

Substance Use Disorder (SUD) System Reform Section 1115 Demonstration Waiver Extension Request Summary

The MN Department of Human Services (DHS) held an initial 30-day public comment period that ended October 27, 2023 on the Substance Use Disorder (SUD) system reform waiver extension request. DHS also held two public hearings on October 10, 2023 and October 12, 2023, to provide stakeholders and other interested persons the opportunity to comment on the waiver request. All comments received by DHS during the public comment period were included in the waiver extension application DHS submitted to the Centers for Medicare & Medicaid Services (CMS) on December 21, 2023.

Additional notice of public comment

In January 2024, CMS directed DHS to publish an additional request for public comment that provided a comprehensive summary of what is included in the SUD waiver extension application. The following summary provides information about the service design, financing, goals, and objectives included in the waiver extension request. Refer to [SUD Section 1115 Waiver Demonstration Extension Request \(PDF\)](#) to review the extension request. There were no substantive revisions to the content in the waiver request that was posted for public comment September through October 2023 and submitted to CMS in December 2023.

DHS invites public comment on the proposed waiver extension that was submitted to CMS. Comments must be received by February 16, 2024 and will be posted on the [DHS website](#).

To submit comments electronically, email Section1115WaiverComments@state.mn.us. To support making comments available to people who use screen readers, DHS requests comments be submitted in Microsoft Word format or incorporated within the email text. If you would also like to provide a signed copy of a comment letter, you may submit a second copy in Adobe PDF format. To meet state accessibility requirements for posting, comments provided on paper or in an electronic format that cannot be converted for a screen reader may be reformatted. The original formatting and content will be maintained to the fullest extent possible. For example, if graphics or tables are included, a description that can be read will be added. Comments received may be posted publicly.

Paper copies of the SUD extension and summary are available by request. To request a copy be mailed or to pick up a copy, email your request to Section1115WaiverComments@state.mn.us. To submit

comments by mail or to request a paper copy of the SUD extension document or summary, mail your request to:

Minnesota Department of Human Services
Federal Relations – Medicaid Waivers
P.O. Box 64967
Saint Paul, MN 55164-0967

Summary of SUD waiver request

Description of the waiver request

Overview

State law directed DHS to seek federal waiver authority to receive Medicaid matching funds for SUD services provided in residential programs that meet the federal designation as an Institution for Mental Disease (IMD) to ensure continued access to this level of care for individuals with the most intensive treatment needs. The SUD waiver was submitted to CMS in 2018 as a demonstration waiver under section 1115 of the Social Security Act. It was approved by CMS for a five-year period from July 1, 2019 through June 30, 2024 to test the impact of evidence-based provider referral arrangements and practices on health outcomes for Medicaid beneficiaries with substance use conditions. A waiver extension is required to continue to receive Medicaid matching funds after June 30, 2024 for SUD services in residential programs that are IMDs.

Consistent with guidance from CMS, Minnesota adopted nationally recognized standards for the treatment of SUD and required all residential providers to offer medication assisted treatment (MAT) or facilitate access to MAT offsite. Participating providers must deliver services consistent with the levels of care established by the American Society of Addiction Medicine (<https://www.asam.org/asam-criteria/about-the-asam-criteria>) for treating addictive, substance-related and co-occurring conditions. To receive Medicaid payments, SUD service providers must enroll with DHS as Minnesota Health Care Programs (MHCP) provider.

Enrolled providers must provide beneficiaries access to each of the levels of SUD treatment as needed, as well as community mental health services. Providers are also required to assess and record beneficiaries treatment needs based on an evidence-based assessment tool called the ASAM Six Dimensions of Multidimensional Assessment (<https://www.asam.org/asam-criteria>). Further, providers must apply at least three of the four evidence-based practices that were identified as cost effective by the Minnesota Management and Budget agency when applied to adults receiving SUD treatment.

Goals and objectives

The SUD waiver is designed to support the following goals and objectives:

- Improve patient access and quality of care through timely initiation and engagement in SUD treatment.
- Improve patient quality of care through adherence to treatment for SUD over time.
- Improve health outcomes for patients through a reduction in the rate of deaths due to opioids.
- Improve health outcomes for patients through a reduction in the utilization of emergency department and inpatient hospital settings for SUD treatment.
- Improve access to care for physical health conditions among beneficiaries through coordination of care between physical and behavioral health providers treating Medicaid beneficiaries with a SUD diagnosis.

