Section 1115 Behavioral Health Transformation Demonstration Application Summary

<u>Section I</u>: Overview

The District of Columbia Department of Health Care Finance (DHCF) is seeking approval from the Centers for Medicare and Medicaid Services (CMS) for a Section 1115 Demonstration that will combine, under a single demonstration authority, the ability to reimburse for inpatient, residential, and other services provided to Medicaid-eligible beneficiaries in institutions for mental diseases (IMDs) to individuals diagnosed with substance use disorder (SUD) or serious mental illness (SMI)/serious emotional disturbance (SED). The demonstration will also allow the District to expand Medicaid's continuum of behavioral health services, including through improved access to community-based behavioral health services, provide important new resources to help the District fight the epidemic of deaths associated with opioid use disorder and related SUDs, and aid the District's efforts to transform Medicaid's behavioral health service delivery system.

<u>Section II</u>: Background and Purpose

This demonstration program was conceived, in large part, as a response to the crisis unfolding in the District relating to opioid use and abuse. From 2014 to 2017, the District of Columbia experienced a nearly 240 percent increase in opioid-related fatal overdoses and now ranks fourth among all states and first among urban counties with the highest percentage of opioid-related fatalities per capita. In December 2018, the Mayor released *Live.Long.DC.,* an opioid strategic plan with the goal of decreasing rates of opioid use, misuse, and opioid-related deaths by 2020.

The District is planning to use the 1115 demonstration to strengthen the continuum of care and move the District's Medicaid program toward a more integrated model of behavioral health care delivery by expanding treatment options for SMI/SED and SUD, delivering better quality care, identifying and treating behavioral health issues at earlier stages, and supporting improved data collection and reporting in the District's behavioral health system. The demonstration will also assist the District in advancing key goals within its Opioid Strategic Plan. Specifically, the demonstration will expand access to SUD treatment and providers, improve the quality of behavioral health treatment, improve the beneficiary experience after discharge through follow up, and prevent emergent and acute hospitalizations by scaling up crisis treatment programs

In fiscal year (FY) 18, nearly one-third (31 percent) of all Medicaid beneficiaries had a behavioral health diagnosis and an estimated 20 percent (55,919) of all Medicaid beneficiaries had an SMI/SED or SUD diagnosis. Sixty percent of Medicaid beneficiaries with an SMI/SED are receiving behavioral health treatment. In FY18, 2,933 adult Medicaid beneficiaries and those likely eligible for Medicaid had SUD or mental health-related IMD stays, resulting in $16.5 million in total District spending, $11.2 million of which was locally funded. The restrictions on Medicaid reimbursement for the treatment provided in IMDs has resulted in access gaps for Medicaid beneficiaries.

Roughly one-third (34 percent) of adult District residents being treated for SMI in the public health system also have a co-occurring SUD. Persons with a mental illness are at greater risk of developing a substance use disorder than the general population. Addressing the SUD crisis also requires treatment for the SMI/SED that is likely a contributing factor.

Oversight of Medicaid behavioral health services is divided, with overlapping authority, primarily among DHCF, Medicaid managed care organizations (MCOs), and the District's Department of Behavioral

Health (DBH), although other sister agencies also provide ancillary behavioral health services and supports. DHCF has authority over Medicaid's reimbursement of clinic services (free-standing mental health clinics (FSMHCs) and federally qualified health centers (FQHCs)), hospitals, and outpatient services. MCOs serving District Medicaid beneficiaries contract with a behavioral health provider network providing low-acuity, primary, behavioral health services, including assessment, counseling, and medication/somatic treatment. However, more intensive services and supports for SMI/SED/SUD treatment are carved out of MCO contracts and delivered by providers operating under the oversight and certification of DBH.

Because of overlapping oversight of separate delivery systems and provider networks by DHCF, MCOs and DBH, providers and beneficiaries are sometimes not well informed about available benefits and coverage. Through this demonstration, the District is beginning a process that aims to further improve coordination of coverage and services, beginning with a focus on strengthening transitions of care among participating providers.

The District conducted an assessment of its mental health system to provide a baseline understanding of current rates of utilization, provider participation, and system funding against which to measure as the demonstration is implemented. The assessment, which follows a federally-provided template, includes information on the number of District providers of mental health services and a brief overview of the District's population with SMI. For more information on the District behavioral health system, interested stakeholders are able to review the *District of Columbia Uniform Application FY 2018/2019 - State Behavioral Health Assessment and Plan Substance Abuse Prevention and Treatment Block Grant*. Other District government materials that analyze the behavioral health system include the District Medicaid Program's *2016 Access Monitoring Review Plan* and the District Department of Health's *2014 Community Health Needs Assessment* which are also available for reference. Federal resources include the Mental Health National Outcome Measures reporting from the HHS/Substance Abuse and Mental Health Services Administration.

