COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

CYNTHIA B. JONES
DIRECTOR

SUITE 1300
600 EAST BROAD STREET
RICHMOND, VA 23219
804/786-7933
800/343-0634 (TDD)
www.dmas.virginia.gov

June 16, 2016

MEMORANDUM

TO: The Honorable Thomas K. Norment, Jr.
Co-Chairman, Senate Finance Committee

The Honorable Emmett W. Hanger, Jr.
Co-Chairman, Senate Finance Committee

The Honorable S. Chris Jones
Chairman, House Appropriations Committee

FROM: Cynthia B. Jones
Director, Virginia Department of Medical Assistance Services

SUBJECT: Report on Intent to Apply for 1115 Demonstration Waiver for Addiction Treatment Services

The 2016 Appropriation Act, Item 306 MMMM (1) requires:

The Department of Medical Assistance Services, in consultation with the appropriate stakeholders, shall amend the state plan for medical assistance and/or seek federal authority through an 1115 demonstration waiver, as soon as feasible, to provide coverage of inpatient detoxification, inpatient substance abuse treatment, residential detoxification, residential substance abuse treatment, and peer support services to Medicaid individuals in the Fee-for-Service and Managed Care Delivery Systems. The department shall have the authority to implement this change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change. (4) The Department of Medical Assistance Services shall, prior to the submission of any state plan amendment or waivers to implement paragraphs MMMM 1, MMMM 2, and MMMM 3, submit a plan detailing the changes in provider rates, new services added and any other programmatic changes to the Chairmen of the House Appropriation and Senate Finance Committees.

Should you have any questions or need additional information, please feel free to contact me at (804) 786-8099.

CBJ/

Enclosure

pc: The Honorable William A. Hazel, Jr., MD, Secretary of Health and Human Resources

DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

ADMINISTERING MEDICAID AND THE STATE CHILDREN'S HEALTH INSURANCE PROGRAM IN VIRGINIA

DMAS' mission is to provide a system of high quality and cost effective health care services to qualifying Virginians and their families.

The Medicaid program, signed into law by President Lyndon B. Johnson on July 30, 1965, celebrated its 50th year in 2015.

Medicaid is a joint federal and state program authorized under Title XIX of the Social Security Act that provides health and long-term care coverage for specific groups of Virginians with low incomes. In Virginia, Medicaid is administered by the Department of Medical Assistance Services (DMAS) and is jointly funded by Virginia and the federal government. Virginia's federal matching rate, known as the Federal Medical Assistance Percentage (FMAP) is generally 50%, so Virginia receives $1 of federal matching funds for every $1 Virginia spends on Medicaid.

Medicaid is primarily available to children in families with low-income, pregnant women, elderly, individuals with disabilities, and parents below strict income limits.

DMAS also administers Virginia's Children's Health Insurance Program (CHIP) known as FAMIS. FAMIS covers children and pregnant women in families earning too much to qualify for Medicaid but too little to afford private insurance.

All states must follow federal Medicaid/CHIP guidelines regarding who is covered, but set their own income and asset eligibility criteria. Virginia's eligibility criteria are among the strictest in the nation.

