Minnesota Substance Use Disorder System Reform

Section 1115 Waiver Demonstration Extension Request

12/19/2023

Contents

Attachments

Section I – Background and Historical Narrative

Background

The Centers for Medicare & Medicaid Services (CMS) approved Minnesota's Substance Use Disorder (SUD) System Reform waiver (waiver) for the period of July 1, 2019 through June 30, 2024. The waiver is managed by the Minnesota Department of Human Services (DHS) and operates under section 1115(a)(2) of the Social Security Act. This Medicaid demonstration authority provides federal funds for Medicaid beneficiaries receiving residential SUD treatment in facilities defined as an Institution for Mental Diseases (IMDs) under federal Medicaid law. This waiver request seeks to continue the waiver authority for five years. While progress has been made in treatment, SUD use and related deaths continued to increase during the initial waiver period. It is unknown the extent to which the COVID-19 public health emergency impacted these trends.

The waiver was developed in 2018 and 2019 in response to the growing public health crisis of opioid use disorders (OUD) and SUD in Minnesota and supports broader reforms of SUD service delivery. Participation in the waiver requires states to implement nationally recognized evidenced-based treatment guidelines. It also requires participating states to provide a comprehensive set of SUD treatment services under the Medicaid program, including outpatient, intensive outpatient, medication assisted treatment (MAT), residential inpatient and medically supervised withdrawal management. For purposes of this extension request, these services as a group are referred to as critical levels of care.

This demonstration provides critical support for Minnesotans receiving SUD treatment services that would otherwise be ineligible for federal Medicaid reimbursement. Over half of Minnesota's residential treatment beds are in IMDs, and continued receipt of Medicaid funding for residential SUD treatment facilities is critical to the state's larger reform efforts to address the opioid crisis.

DHS' initial waiver implementation plan requires development of a comprehensive and coordinated network of providers that offer the levels of care consistent with American Society of Addiction Medicine (ASAM) Criteria. The ASAM Criteria is recognized nationally as a comprehensive and evidence-based standard of care. Providers that elect to meet the ASAM Criteria and certify that they offer the critical levels of care (listed above) receive an enhanced Medicaid payment rate. Providers may offer the critical levels of care consistent with ASAM Criteria independently or through referral agreements with other providers. For purposes of this extension request,

these providers are referred to as certified. DHS supports providers in meeting the provider certification requirements through published standards, technical assistance, utilization management, training on the ASAM Criteria and an enhanced payment rate.

In May 2023, there were 436 active DHS-licensed SUD providers in Minnesota. Of those, 156 were certified. This is an increase from 82 SUD providers in January 2021. In addition to certifying SUD providers, DHS is implementing broader SUD reform efforts resulting in increased SUD service utilization. One primary service delivery change is implementation of a Direct Access to treatment policy, which went into effect in July 2022. Direct Access allows a recipient to access a comprehensive assessment from any eligible vendor of the service. This results in faster access to SUD treatment services. In the years leading up to waiver implementation, DHS also expanded Medicaid state plan services as part of SUD system reform efforts. These included the addition of screening, brief intervention and referral to treatment (SBIRT), treatment coordination, peer recovery support services and withdrawal management. The additional SUD services, combined with direct access to treatment and a growing number of certified providers, is leading to more engagement with SUD treatment.

In the waiver implementation plan, DHS committed to adding intensive outpatient services to the Medicaid state plan. In 2022, DHS, through Governor Walz's legislative proposals, sought an amendment to state law to authorize the state plan change, but this provision was not adopted by the Minnesota Legislature. Subsequently, the 2023 Minnesota Legislature passed law authorizing coverage of intensive outpatient services through the state plan and adopting service definitions and staffing requirements consistent with the following ASAM levels of care:

- ASAM level 0.5 early intervention
- ASAM level 1.0 outpatient
- ASAM level 2.1 intensive outpatient
- ASAM level 2.5 partial hospitalization
- ASAM level 3.1 clinically managed low-intensity residential
- ASAM level 3.3 clinically managed population-specific high-intensity residential
- ASAM level 3.5 clinically managed high-intensity residential

