Section 1115 Behavioral Health Transformation Demonstration Application Summary

Section I: 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. The District is providing this draft application to the public for input and comment in advance of submitting the Demonstration application to CMS.

Section II: 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. Although Medicaid already covers SUD counseling and treatment, access to Medication Assisted Treatment (MAT) is limited and often locally covered services are not well connected to the Medicaid behavioral health system.

In FY18, nearly one-third (31 percent) of all Medicaid beneficiaries had a behavioral health diagnosis and an estimated 14 percent (36,000) of Medicaid beneficiaries had an SMI/SED 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 shortfalls in consistent and adequate Medicaid reimbursement for Medicaid eligible beneficiaries has resulted in access gaps for beneficiaries

There is a strong co-occurrence of SUD and SMI/SED in the District. Roughly one-third (34 percent) of adult District residents being treated for SMI in the public health system also have an SUD. In the District, 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.

The complexity of the District's behavioral health system likely impacts beneficiary experience. In the District, 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 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.

This overlapping oversight of separate delivery systems and provider networks by DHCF, MCOs and DBH has resulted in confusion among providers and beneficiaries regarding Medicaid's scope of coverage and points of entry to the behavioral health system. This demonstration seeks to begin a process that will, over time, further improve coordination of coverage and services, beginning with a focus on expanding the continuum of services Medicaid covers and strengthening transitions of care among participating providers.

The District is conducting an assessment of its behavioral health system for inclusion in the final version of this demonstration application. 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*.

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 identified as at-risk of developing an SUD.

The ability 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 those at risk for an SUD diagnosis, with the goal of improving health outcomes for these individuals.

Benefits

In addition to reimbursement for treatment for 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:

- Residential SUD Services for Children/Youth
- Crisis Stabilization Services, including an expansion of the current Crisis Psychiatric Emergency Program (CPEP) and Mobile Crisis Support services
- Peer Recovery Support Services
- Clubhouse
- Trauma-Informed Services
- Supported Employment Services
- Psychologist and Licensed Clinical Social Worker Services; and
- Screening, Brief Intervention, and Referral to Treatment Pilot Program.

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.

Section V: 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. Upon approval of the demonstration, the District will contract with an external evaluator to develop a Medicaid 1115 demonstration evaluation design plan.

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

- Increases enrollee identification of, access to, and utilization of appropriate SUD treatment services based on the ASAM Criteria, with a focus on community settings;
- Decreases use of medically inappropriate and avoidable, high-cost emergency department and hospital services by enrollees with SUD and/or SMI/SED;
- Reduces readmission rates for inpatient SUD and/or SMI/SED treatment; 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.

Per SMD #17-003 (November 1, 2017) and SMD #18-011 (November 13, 2018), the District will report the initial performance measures and will work with CMS to identify additional optional measures of particular relevance to the District's SMI and SUD experience.

Upon approval of the demonstration, the District will contract with an external evaluator to develop a Medicaid 1115 demonstration evaluation design plan. To the greatest extent possible, the District will use nationally recognized, standard quality measures (such as CMS core) to evaluate the success of the SUD and SMI/SED components of the demonstration, and will work to streamline reporting and minimize administrative burdens for District providers.

Section VI: Expenditure Authorities

The District is requesting waiver of the comparability requirements in order to allow a subset of Medicaid beneficiaries who are receiving MAT to be exempt from the $1 co-payment otherwise associated with outpatient prescription medications.

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 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%	900	940	982	1,026	1,072	451
SUD IMD Services FFS	3.1%	1,265	1,304	1,345	1,387	1,431	767
SMI IMD Services MCO	4.5%	56	59	62	64	67	28
SMI IMD Services FFS	3.1%	1,487	1,534	1,582	1,632	1,683	1,469
Non-IMD Services CNOM Limit MEG	4.2%	242,097	252,214	262,754	273,734	285,173	29,336

Table 2: Demonstration Expenditures Across Five Years

	DEMONSTRATION YEARS (DY)					TOTAL
	2020	**2021**	**2022**	**2023**	**2024**	
SUD IMD Services MCO	$1,487,352	$1,600,710	$1,722,710	$1,854,005	$1,995,308	$8,660,084
SUD IMD Services FFS	$3,683,901	$3,913,422	$4,157,241	$4,416,250	$4,691,409	$20,862,222
SMI IMD Services MCO	$594,295	$639,590	$688,336	$740,798	$797,258	$3,460,277
SMI IMD Services FFS	$20,831,862	$22,129,788	$23,508,570	$24,973,265	$26,529,211	$117,972,696
TOTAL	$26,597,409	$28,283,509	$30,076,857	$31,984,318	$34,013,186	$150,955,279
With-Waiver Total Expenditures						
	2020	**2021**	**2022**	**2023**	**2024**	**TOTAL**
SUD IMD Services MCO	$1,487,352	$1,600,710	$1,722,710	$1,854,005	$1,995,308	$8,660,084
SUD IMD Services FFS	$3,683,901	$3,913,422	$4,157,241	$4,416,250	$4,691,409	$20,862,222
SMI IMD Services MCO	$594,295	$639,590	$688,336	$740,798	$797,258	$3,460,277
SMI IMD Services FFS	$20,831,862	$22,129,788	$23,508,570	$24,973,265	$26,529,211	$117,972,696
TOTAL	$26,597,409	$28,283,509	$30,076,857	$31,984,318	$34,013,186	$150,955,279
Net Overspend	$0	$0	$0	$0	$0	**$0**
Without-Waiver Total Expenditures						
	DEMONSTRATION YEARS (DY)					TOTAL
	2020	**2021**	**2022**	**2023**	**2024**	
Non-IMD Services CNOM Limit MEG	$12,688,318	$13,614,519	$14,609,110	$15,676,738	$16,822,341	$73,411,026
TOTAL	$12,688,318	$13,614,519	$14,609,110	$15,676,738	$16,822,341	$73,411,026

With-Waiver Total Expenditures						
	2020	2021	2022	2023	2024	TOTAL
Non-IMD Services CNOM Limit MEG	$12,688,318	$13,614,519	$14,609,110	$15,676,738	$16,822,341	$73,411,026
TOTAL	$12,688,318	$13,614,519	$14,609,110	$15,676,738	$16,822,341	$73,411,026
Net Overspend	$0	$0	$0	$0	$0	$0

Section VIII: Public Notice

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

DHCF published a *Notice of Public Comment* in the District of Columbia Register on April 12, 2019. The full demonstration notice can be found at: https://dhcf.dc.gov/1115-Waiver-Initiative.

DHCF discussed the draft demonstration application with the following interest groups during the development of the waiver:

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

Additional Public Hearings are 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
Conference: Individuals can join by phone by dialing 1-650-479-3208 and using the access code 738 423 593, or by web conference by going to https://dcnet.webex.com/dcnet/j.php?MTID=m8faafc40b618fb1ebbc7d6dbf60bbf08

Section IX: **Demonstration Administration**

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