VT 2007 – 30%
- Services paid for by safety net/SAPT funds
  - Without insurance or safety net funds, clients turned away/put on waitlist

# Findings from NASADAD's Three State Study

- **Many uninsured due to “gaps” in coverage**
  - Non-completion of re-enrollment forms (Medicaid)
  - Non-payment of premiums (private insurance)
  - May correspond with the client's increased alcohol/drug use
  - Incarceration

# Findings from NASADAD's Three State Study

- **HCR more \$ than expected** in MA, ME, VT
- **Cost savings** within SA system:
  - MCOs implemented for Medicaid in ME (2008), MA (1992)
    - Cost savings
    - “**Double-edged sword**”
- **Engagement and retention** demonstration projects in all three states
  - Popular
  - **Increased efficiency**
  - No data on effect of demonstrations on quality
- **Pay-for-performance (ME)** increased efficiency
  - MA beginning to implement



# Findings from NASADAD's Three State Study

- **SAPT Block Grant Remains critical** to SSA, providers - funds services not covered by others, fills gaps in services
- Flexibility to **address new challenges**, services
  - Opiate epidemic (previously, cocaine)
  - Buprenorphine, methadone
- **Safety net**
  - Services for the uninsured
  - Services that “traditional” insurance will not cover
- **Prevention** – primary/only funder in these States
- **Criminal Justice**
- **Workforce Development**

# Some final thoughts on current environment on Capitol Hill

## Appropriators Want to Maintain Important Role and Promote Commitment to “Regular Order”

**“No money shall be drawn from the treasury, but in consequence of appropriations made by law.”**

--U.S. Constitution, Article I, Section 9, Clause 7

**“I've said time after time, there's three kinds of members of Congress: Republican members, Democrat members and appropriators.”**

--Senator John McCain

# Capitol Hill Interested in Opioid Addiction Issues

- Capitol Hill offices are curious about prescription drug abuse and heroin issues
- Consider “ready-made” answers to question: What can we do about the problem?
  - Strong commitment to SAPT Block Grant;
  - Strong commitment to SAMHSA;
  - Medication Assisted Treatment (MAT);
  - Support for Overdose Strategies

# A Few Word on Sequester

- Created by the Budget Control Act (BCA) of 2011 when Joint Select Committee on Deficit Reduction did not reach a deal on \$1.2 trillion in savings over 10 years
- FY 14 to FY 21 reductions come through imposed spending cap limits (caps) on both non-defense and defense discretionary programs
- If spending goes over the imposed cap, across the board cuts are triggered
- Sequester did take place in FY 13.
- Sequestration did not take place in FY 14 for non-defense discretionary programs

# **FY 2015 Proposed Budget Released Tuesday, March 4, 2014**

- Timing of Capitol Hill visits is excellent
- Addiction field shall convene and developed recommendations for FY 2015
- Follow up with offices will be vital
- Champions needed – including ATR Caucus

THANK YOU

Questions

Comments

Discussion