Future Steps

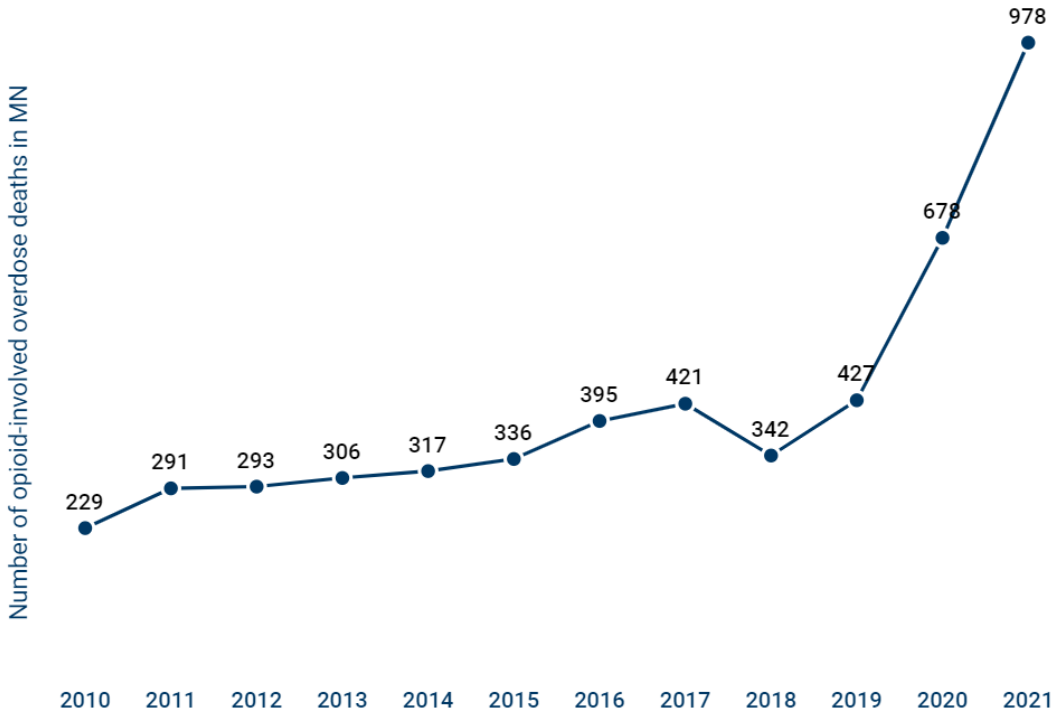
As described earlier, participating providers may offer the critical levels of care independently or through referral arrangements. State law passed in 2023 requires the implementation of a full continuum of ASAM levels of care and requires all DHS-licensed SUD providers be certified by January 1, 2025.

The state's adoption of the ASAM standards in state law will also assist DHS in responding to the soon-to-be-released fourth edition of the ASAM Criteria manual and the expected corresponding service standard changes.

Current Need

The time frame that DHS began transitioning to the ASAM Criteria spans the COVID-19 public health emergency and essentially affects all data analysis. However, the numbers show that opioid-involved overdose deaths among Minnesotans increased 44% from 2020 to 2021, and the number of deaths has more than doubled since 2019.

Figure 1: Opioid Overdose Deaths[1]



Data from the Minnesota Department of Health identifies 978 opioid-involved overdose deaths in calendar year 2021. This is a 236% increase from 291 opioid-involved overdose deaths in calendar year 2011. Emergency room non-fatal overdoses also increased dramatically from 1,686 in 2016 to 4,394 in 2021. While Minnesota is not unique in experiencing increased overdose deaths, the data illustrates the continuing need for improved treatment engagement and options for people with SUD.

States participating in this section 1115 demonstration opportunity are required to develop and submit implementation plans detailing the state's strategy for improving access to and quality of addiction treatment and meeting six CMS-identified milestones. The following section updates the state's progress toward meeting the required milestones as detailed in the state's approved OUD/SUD implementation plan submitted to CMS on September 27, 2019.

[1] Minnesota Department of Health (2023, January 13). Opioid Overdose Deaths. Drug Overdose Dashboard. Retrieved July 28, 2023, from https://www.health.state.mn.us/communities/opioids/opioid-dashboard/index.html

A. Access to Critical Levels of Care for SUDs

DHS provides coverage of outpatient services, medication assisted treatment (MAT), intensive levels of care in residential and inpatient settings and medically supervised withdrawal management. Minnesota's state Medicaid plan provides coverage for the required services, except for intensive outpatient services.

All certified providers in the state must offer MAT or facilitate access to MAT services wherever clinically appropriate. The amended DHS implementation plan committed to covering intensive outpatient services under the Medicaid state plan by July 2022. Unfortunately, since the Minnesota Legislature reached an impasse at the end of its 2022 session, most legislation being considered did not get resolved and DHS was not authorized to cover the service. As a result of the 2023 legislative session, enacted state law authorizes DHS to add coverage of intensive outpatient and partial hospitalization services to the SUD benefit set in January 2025.

B. Use of Evidence-based SUD-Specific Patient Placement Criteria

DHS requires providers assess treatment needs based on SUD-specific, multi-dimensional assessment tools and implement a utilization management approach such that beneficiaries have access to SUD services at the appropriate level of care and that there is an independent process for reviewing placement in residential settings. Pursuant to the state's implementation plan for this milestone, DHS adopted the ASAM Criteria as the evidence-based standard for patient placement criteria and developed a method for providers to submit clinical documentation for utilization management reviews. DHS completed and continues to provide outreach and training related to the ASAM Criteria and utilization management processes.

DHS contracted with a vendor to support the transition to ASAM standards. The vendor trained DHS staff and providers to increase their knowledge, build skills and help them adopt evidence-based practices consistent with ASAM. The vendor also completed a train-the-trainer series for DHS staff to better prepare them in supporting statewide ASAM education for providers at all experience levels. DHS staff will offer additional provider training opportunities in late 2023.

DHS currently contracts with a vendor to conduct utilization management of certified providers. These reviews help ensure that beneficiaries receive the appropriate level of care and that SUD treatment services satisfy ASAM Criteria. DHS' contract with the medical review agent provides the required independent process for

reviewing placements in residential settings, including types of services, hours of clinical care, and credentials of staff as required by DHS' Special Terms and Conditions with CMS. DHS' policy division staff notifies the DHS Office of the Inspector General when the utilization management vendor discovers possible overpayment or claims issues that may reach the threshold of fraud, waste or abuse as outlined in state law.