VIRGINIA'S MEDICAID PROGRAM
DMAS
INNOVATION · QUALITY · VALUE

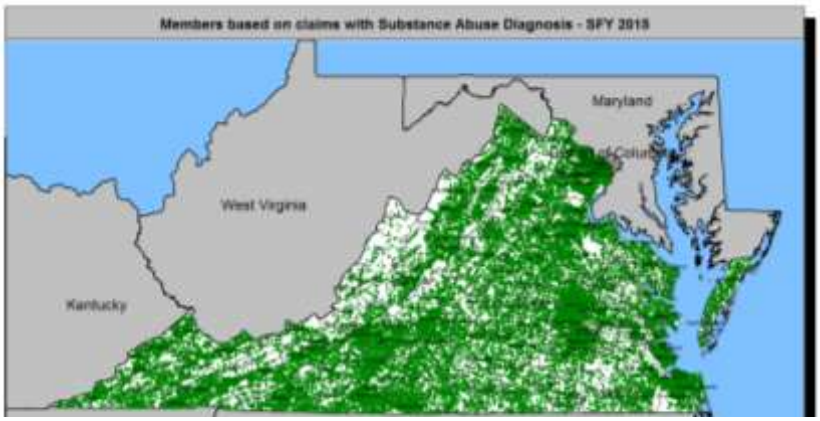
Report to the General Assembly

Intent to Apply for 1115 Demonstration Waiver for Addiction Treatment Services

June 13, 2016

2016 Appropriation Act, Item 306 (MMMM)(1) *The Department of Medical Assistance Services, in consultation with the appropriate stakeholders, shall amend the state plan for medical assistance and/or seek federal authority through an 1115 demonstration waiver, as soon as feasible, to provide coverage of inpatient detoxification, inpatient substance abuse treatment, residential detoxification, residential substance abuse treatment, and peer support services to Medicaid individuals in the Fee-for-Service and Managed Care Delivery Systems. The department shall have the authority to implement this change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.* ***(4)*** *The Department of Medical Assistance Services shall, prior to the submission of any state plan amendment or waivers to implement paragraphs MMMM 1, MMMM 2, and MMMM 3, submit a plan detailing the changes in provider rates, new services added and any other programmatic changes to the Chairmen of the House Appropriation and Senate Finance Committees.*

Virginia is experiencing a substance use crisis of overwhelming proportions. The human cost and financial impact of this epidemic are significant. In 2013, Virginia's Medicaid program spent $26 million on opioid abuse and misuse and an additional $28 million on Medicaid members diagnosed with Substance Use Disorder (SUD) who were admitted to hospitals or Emergency Departments. DMAS identified 216,555 members with a claim that included a substance use disorder (SUD) diagnosis in state fiscal year 2015.



In response, Governor Terry McAuliffe proposed and the General Assembly approved decisive action to support implementation of a comprehensive addiction treatment benefit to address the substance use crisis and reverse the opioid epidemic across the Commonwealth.

Core components of this benefit include:

- Expanded coverage of inpatient detox and inpatient substance abuse treatment for up to 15 days for all full-benefit Medicaid members.
- Expanded coverage of residential detox and residential substance abuse treatment for all full-benefit Medicaid members.
- Increased rates for existing substance abuse treatment services currently covered by Medicaid.
- Added coverage of Peer Supports for individuals with SUD and/or mental health conditions.

DMAS, in collaboration with the Department of Behavioral Health and Developmental Services, Managed Care Organizations, and stakeholders, has designed a transformed model for addiction treatment which is based on the American Society of Addiction Medicine (ASAM) standards and which ensures the integration of addiction treatment, physical health, and mental health services for Virginia's Medicaid members.

Key Elements of the Transformed Addiction Treatment Services Delivery System

Integrating physical health and addiction treatment services

- Community-based addiction treatment services will be administered through Virginia's Managed Care Organizations (MCO) for members who are already enrolled in MCOs. This will allow the MCOs to provide the full continuum of treatment for members with SUD, based on their level of need, and to integrate these treatment services with physical health and traditional mental health services. Magellan will continue to cover these services for those Medicaid members who are enrolled in Fee For Service. Community-based addiction treatment services will include:
  - Residential Treatment,
  - Opioid Treatment,
  - Substance Abuse Day Treatment,
  - Crisis Intervention,
  - Intensive Outpatient Treatment,
  - Substance Abuse Case Management, and
  - Peer Supports.

Supporting community integration

- Addiction treatment service planning and delivery will be person-centered and will leverage what works in the person's life to support the recovery process and thus needs to be maintained or improved and address what does not work and thus needs to be stopped or changed. Service planning will be responsive to the cultural and linguistic needs of members.