Section III: Demonstration Goals and Objectives

The District has three overarching goals for this demonstration:

Increasing Medicaid's service array to improve coverage of a broader continuum of behavioral health treatment for individuals with SMI/SED/SUD;

Advancing the District's goals for reducing opioid use, misuse, and deaths outlined in the District's Opioid Strategic Plan, *Live.Long.DC.*; and

- Supporting the District Medicaid program's movement toward a more integrated health care experience that facilitates coordinated treatment of behavioral and physical health needs.

The District's goals support the broader objectives of the Medicaid program to ensure equitable access to medically necessary services for Medicaid-eligible beneficiaries. These goals also support the specific goals for the SUD and SMI/SED demonstrations outlined by the Centers for Medicare and Medicaid Services in SMD 17-003 and 18-011, which include reducing preventable admissions to emergency, inpatient and residential settings, promoting access to community-based treatment, strengthening transitions to care in the community and ensuring timely follow-up after hospitalization or a residential stay, and ensuring care is consistent with medical guidelines for SMI and SUD, as appropriate.

Section IV: Eligibility, Benefits, Cost Sharing, and Delivery System

Eligibility

This demonstration will impact all children and adults eligible to receive Medicaid benefits under the District of Columbia Medicaid State Plan who are diagnosed with an SMI/SED or a SUD, or self-identified with an SUD.

Medicaid beneficiaries will qualify for services outlined in this demonstration based upon their medical need for services. Medicaid beneficiary eligibility requirements will not differ from the approved Medicaid State Plan and DHCF is not proposing changes to Medicaid eligibility standards in this demonstration application.

Specifically, the District is seeking authorization to reimburse for clinically appropriate care delivered in residential and inpatient treatment settings that qualify as IMDs will increase the scope of services and treatment options available to District Medicaid adults 21-64 diagnosed with an SMI/SED or a SUD, who have traditionally had limited access to these services as a result of the IMD exclusion.

The District also plans add new and augment existing Medicaid services that would otherwise be authorized under the State Plan. These additional services will ensure greater access to outpatient and community-based services for all Medicaid-eligible children and adults diagnosed with an SMI/SED or a SUD, or self-identified with an SUD, with the goal of improving health outcomes for these individuals.

Benefits

In addition to reimbursement for clinically appropriate, short term stays for acute care delivered to individuals with SMI/SED or SUD in IMD inpatient or residential settings, the demonstration program seeks approval to incorporate the following services and service changes for individuals participating under the demonstration:

- Crisis Stabilization Services, including an expansion of the current Crisis Psychiatric Emergency Program (CPEP), Mobile Crisis Support services, and Psychiatric Residential Crisis Stabilization Services
- Recovery Support Services
- Clubhouse
- Trauma-Informed Services
- Supported Employment Services
- Psychologist and Other Licensed Behavioral Health Provider Services; and
- Transition Planning Services.

Cost Sharing

This demonstration will not impose any additional beneficiary cost-sharing requirements beyond those identified in the Medicaid State Plan. However, the demonstration will seek authority to remove beneficiary cost-sharing requirements for prescriptions associated with medication-assisted treatment for individuals receiving services under the demonstration.

Delivery System

No changes to the current FFS and managed care delivery systems are being proposed in this demonstration application. There will be no differences in the delivery system used to provide benefits to demonstration participants than those provided under the State Plan.

<u>Section V</u>: Hypothesis and Evaluation

The demonstration will test whether the expenditure authority granted under this demonstration, in addition to other concurrent behavioral health delivery system enhancements and re-design efforts, results in increased access to health care services and improved health outcomes for individuals with SUD and SMI/SED.

The District of Columbia will conduct a thorough, independent evaluation of the demonstration by contracting with an independent evaluator. The design and methods of the evaluation will be developed with CMS and the evaluator. The evaluation design and evaluation reports will follow CMS guidelines.

Among other goals, the District will evaluate whether the demonstration:

- Increases enrollee identification of, access to, and utilization of appropriate SUD and/or SMI/SED treatment services;
- Reduce emergency department (ED) and hospital visits among enrollees with SUD and/or SMI/SED for SUD and/or SMI/SED treatment;
- Diagnose and treat co-morbid physical health conditions among enrollees with SUD and/or SMI/SED in an IMD setting;
- Increase timely initiation of follow up after discharge from ED, residential, or inpatient treatment for SMI or SUD and timely transition to community-based behavioral health services; and
- Improves the availability of crisis stabilization services including through call centers and mobile crisis units and through intensive outpatient and residential or inpatient settings.