State law requires DHS-licensed residential SUD providers to be certified by January 1, 2024, and DHS-licensed nonresidential SUD providers to be certified by January 1, 2025. Once certified, all providers participating in the Medicaid program will be subject to this utilization review process. DHS is providing ongoing support to the provider community to ensure they can meet ASAM Criteria.

C. Use of Nationally Recognized, SUD-specific Program Standards to set Provider Qualifications for Residential Treatment Facilities

DHS uses the ASAM Criteria as the nationally recognized, evidenced-based standards for SUD treatment. DHS published standards in October 2020 that apply to certified providers. DHS' contracted utilization management vendor monitors, reviews, and reports on provider's performance in implementing the ASAM Criteria. State law requires all residential, inpatient and outpatient providers to meet the ASAM Criteria by January 2025.

D. Sufficient Provider Capacity at Critical Levels of Care Including MAT for OUD

DHS completed the required assessment of the availability of providers enrolled in Medicaid and accepting new patients in the critical levels of care, including those that offer MAT.[2]

E. Implementation of Comprehensive Treatment and Prevention Strategies to Address Opioid Abuse and OUD

DHS issued opioid prescribing standards based on recommendations received in 2018 from the Opioid Prescribing Work Group and published an addendum to these standards related to opioid tapers in 2020. The

[2] NORC. Minnesota 1115(a) Substance Use Disorder System Reform Demonstration Project Evaluation, Provider Capacity Assessment: Baseline Assessment Report, Dec. 30, 2020.

work group, comprised of treatment and program service professionals, was legislatively tasked to provide recommendations to DHS to improve opioid treatment, including prescribing protocols and quality improvement processes. DHS supports strengthening oversight of prescribing practices in law and will continue to provide educational information for best practice standards in opioid prescribing.

This milestone requires the implementation of opioid prescribing guidelines along with other interventions to prevent opioid abuse, expanded coverage of and access to naloxone for overdose reversal and implementation of strategies to increase utilization and improve functionality of prescription drug monitoring programs. Additionally, Minnesota has taken several steps to minimize the prevalence of opioid abuse and OUD. In 2019, the Opiate Epidemic Response bill was signed into law, which raises funds from prescribers, drug manufacturers and distributors to fight the opioid crisis. The law also created the Opioid Epidemic Response Advisory Council (OERAC). The council has several charges, all focused on developing and implementing a comprehensive and effective statewide effort to address opioid addiction, including distribution and use of the funding.

In April 2022, Governor Tim Walz established the Opioids, Substance Use, and Addiction Subcabinet and the Governor's Advisory Council on Opioids, Substance Use, and Addiction under Executive Order 22-07. The primary function of the subcabinet and advisory council is to coordinate the state's resources in response to OUD and SUD.

The 2023 state legislature increased funding for project ECHO[3] hubs that support best practice models in medications for opioid use disorder (MOUD).[4]

[3] Project ECHO is an established, evidence-based national telemetering program developed by University of New Mexico. The ECHO model consists of a "hub" where specialists work in an interdisciplinary team and "spokes" that connect with other providers through videoconferences for case-based learning.

[4] Medications for opioid use disorder (MOUD) is the language enacted by legislation in 2022 to replace Medication Assisted Treatment (MAT). This aligns with national naming conventions and decreases stigmatization. It includes all FDA-approved medications for treatment OUD.

Lastly, the waiver implementation plan included coordination with the Minnesota Board of Pharmacy (board), specifically, to report ongoing efforts by the board to increase utilization of the Minnesota Prescription Monitoring Program (MNPMP). This is a tool to prevent over prescribing of prescription drugs and Minnesota's equivalent to the federal Prescription Drug Monitoring Program (PDMP).

The board updated its software to support prescribing decisions and integrating interstate data.[5] The new software automatically analyzes recipients' prescription histories and risk factors, displays prescription drug data, and supports decisions around recipients' care needs. The software also integrates data into electronic health records between 43 states facilitating searches across a broad range of databases.

Use of the MNPMP has nearly doubled from January 2020 (2,452,955 total searches) through Dec. 2022 (4,824,382 total searches). In parallel, the number of entities with accounts to use the prescription monitoring program increased from 22,345 (in 2020) to 25,402 (in 2022), an increase of 13.7%.[6]

DHS is distributing grant funding through OERAC targeted at reducing opioid abuse and other OUDs. The total funding available is $20,649,221 and focuses on six categories listed below. The grants are part of a multi-faceted strategy to eliminate health disparities related to OUD and reduce deaths in Minnesota. To be eligible for grants, programs must respond to a request for proposal process. The six identified strategies are as follows:

1. Primary prevention and education for opioid related SUDs;
2. Secondary prevention and harm reduction for opioid related SUDs;
3. Workforce development and training on the treatment of opioid related SUDs;
4. Expansion and enhancement of a continuum of care for opioid related SUDs;
5. Chronic pain and alternative treatments; and
6. Emerging or innovative strategies and practices aimed at improving the impact of opioid related SUDs on the state of Minnesota.

[5] Minnesota Board of Pharmacy (2022) "2021 Prescription Monitoring Program Annual Report."