Disseminating evidence-based best practices

- Virginia's Medicaid addiction treatment service delivery system will be aligned with the American Society of Addiction Medicine criteria, a unified set of clinically driven criteria that address the broad continuum of addiction services. Through collaboration with DBHDS, MCOs, and Magellan, DMAS will ensure implementation of a comprehensive plan of workforce development to ensure providers are knowledgeable and capable to deliver effective, evidenced based addiction treatment practices across all ASAM levels of care.

Increasing use of quality and outcome measures

- The MCOs and Magellan will maintain quality improvement processes and performance measure data systems to ensure continuous quality improvement of addiction treatment services. They will use the results of their performance on specified SUD quality measures to improve quality under DMAS supervision and monitoring. Quality improvement processes will include both rapid cycle quality improvement as well as larger system improvements.

Developing innovative care coordination models

- Care coordination practices will focus on each individual's unique needs in order to provide targeted, high quality care that will improve patient engagement and support long term recovery. Practices will be built on person-centered planning, principles of recovery and resiliency, and fidelity to wrap-around principles. Goals for care coordination will include improving the health and wellness of individuals with complex and special needs and integrating services around the care needs and life circumstances of individuals. By working collaboratively with all partners, including members, providers, and state agencies involved in members' care, effective coordination will be assured through care transitions, across providers, and across service systems.

Implementing strategies to address prescription drug abuse and opioid use disorders

- The transformation of the Medicaid addiction treatment service delivery system includes implementation of strategies to address prescription drug abuse and opioid use disorders at the state, MCO, patient, pharmacy, and provider level. The MCOs and Magellan will complement the robust Prescription Monitoring Pogram legislation passed by the General Assembly. Strategies include:
  - Alignment of Virginia's Medicaid prescription drug coverage with the *CDC Guidelines for Prescribing Opioids for Chronic Pain;*
  - Lock-in program to identify members with,or at risk of prescription drug abuse or opioid use disorder;
  - Increased access to Medication Assisted Treatment and promoting evidence-based best practices; and
  - Increased access to psychosocial supports in coordination with treatments for prescription drug abuse and opioid use disorder, e.g., counseling and peer supports. (Peer supports will begin July 1, 2017)