Section VI: Waiver and Expenditure Authorities

The District is requesting waiver of the following sections of the Social Security Act, to the extent necessary, to support implementation of the proposed demonstration:

- Comparability requirements described in section 1902(a)(17): this demonstration program includes benefits and cost-sharing specific to eligibility criteria as described in Section IV.A that may not be comparable to benefits and cost-sharing provided under the State Plan.
- Amount, Duration, and Scope requirements described in section 1902(a)(10)(B): to enable the District to offer a different benefit package to demonstration participants that varies in amount, duration, and scope from the benefits offered under the State Plan.
- Any Willing Provider requirements described in section 1902(a)(23) and 42 CFR 431.51(b)(1): to enable the District to limit provider participation in the Medicaid program with respect to services offered as Supported Employment as described in Section IV.B

DHCF requests Expenditure Authority for otherwise covered services furnished to State Plan eligible adults (21-64) who are primarily receiving treatment and withdrawal management services for substance use disorder or primarily receiving treatment for serious mental illness/serious emotional disturbance, who are short-term residents/inpatients in facilities that meet the definition of an IMD.

Section VII: Impact on Expenditures and Enrollment

This demonstration is not expected to increase or decrease annual Medicaid enrollment. Those who are Medicaid enrolled and diagnosed with SMI/SED or SUD, are largely, the target of this demonstration program (over 56,000 individuals in FY18). Demonstration expenditures are estimated through 2024 in the table below:

Table 1: **Projected IMD Member Months/Caseloads and Enrollment**

		DEMONSTRATION YEARS (DY)					
	Trend Rate	2020	2021	2022	2023	2024	Estimated Enrollment
SUD IMD Services MCO	4.5%	902	942	984	1,029	1,075	451
SUD IMD Services FFS	3.1%	1,298	1,339	1,381	1,425	1,469	718
SMI IMD Services MCO	4.5%	54	57	59	62	65	27
SMI IMD Services FFS	3.1%	2,369	2,443	2,520	2,599	2,681	1,329
Non-IMD Services CNOM Limit MEG	4.2%	60,913	63,459	66,111	68,873	71,751	16,809

Table 2: Demonstration Expenditures Across Five Years

Supplemental Test #1: IMD Services Cost Limit						
Without-Waiver Total Expenditures						
	DEMONSTRATION YEARS (DY)					TOTAL
	2020	2021	2022	2023	2024	
SUD IMD Services MCO	$1,524,289	$1,640,461	$1,765,485	$1,900,041	$2,044,848	$8,875,125
SUD IMD Services FFS	$3,188,045	$3,386,680	$3,597,691	$3,821,841	$4,059,964	$18,054,221
SMI IMD Services MCO	$585,113	$629,707	$677,700	$729,351	$784,939	$3,406,811
SMI IMD Services FFS	$19,256,547	$20,456,311	$21,730,837	$23,084,759	$24,523,034	$109,051,488
TOTAL	$24,553,993	$26,113,159	$27,771,714	$29,535,993	$31,412,786	$139,387,644
With-Waiver Total Expenditures						
	2020	2021	2022	2023	2024	TOTAL
SUD IMD Services MCO	$1,524,289	$1,640,461	$1,765,485	$1,900,041	$2,044,848	$8,875,125
SUD IMD Services FFS	$3,188,045	$3,386,680	$3,597,691	$3,821,841	$4,059,964	$18,054,221
SMI IMD	$585,113	$629,707	$677,700	$729,351	$784,939	$3,406,811

Services MCO						
SMI IMD Services FFS	$19,256,547	$20,456,311	$21,730,837	$23,084,759	$24,523,034	$109,051,488
TOTAL	$24,553,993	$26,113,159	$27,771,714	$29,535,993	$31,412,786	$139,387,644
Net Overspend	$0	$0	$0	$0	$0	$0
Supplemental Test #2: Non-IMD Services CNOM Limit						
Without-Waiver Total Expenditures						
	DEMONSTRATION YEARS (DY)					TOTAL
	2020	2021	2022	2023	2024	
Non-IMD Services CNOM Limit MEG	$13,045,207	$13,997,752	$15,020,349	$16,117,743	$17,294,974	$75,476,025
TOTAL	$13,045,207	$13,997,752	$15,020,349	$16,117,743	$17,294,974	$75,476,025
With-Waiver Total Expenditures						
	2020	2021	2022	2023	2024	TOTAL
Non-IMD Services CNOM Limit MEG	$13,045,207	$13,997,752	$15,020,349	$16,117,743	$17,294,974	$75,476,025
TOTAL	$13,045,207	$13,997,752	$15,020,349	$16,117,743	$17,294,974	$75,476,025
Net Overspend	$0	$0	$0	$0	$0	$0