[6] Minnesota Board of Pharmacy, Prescription Monitoring Program Analytics Dashboard Web Page, June 9, 2023.

DHS continues to work with the Governor's Opioids, Substance Use, and Addiction Subcabinet and the Advisory Council on Opioids, Substance Use and Addiction with the goal of supporting their recommendations on addressing and combatting opioid abuse and OUD. DHS also continues to meet with providers to offer technical assistance and training on the ASAM Criteria and provides resources for methadone take-home supplies and discusses barriers and solutions to providing MOUD access. Increased funding passed in the 2023 legislative session for Project ECHO will continue to support expanded access to MOUD and addresses the recommendation in the independent waiver evaluator's mid-point assessment.

F. Improved Care Coordination and Transitions between Levels of Care

This milestone requires implementation of policies to ensure residential and inpatient facilities link beneficiaries, especially those with OUD, with community-based services and supports following stays in these facilities. State law requires all licensed SUD providers to provide discharge planning, including documentation of continuing care requirements that address ongoing behavioral health treatment as needed.

The state's existing continuum of care for SUD treatment includes treatment coordination and peer support services to support all continuing care recommendations including transitions between more and less intense or frequent services, and referrals with specific attention to continuity of mental health care. Certified providers must provide the agency with verification of formal referral arrangements to ensure access to different levels of care.

Future Goals

As DHS worked through implementation of its milestone deliverables, it became evident that gaps existed within the critical levels of care proposed in DHS' implementation plan. Specifically, Partial Hospitalization (ASAM 2.5) and Medically Monitored Intensive Inpatient levels of care (ASAM 3.7) were identified as necessary components to achieving a full continuum of evidence-based care.

In response to the identified gaps, state law was amended to authorize coverage of additional SUD treatment services, including intensive outpatient and partial hospitalization services. By January 2025, Minnesota's Medicaid program will cover all SUD services across the ASAM continuum of care. Additionally, DHS is planning for level of care modifications in anticipation of the publication of the ASAM fourth edition manual which is expected to revise ASAM withdrawal management levels of care. Once published, more specific work will be

identified to align current withdrawal management levels of care into the new levels of care provided in the ASAM fourth edition manual.

To support the ongoing transition to ASAM Criteria and its comprehensive continuum of care, DHS will continue to advance:

1. Reducing regulatory burdens by realigning standards to support providers in the transition to ASAM Criteria;
2. Streamlining provider requirements for residential services;
3. Transitioning all providers to use of ASAM levels of care by January 1, 2025;
4. Requiring providers to assure staffing and access to services that meet recipients' mental health needs;
5. Expanding statewide utilization management reviews with fidelity to ASAM Criteria; and
6. Hiring staff to provide ASAM Criteria training and complete data analysis and evaluation.

Section II – SUD Waiver Extension

Extension request, change and expected outcome

A. Extension request

DHS requests to continue waiver authority for the five-year period through June 30, 2029, to support its efforts to continue expanding the state's evidence-based SUD continuum of care. To continue this work, authority for federal financial participation is necessary when services are provided in residential programs that are IMDs. These placements are based on medical necessity and the recipients' needs and subject to utilization management review.

Consistent with CMS' guidance for section 1115 waiver demonstrations for SUD reform, the waiver supports recipients' access to the appropriate levels of treatment for SUD, from early intervention services to high-intensity treatment in residential and inpatient settings when needed. Consistent with the key goals and objectives for the waiver program, DHS transitioned to the use of the ASAM Criteria. This includes use of evidenced-based placement criteria and implementation of utilization management to oversee fidelity to ASAM.

DHS published standards supporting the transition to ASAM in October of 2020 that included all ASAM critical levels of care identified in the waiver implementation plan. As part of the extension of the waiver and further development of the continuum of care, DHS will add intensive outpatient (ASAM 2.1) and partial hospitalization (ASAM 2.5) services to its state plan in January 2025. DHS will also begin work on implementing medically monitored intensive inpatient (ASAM 3.7) when the new standards have been defined in the ASAM fourth edition and once authorized in the state plan.