Summary of Rate and Service Changes

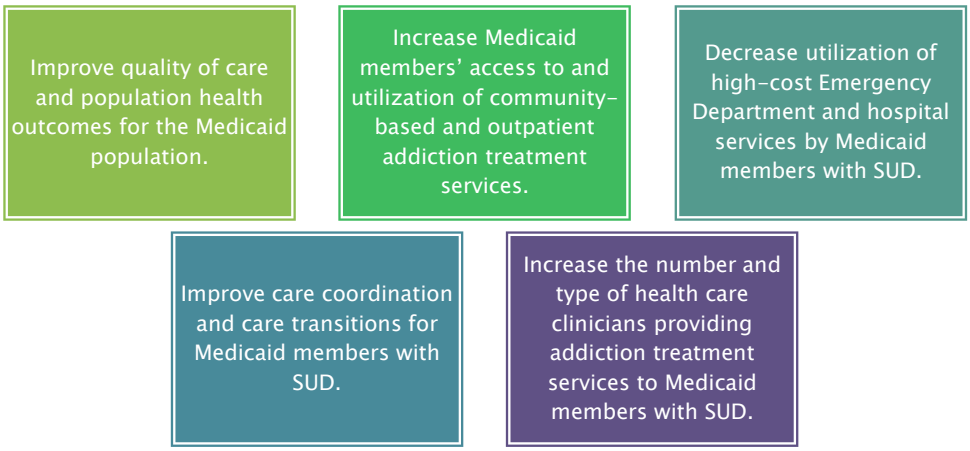
ASAM Level of Care	Service Title	Brief Description	Is this an existing Medicaid Service?	Is this a new Medicaid service?	Previous Rate	Rate Increase	New Rate
N/A	SUD Case Management	Assists children, adults, and their families with accessing needed medical, psychiatric, SUD, social, educational, vocational services and other supports essential to meeting basic needs.	Yes	No	$16.00 per unit/15 minutes	50%	per unit/15 minutes: Master's: $24.00 Bachelor's: $18.00
N/A	Crisis Intervention	Immediate care due to acute dysfunction requiring immediate clinical attention to prevent exacerbation of condition, prevent injury to member or other and provide treatment in least restrictive setting.	Yes	No	$25.00 Master's degree level	No change	$25.00 (Master's degree level only)
1	Outpatient Services	Organized outpatient treatment services of fewer than 9 hours per week delivered in a variety of settings. Services include professionally directed screening, evaluation, treatment, and ongoing recovery and disease management services.	Yes	No	Behavioral Health CPT codes with HF modifier: Psychiatric Diagnostic Evaluation, New Patient, Established Patient, Psychotherapy	No change	
1	Peer Recovery Supports	Peer provided outpatient services for adults and adolescents to initiate clinical service utilization and self-determination strategies. Providers have supervisory arrangement with licensed clinicians and certification by DBHDS contractor.	No	Yes	N/A	N/A	$13.50 per unit/15 minutes
2.1	SUD Intensive Outpatient	Structured program delivering 9-19 hours per week, before/after work/school, in evening and/or weekends to meet complex needs of people with addition and co-occurring conditions. Arranges medical and psychiatric consultation, psycho-pharmacological consultation, addiction medication management and 24-hour crisis services.	Yes	No	$4.80 Master's degree level; $3.60 Bachelor's degree; $2.70 Paraprofessional per unit/15 minutes	400%	$24.00 per unit/15 minutes (Master's degree level only)
2.5	SUD Partial Hospitalization	20 or more hours of clinically intensive programming per week with a planned format of individualized and family therapies. Service includes: direct access to psychiatric, medical, laboratory and toxicology services, MD consult within 8 hours by phone and 48 hours in person, Emergency Services available 24/7, and coordination with more and less intensive levels of care and supportive housing.	Yes	No	$4.80 Master's degree level; $3.60 Bachelor's degree; $2.70 Paraprofessional per unit/15 minutes	400%	$24.00 per unit/15 minutes (Master's degree level only)
3.1	Clinically Managed Low Intensity Residential Services	Supportive living environment with 24-hour staff and integration with clinical services; at least 5 hours of low-intensity treatment per week.	No	Yes	N/A	N/A	Urban: $180 per day Rural: $180 Per Day
3.3	Clinically Managed Population-Specific High Intensity Residential Services	***Adults only***: Clinically managed therapeutic rehabilitative facility for adults with cognitive impairment including developmental delay. Staffed by credentialed addiction professionals, physicians/physician extenders, and credentialed MH professionals.	No	Yes	N/A	N/A	Urban: $393.50 per day Rural: $393.50 Per Day