The waiver builds on the state's efforts to transform its substance use disorder delivery system to improve access to appropriate treatment through greater integration of substance use disorder services with the broader health care system, including community mental health providers. Over time, the state expects that referral networks or partnerships that follow ASAM criteria will lead to better health outcomes for Medicaid beneficiaries, including those in need of the most intensive services in residential settings.

Delivery system

SUD services are covered fee-for-service and through managed care systems as specified under the state plan, both of which operate statewide.

Beneficiaries and eligibility

The state applies the same standards and methodologies as provided in the state plan to determine Medicaid eligibility for all populations, including those seeking or receiving substance use treatment. The state expects that all beneficiaries affected by the waiver requirements would be otherwise eligible for Medicaid. Medicaid beneficiaries will receive services from a provider that meets the requirements of the waiver, including that all providers must deliver services in accordance with the ASAM standards starting in January 2025.

Benefits and cost-sharing

The waiver does not authorize benefits or apply beneficiary cost sharing that are/is different than the benefit and cost sharing detailed in the Medicaid state plan. The waiver allows the state to receive federal Medicaid funds for individuals receiving residential SUD treatment while residing in an IMD.

Budget and expenditures

The following tables provide the state's estimates of the expected increase in annual enrollment (member months) and expenditures (costs) for the waiver extension period. Under the demonstration the state will receive federal matching funds for withdrawal management services and SUD services provided to Medicaid beneficiaries in IMDs.

Demonstration years (DY) are from July 1 through June 30. The first demonstration year under the waiver extension request would be DY 6 and the waiver period would be July 1, 2024 through June 30, 2025, and so forth through DY 10 that would conclude June 30, 2029.

Estimates of enrollee months during the demonstration

| | DY 6 | DY 7 | DY 8 | DY 9 | DY 10 |
|-----------------------------------|--------|--------|--------|--------|--------|
| Fee-for-service IMD member months | 9,622 | 10,032 | 10,036 | 10,791 | 11,200 |
| Managed care IMD member months | 21,963 | 22,407 | 22,859 | 23,320 | 23,791 |
| Total Medicaid member months | 31,585 | 32,439 | 33,245 | 34,111 | 34,991 |

Estimates of costs during the demonstration

| | DY 6 | DY 7 | DY 8 | DY 9 | DY 10 |
|---|--------------|--------------|--------------|--------------|--------------|
| Costs for fee-for-service IMD resident months | \$41,413,088 | \$44,903,232 | \$48,346,830 | \$52,239,231 | \$56,380,800 |
| Costs for managed care IMD resident months | \$22,182,630 | \$23,527,350 | \$24,962,028 | \$26,491,520 | \$28,120,962 |
| Total added Medicaid costs | \$63,595,718 | \$68,430,582 | \$73,208,858 | \$78,730,751 | \$84,501,762 |

Hypothesis and evaluation plan

The overarching hypothesis is that SUD treatment engagement and outcomes will be improved for Medicaid beneficiaries. The waiver tests the impact of ASAM-based referral networks on beneficiaries access to services. The state will also evaluate the impact over time of the application of ASAM criteria

on quality of care and health outcomes of beneficiaries. Additionally, the state will evaluate the impact of integrating community mental health care providers into an ASAM-based provider referral network with SUD providers and other health care professionals, as applicable.

The goals of the SUD waiver are measured through a comprehensive evaluation completed by an external and independent reviewer and through DHS' ongoing monitoring of the milestones included in the SUD waiver's special terms and conditions provided by CMS.

The evaluation and monitoring data for the first three years of the SUD waiver period (2019 – 2023) was affected by the COVID-19 pandemic and related public health emergency. The data and evaluation from the SUD waiver extension period, is expected to yield data that can be more effectively analyzed.

Waiver and expenditure authorities

The SUD waiver extension request continues the following waiver and spending authorities.

- **Statewide uniformity:** To the extent necessary, to permit the state to operate the demonstration on a less than statewide-basis to the geographic area served by the participating providers in the pilot project. All providers must deliver services in accordance with the ASAM standards starting in January 2025.
- **IMD expenditure authority:** To the extent necessary, to allow the state to operate its section 1115 demonstration and to provide federal funding to cover services otherwise ineligible for federal financial participation when furnished to Medicaid beneficiaries in facilities that meet the federal designation of an IMD.

CMS public comment period

CMS may also hold a federal comment period following DHS' submission of a complete SUD waiver extension request. At that time, you may submit comments directly to CMS by going to www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/index.html and entering Minnesota in the search box.