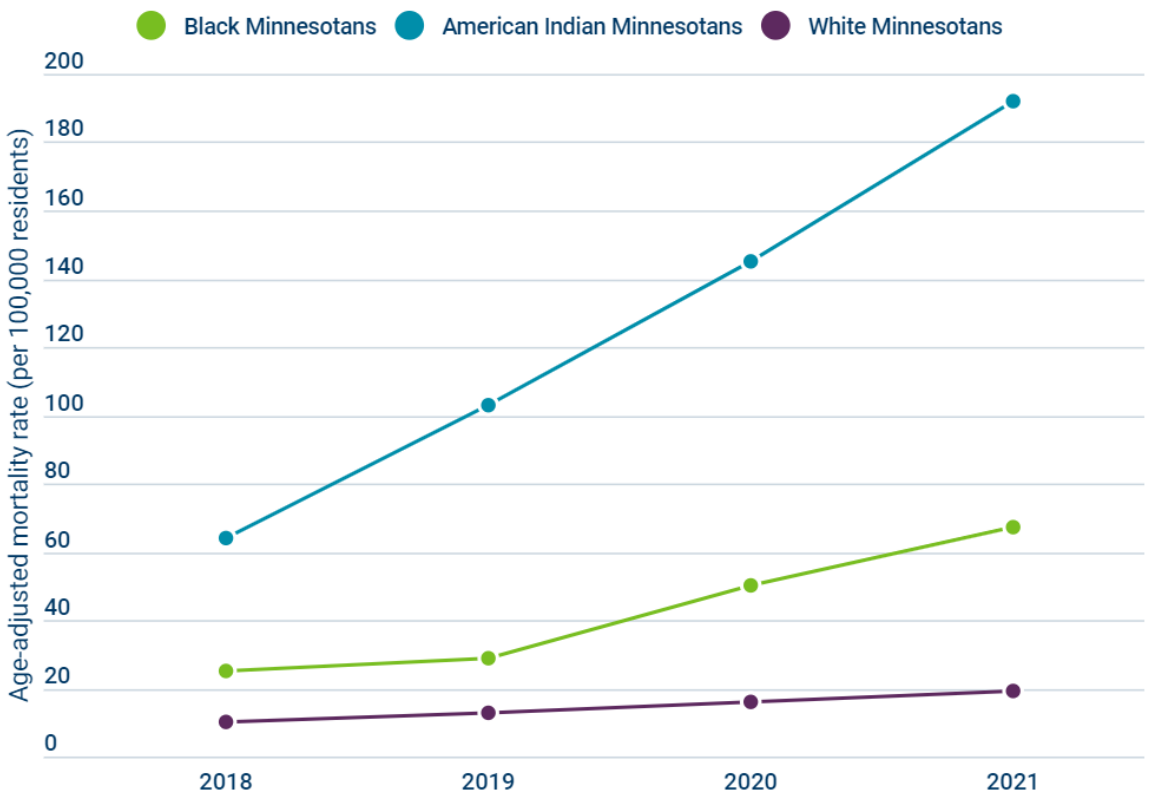
The state's waiver sought to evaluate whether requiring provider referral networks for SUD treatment would improve treatment outcomes for Medicaid beneficiaries. The state issued new standards for participating providers and established certification and utilization management processes based on the ASAM Criteria. The operation of two sets of standards for SUD providers serving Medicaid beneficiaries is inconsistent with the state's goals for SUD reform. As a result, the state is fully adopting service definitions, hours of clinical care and staff credentialling requirements for all providers consistent with the ASAM Criteria by January 1, 2025.

B. Change and expected outcome

Adding coverage of additional SUD services and implementation of coverage standards consistent with ASAM for all services in Minnesota's SUD benefit set will fill treatment gaps, improve treatment coordination and increase access to the full continuum of medically necessary SUD treatment services. This is expected to result in more effective treatment engagement. This will also assist providers by having a single service delivery model that offers a full continuum of medically necessary SUD treatment to best meet recipients' needs.

Further, offering the full continuum of ASAM levels of care is expected to improve identification of the need for and access to culturally responsive services. Culturally responsive assessments and treatment remain DHS priorities. The need is evidenced by data from the Minnesota Department of Health Drug Overdose Dashboard showing that compared to their white counterparts, American Indian Minnesotans were 10 times more likely to die from a drug overdose, and Black Minnesotans were more than three times as likely to die from a drug overdose than white Minnesotans. These significant disparities highlight the need for innovative approaches to culturally responsive assessment and treatment.

Figure 2: Opioid Overdose Deaths by Race[7][8]



Some progress has been made to increase access to culturally responsive services. In 2021, rate enhancements for defined culturally specific and culturally responsive programs were implemented. The rate enhancement applies to SUD programs certified by DHS to be focused on improving service quality to and outcomes of a specific population community that shares a common language, racial, ethnic or social background by advancing health equity to help eliminate health disparities in those communities. Tribal human service agencies may grant this certification for SUD programs they license in Minnesota.

[7] Minnesota Department of Health (2023, Jan. 13). Opioid Overdose Deaths. Drug Overdose Dashboard. Retrieved July 28, 2023, from https://www.health.state.mn.us/communities/opioids/opioid-dashboard/index.html.

[8] Title added by DHS.

Services in the programs that receive this rate enhancement are designed to be responsive to an individual within a specific population's community values, beliefs and practices, health literacy, preferred language and other communication needs. The programs must be compliant with the national standards for culturally and linguistically appropriate services or other equivalent standards and at least fifty percent of individuals employed to provide treatment services must be members of the identified community being served.

Merging the culturally responsive standards into the implementation of all services in ASAM's continuum of care is expected to improve outcomes of recipients.

Section III - Waivers and Expenditure Authorities

Current waiver expenditure authority

A. Programmatic description and expenditure authorities

The state requests to extend its current waiver expenditure authority. Under the authority of section 1115(a)(2) of the Social Security Act, expenditures made by the state for the items identified below (which are not otherwise included as expenditures under section 1903) will be regarded as expenditures under Minnesota's title XIX plan for the period of this extension.

Expenditures are for otherwise covered services furnished to otherwise eligible individuals primarily receiving treatment and withdrawal management services for SUD and who are short-term residents in facilities that meet the definition of an Institution for Mental Diseases (IMD).

B. Requirements not applicable to the expenditure authorities

All requirements of the Medicaid program expressed in law, regulation and policy statement, not expressly waived or identified as not applicable in the list below, shall apply to the expenditure authorities.