MEGs	Trend Rate	2020	2021	2022	2023	2024
SUD IMD Services MCO	3.0%	$1,690	$1,741	$1,793	$1,847	$1,903
SUD IMD Services FFS	3.0%	$2,455	$2,529	$2,605	$2,683	$2,763
SMI IMD Services MCO	3.0%	$10,769	$11,092	$11,425	$11,768	$12,121
SMI IMD Services FFS	3.0%	$8,128	$8,372	$8,623	$8,882	$9,149
Non-IMD Services CNOM Limit MEG	3.0%	$214	$221	$227	$234	$241

<u>Section VIII</u>: Public Notice

The District took the following actions to support public notice and awareness of this demonstration before the draft waiver application was released on April 12, 2019:
DHCF discussed the draft demonstration application with the following interest groups during the development of the waiver:

- District of Columbia Medical Care Advisory Committee (MCAC) on February 26, 2019
- DC MCAC Health System Redesign Subcommittee on March 27, 2019
- DC Behavioral Health Waiver Stakeholder Meeting on March 28, 2019
- DC Behavioral Health Planning Council on March 29, 2019
- Medicaid MCO Medical Directors on April 8, 2019
- DC MCAC Access Subcommittee on April 9, 2019
- DC Behavioral Health Provider Meeting on April 10, 2019

DHCF provided an open comment period from April 12, 2019 to May 13, 2019 on the draft demonstration application.

DHCF published an abbreviated notice of public comment in the April 12, 2019 issue of the District of Columbia Register (DCR) at 65 DCR 004860. The abbreviated notice can be found online at https://www.dcregs.dc.gov/Common/NoticeDetail.aspx?NoticeId=N0081563.

On April 12, 2019, DHCF published full notice on the DHCF website at http://dhcf.dc.gov/1115-waiver-initiative. The draft demonstration application, an executive summary, and information on how interested stakeholders could give feedback on the proposed demonstration were available on the DHCF website at or before 6:00PM EST. DHCF also emailed the draft application, the executive summary, and a link to the DHCF website to a listserv of approximately two-hundred and fifty (250) interested members of the public.

Public Hearings were scheduled during the public comment period as identified below:

Public Hearing #1
Date: Thursday April 18, 2019
Time: 4:00 to 5:30PM
Location: Room 284/285 at 64 New York Avenue NE, Washington, DC 20002

Public Hearing #2
Date: Thursday April 25, 2019
Time: 5:30 to 7:00PM
Location: Room 2023 at 2235 Shannon Place SE, Washington, DC 20020

Public Hearing #3 (Virtual)
Date: Tuesday April 30, 2019
Time: 1:30 to 3:00PM
Location: Web conference and Teleconference only

DC MCAC Meeting
DHCF also presented information and heard feedback on the proposed demonstration during the April 26, 2019 meeting of the DC MCAC. The DC MCAC is a forum for key participants and stakeholders in the Medicaid program, including consumers, advocates, providers, and District officials to review the program's operations and offer advice for improvements directly to DHCF. Information on the April 2019 meeting of the DC MCAC is available on the DHCF website at https://dhcf.dc.gov/node/1401616.

DHCF and DBH received 20 written as well as additional oral comments, during the comment period during the comment period. The overwhelming majority of stakeholders indicated their satisfaction that

the District is pursuing the demonstration to address the behavioral health needs of Medicaid beneficiaries. Common themes focused on:

- Demonstration Eligibility/Impacted Population
- Medicaid Enrollment of Psychologists/LICSW and Other Stand-Alone Providers
- Services Provided by Peer Support Specialists
- Need for Workforce Development/Specialty Training
- Transition Services/Discharge Planning and Follow-Up After Discharge from Institutional Care
- Screening, Brief Intervention, and Referral to Treatment (SBIRT) Service Definition
- Scope of IMD Services under the Demonstration; and
- Role of Manage Care in Coordinating Behavioral Health Services.

Key changes were made to Crisis Stabilization Service Definitions; Supported Employment Service Definition; and Psychologist and LICSW Service Definitions in response to public comment.

Transition Planning Services were added to the demonstration.

SUD Residential Services for Children and Youth and the SBIRT Pilot were removed from the proposed demonstration.

Section IX: **Demonstration Administration**

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