ASAM Level of Care	Service Title	Brief Description	Is this an existing Medicaid Service?	Is this a new Medicaid service?	Previous Rate	Rate Increase	New Rate
3.5	Clinically Managed High Intensity Residential Services (Adult); Clinically Managed Medium Intensity Residential Services (Adolescent)	Clinically managed therapeutic community or residential treatment facility providing high intensity services for adults or medium intensity services for adolescents. Staffed by licensed/credentialed clinical staff including addiction counselors, LCSWs, LPCs, physicians/physician extenders, and credentialed MH professionals.	No	New model; enhanced services expanded to all Medicaid adults	N/A		Urban: $393.50 Per Day Rural: $393.50 Per Day
3.7	Medically Monitored Intensive Inpatient Services	Planned and structured regimen of 24 hour professionally directed evaluation, observation, medical monitoring and addiction treatment in an inpatient setting consistent of freestanding facility or a specialty unit in a general or psychiatric hospital or other licensed health care facility.	Yes, for pregnant women and available under EPSDT for adolescents	Yes	Urban: $120.00 Per Day Rural: $108.00 Per Day	330%	Urban: $393.50 Per Day Rural: $393.50 Per Day Psychiatric Hospital and Psychiatric Unit rates apply
4	Medically Managed Intensive Inpatient	Acute care general or psychiatric hospital with 24/7 medical management and nursing supervision and counseling services 16 hours/day. Managed by addiction specialist physician with interdisciplinary team of credentialed clinical staff knowledgeable of biopsychosocial dimensions of additions.	No	Yes	N/A	N/A	DRG Codes for Inpatient Hospitalizations
1 WM	Ambulatory Withdrawal Management Without Extended On- Site Monitoring	Ambulatory withdrawal management without extended on-site monitoring with specialized psychological and psychiatric consultation and supervision.	No	Yes	N/A	N/A	
2 WM	Ambulatory Withdrawal Management With Extended On- Site Monitoring	Ambulatory withdrawal management with extended on-site monitoring with clinical (medical) consultation and supervision.	No	Yes	N/A	N/A	
3.2 WM	Clinically Managed Residential Withdrawal Management	Moderate withdrawal, but needs 24 hour support to complete withdrawal management and increase likelihood of continuing recovery.	No	Yes	N/A	N/A	
3.7 WM	Medically Monitored Inpatient Withdrawal Management	Severe withdrawal and needs 24 hour nursing care and physician visits as necessary, unlikely to complete withdrawal management without medical, nursing monitoring.	No	Yes	N/A	N/A	
4 WM	Medically Managed Intensive Inpatient Withdrawal Management	Severe, unstable withdrawal and needs 24 hour nursing care and daily physician visits to modify withdrawal management regimen and manage medical instability.	No	Yes	N/A	N/A	
OTP	Opioid Treatment Program	Physician supervised daily or several times weekly opioid agonist medication and counseling to maintain multidimensional stability for those with severe opiate use disorder	Yes	No	$4.80 Master's; $3.60 Bachelor's; $2.70 Paraprofessional; per unit/15 minutes	400%	$24.00 per unit/15 minutes (Master's degree level only)

Need for 1115 Demonstration Waiver for Addiction Treatment Services

DMAS intends to apply for an 1115 Demonstration Waiver to implement, beginning April 1, 2017, the transformed service delivery system described above. The waiver will allow Virginia to claim new federal Medicaid matching funds for inpatient and residential addiction treatment services provided in facilities with greater than sixteen beds which, without the waiver, are not allowable. The addition of these services will significantly increase the Commonwealth's capacity to meet the needs of its Medicaid members with SUD in less restrictive and less costly settings, i.e., outside of Emergency Departments. DMAS projects, with a full provider network and the expanded benefits, over 800 low income or disabled adults and 150 pregnant women will receive residential treatment over the course of a year.

Goals for Virginia's Addiction Treatment Services Benefit



Fiscal Impact

The State General Funds necessary to implement the waiver were appropriated in the 2016 budget ($2.6 million in FY17 and $8.4 million in FY18). This 1115 Demonstration Waiver will allow Virginia to draw down the full amount of anticipated matching federal Medicaid funds ($2.6 million in FY17 and $8.4 million in FY18) also included in the 2016 budget.

By funding the Medicaid addiction treatment services benefit, Virginia's Governor and General Assembly have demonstrated the bipartisan commitment to creating one of the most comprehensive Medicaid addiction treatment benefits in the country. The benefit will provide the full continuum of treatment needed to address the substance use crisis and reverse the opioid epidemic. This waiver is the critical next step needed to ensure the success of Virginia's addiction treatment delivery system transformation in expanding access to the treatment services that will save lives, improve patient outcomes, and decrease costs.