C. Expenditure reporting

The state reports waiver expenditures to CMS through the CMS-64 report and quarterly budget neutrality reports specific to the waiver. Past expenditure and projected waiver budget neutrality estimates are provided in Section VII of this request, Demonstration Financing and Budget Neutrality.

Section IV - Quality Assurance and Monitoring

Independent Evaluation

DHS contracted with the University of Chicago (NORC) to complete the midpoint and interim evaluation of the demonstration. The evaluation covered the seven state-specific goals designed to achieve progress toward the standardized national milestones for the demonstration.

1. Increased rates of identification, initiation and engagement in treatment for OUD and other SUDs
2. Increased adherence to and retention in treatment
3. Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate
4. Improved access to care for physical health conditions among Medicaid beneficiaries
5. Reduced number of opioid-related overdoses and deaths in the state of Minnesota
6. Patients allowed to receive a wider array of evidence-based services that are focused on a holistic approach to treatment
7. Reduced utilization of emergency departments (EDs) and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services

The NORC evaluation also examined the status of each of the milestones and offered recommendations. See Attachment A, Draft Interim Evaluation Report, Minnesota Substance Use Disorder System Reform Section 1115(a) Demonstration Project Evaluation. The State received CMS' comments concerning the draft report on October 24, 2023. The State will work with the contractor to address the comments and recommendations.

A. Fee-for-Service

All certified providers must participate in the utilization management process by submitting clinical documentation of services provided to the utilization review vendor. Effective April 2023, the DHS utilization review vendor implemented proprietary software specific to reviewing the three evaluation components for SUD services with fidelity to the ASAM Criteria. The new software is expected to provide a more consistent method for DHS to evaluate certified providers.

Utilization management reviews include three primary components to evaluate whether: (1) recipients' levels of care are appropriate, (2) services provided were medically necessary specifically, the types of services, hours of clinical care, and credentials of staff for residential treatment and (3) care coordination provided appropriate referrals for additional services.

B. Managed Care

DHS' contracts with Managed Care Organizations (MCO) require that they provide all services under the Medicaid state plan. MCOs are also contractually obligated to provide the ASAM critical levels of care as defined in DHS' published standards and to have a utilization review process that aligns with DHS' requirements. If a recipient is unable to find coverage for SUD treatment services at the assessed level of care through the MCO's in-network providers, the MCO must cover the appropriate service using out-of-network providers.

Section V - Evaluation Activities

The NORC midpoint assessment (dated March 2022) provided a status update and rated the risk level of whether the required milestones would be met. The progress made on the milestones to date, coupled with the 2023 legislative changes (including rate increases) and transitioning all providers to being licensed and certified by 2025 addresses the risks identified in the midpoint assessment.

Of note, the midpoint assessment commented on the impact of COVID-19 Public Health Emergency and the increases in SUD diagnoses in Minnesota and nationally. The report identified that the increased service need was pared with barriers to service access, including reduced healthcare engagement by recipients. Given the conclusion of the public health emergency, recipients' overall health care engagement (in all service categories) is expected to return to pre-pandemic levels, which supports a more robust evaluation of SUD treatment engagement in future evaluations.

Section VI – Demonstration Financing and Budget Neutrality

A. Projected expenditures

The following tables provide the budget neutrality projections, including the member months and per member per month (PMPM) cost for each waiver year (WY) in the extension period (within the applicable state fiscal year

(SFY)). The data is separated by Medicaid recipients whose SUD services are covered through fee-for-service (FFS) or under managed care, and each represents a separate Medicaid expenditure group (MEG) covered by the waiver.

Table 1: Fee-for-Service

FFS IMD MEG	WY 6 / SFY 2025	WY 7/SFY 2026	WY 8/SFY 2027	WY 9/SFY 2028	WY 10 / SFY 2029
Member months	9,622	10,032	10,386	10,791	11,200
PMPM	$4,304	$4,476	$4,655	$4,841	$5,034
Total Computable	$41,413,088	$44,903,232	$48,346,830	$52,239,231	$56,380,800

Table 2: Managed Care

Managed care IMD MEG	WY 6/SFY 2025	WY 7/SFY 2026	WY 8/SFY 2027	WY 9/SFY 2028	WY 10/SFY 2029
Member months	21,963	22,407	22,859	23,320	23,791
PMPM	$1,010	$1,050	$1,092	$1,136	$1,182
Total computable	$22,182,630	$23,527,350	$24,962,028	$26,491,520	$28,120,962

Table 3: Fee-for-Service and Managed Care

TOTAL WAIVER	WY 6/SFY 2025	WY 7/SFY 2026	WY 8/SFY 2027	WY 9/SFY 2028	WY 10/SFY 2029
Total computable	$63,595,718	$68,430,582	$73,308,858	$78,730,751	$84,501,762

B. Member Months

The following table provides the historic and projected member months.

Table 4: Member Months

	WY 1*/SFY 2020	WY 2*/SFY 2021	WY 3*/SFY 2022	WY 4/ SFY 2023	WY 5/SFY 2024
IMD FFS MEG	0	2,778	4,447	6,263	8,825
IMD managed care MEG	0	1,940	8,209	12,825	20,974
Waiver Total	0	4,718	12,656	19,088	29,799

* Actual data based on CMS-64 for the quarter ending March 31, 2023

	WY 6/SFY 2025	WY 7/SFY 2026	WY 8/SFY 2027	WY 9/SFY 2028	WY 10/SFY 2029
IMD FFS MEG	9,622	10,032	10,386	10,791	11,200
IMD managed care MEG	21,963	22,407	22,859	23,320	23,791
Waiver Total	31,585	32,439	33,245	34,111	34,991

The member months were calculated using actual member months based on the CMS-64 reports through the quarter ending March 2023, plus DHS' estimates of the additional population expected to receive services in IMDs later in the extension period. This is the result of additional providers meeting the new standards adopted by the state.

Institution for Mental Diseases, Fee-for-Service Months

The FFS MEG assumes the annual projected growth of 6.2% for state fiscal year (SFY) 2025 with annual growth averaging 4.3% for SFY 2025 to SFY 2029.

Institution for Mental Diseases, Managed Care Months

The managed care MEG is based on the actual number of managed care waiver recipients that were covered in IMDs in November 2022, plus a residual population expected to join the waiver by January 2024. From that point, projections are trended at 2.0% per year. For purposes of this section waiver recipients are those who are enrolled in a managed care plan and receive treatment in a certified residential facility subject to the IMD exclusion.

Table 5: Per Member Per Month Projections

	WY 1/SFY 2020	WY 2*/SFY 2021	WY 3*/SFY 2022	WY 4/SFY 2023	WY 5/SFY 2024
PMPM/IMD Fee for Service MEG		$ 3,055.13	$3,467.36	$4,142.00	$4,218.00
PMPM/IMD Managed Care MEG		$716.66	$895.03	$951.00	$972.00
Annual Trend/IMD Fee for Service MEG			13.5%	19.5%	1.8%
Annual Trend/IMD Managed Care MEG			24.9%	6.3%	2.2%

* Actual data based on CMS-64 for quarter ending March 31, 2023

	WY 6/SFY 2025	WY 7/SFY 2026	WY 8/SFY 2027	WY 9/SFY 2028	WY 10/SFY 2029
PMPM/IMD Fee for Service MEG	$4,304.00	$4,476.00	$4,655.00	$4,841.00	$5,034.00
PMPM/IMD Managed Care MEG	$1,010.00	$1,050.00	$1,092.00	$1,136.00	$1,182.00
Annual Trend/IMD Fee for Service MEG	2.0%	4.0%	4.0%	4.0%	4.0%
Annual Trend/IMD Managed Care MEG	3.9%	4.0%	4.0%	4.0%	4.0%

Institution for Mental Diseases, Fee-for-Service Per Member Per Month

The FFS PMPM includes rate adjustments for certified providers. A 15% rate increase was applied from the beginning of waiver activity and increased to 25% effective January 1, 2022. The increment to a 25% increase equates to approximately a 9.6% increase over two fiscal years and a trend increase of about 4.8% per year. Additionally, the increasing number of recipients in the first 30 months of the waiver seems to have brought in higher-cost recipients, which increased the FFS PMPM.

The PMPM amount is projected to stabilize at $4,218 beginning in January 2023. The trend increases for the waiver extension period reflect 4.0% rate increases each January, beginning in January 2025.

Institution for Mental Diseases, Managed Care Per Member Per Month

The managed care MEG shows a 24.9% increase in the PMPM for state fiscal year 2022 over state fiscal year 2021. Two main factors contribute to this: (1) in part to a change in the mix of capitation rates between the two periods; and (2) an increase of about 15% in state-paid capitation rates for IMD residents, effective January 2022. The change for state fiscal year 2023 represents annualization of the January 2022 increase.

The state forecast assumes 4.0% capitation rate increases each January, beginning January 2024. This results in an approximately 2.0% increase for state fiscal year 2024 and a 4.0% increase for the subsequent years.

The PMPM amounts are considerably less than the FFS projections because they do not represent the cost of SUD residential treatment for the waiver recipient (defined above), but only the capitation costs which without the waiver would be ineligible for federal funding. Capitation rates have the costs of SUD residential treatment spread over a population, most of whom do not receive that service in a given month.

C. Historical expenditures

The following tables provide the revised cost neutrality projections from waiver year one with actual data through waiver year three.

Table 6: Fee-for-service Institution for Mental Diseases Medicaid Expenditure Group

	WY 1/SFY 2020	WY 2/SFY 2021	WY 3/SFY 2022	WY 4/SFY 2023	WY 5/SFY 2024
Member months		2,778	4,447	6,263	8,825
PMPM		$3,055.13	$3,467.36	$4,142.00	$4,218.00
Total Computable		8,487,143	15,419,362	25,941,346	37,223,850

Table 7: Managed Care Institution for Mental Diseases Medicaid Expenditure Group

	WY 1/SFY 2020	WY 2/SFY 2021	WY 3/SFY 2022	WY 4/SFY 2023	WY 5/SFY 2024
Member months		1,940	8,209	12,825	20,974
PMPM		$716.66	$895.03	$951.00	$972.00
Total Computable		$1,390,313	$7,347,336	$12,196,575	$20,386,728

Section VII – Public Notice and Comment Process Section

Public Notice

A notice requesting public comment on the proposed SUD waiver extension request was published in the Minnesota State Register on September 25, 2023. The notice provided information about the 30-day comment period from September 25, 2023 to October 27, 2023 on the draft waiver extension request and a link to the DHS website with more information. An electronic version of the draft waiver extension request was published on the DHS website on September 21, 2023. The webpage is updated on a regular basis and includes information about the public notice process, opportunities for public input and provides a link to the waiver application. After the extension request is submitted, the webpage will be updated to inform visitors of the upcoming federal comment period on the SUD extension request and to provide the link to the federal website when it is available. This version of the waiver extension request will include all attachments. A copy of the Minnesota State Register Notice is provided as Attachment B.

Information about the waiver and the planned extension request was also provided to the state Medicaid Advisory Committee on February 14, 2023.

Public Hearings

A notice providing information about two public hearings concerning the proposed SUD waiver extension request was published in the Minnesota State Register on September 25, 2023. The notice provided information about two public meetings seeking state-wide participation. One was held October 10, 2023 via teleconference. The other was held October 12, 2023 in-person at the Minnesota Department of Human Services building located at 540 Cedar Street, St. Paul, Minnesota. Both provided external parties the opportunity to comment on the waiver request. See Attachment B.

Use of electronic mailing list or similar mechanism to notify the public

In addition to posting information on its website, DHS used GovDelivery[9] to notify the public of the proposed SUD waiver extension. On September 22, 2023, an email was sent via GovDelivery to provide information about DHS' intent to request an extension for the SUD waiver and opportunities to provide comments. The email also included that more information is maintained on the SUD waiver webpage. See Attachment C. A second email will be sent to provide notice that the final submitted version of the waiver is on the website and to alert external parties that a federal comment period on the waiver request is expected soon. DHS will post information about the federal comment period on its website.

Tribal Consultation

There are eleven Tribal Nations in Minnesota, seven Ojibwe reservations and four Dakota (Sioux) communities. The seven Ojibwe reservations are: Grand Portage, located in the northeast corner of the state; Bois Forte, located in far northern Minnesota; Red Lake, located in northern Minnesota west of Bois Forte; White Earth, located in northwestern Minnesota; Leech Lake, located in the north central portion of the state; Fond du Lac, located in northeastern Minnesota west of Duluth; and Mille Lacs Band of Ojibwe, located south of Brainerd in the central part of the state. The four Dakota communities are: Shakopee Mdewakanton Sioux, located south of the Twin Cities near Prior Lake; Prairie Island Indian Community, located near Red Wing; Lower Sioux Community, located near Redwood Falls; and Upper Sioux Community, whose lands are near the city of Granite Falls.

While these eleven Tribal Nations frequently collaborate on issues of mutual benefit, each operates independently as a separate and sovereign entity government – a state within a state or nation within a nation. Recognizing American Indian tribes as sovereign nations with distinct and independent governing structures is critical to the work of DHS. DHS recognizes each American Indian tribe as a sovereign nation with distinct and independent governing structures. It is vital for the state to have strong collaborative relationships with tribal governments. To support this for health and human services programs, DHS has a designated staff liaison in the

[9] GovDelivery is a subscription-based email system used by Minnesota state government to share information with the public. It is also sent to specific provider and stakeholder groups as applicable.

Medicaid Director's office who is responsible to inform and, as applicable, coordinate Medicaid issues with the eleven Tribal Nations. Furthermore, Minnesota Executive Order 19-24 affirms the Government-to-Government Relationship between the State of Minnesota and Minnesota Tribal Nations.

The Tribal Health Directors Work Group was formed to address the need for a regular forum for formal consultation between tribes and state staff. Work group attendees include Tribal Chairs, Tribal Health Directors, Tribal Social Services Directors and the DHS liaison. Other DHS leaders often participate in the meetings. The Native American Consultant from CMS and state agency staff attend as necessary depending on the topics covered. The DHS liaison attends all Tribal Health Directors Work Group meetings and provides updates on state and federal activities. The liaison arranges for appropriate DHS policy staff to attend the meetings to receive input from Tribal representatives and to answer questions.

Notice of the planned waiver extension was provided during the Tribal and Urban Indian Health Directors meeting on March 9, 2023, May 25, 2023, and August 24, 2023. Additionally, DHS staff met with the American Indian Advisory Council (AIAC) on March 16, 2023, and provided an update on the waiver and extension status.

On September 25, 2023, a letter was sent to all Tribal Chairs, Tribal Health Directors, Tribal Social Services Directors, the Indian Health Service Area Office Director and the Director of the Minneapolis Indian Health Board clinic informing each of the state's intent to submit a request to extend the SUD waiver and inviting consultation. The letter also informed Tribes of the public input process and provided a link to the SUD waiver web page. Please refer to Attachment D for a copy of the letter.

Comments received by the state during the 30-day public notice period

DHS received three comments regarding the proposed SUD waiver extension during the comment period from September 25 to October 27, 2023. A copy of the comments and the state's responses are provided in Attachment E.

Stakeholder Support

DHS received two letters of support for continuing the SUD waiver. Copies of the letters are provided in Attachment F.

Post Award Public Forums

Due to the COVID-19 pandemic, in lieu of in-person public hearings, three teleconferences were held to provide external parties the opportunity to comment on the waiver request. The teleconference dates were January 20, 2021, January 20, 2022, and January 26, 2023.

Section VIII – Demonstration Administration

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