COLORADO
Department of Health Care Policy & Financing

Inpatient and Residential Benefit for Substance Use Disorder

Introduction

During the 2018-2019 legislative session, House Bill 18-1136 (HB 18-1136) was passed by the Colorado Legislature and subsequently signed by Governor Hickenlooper. With this state authority, the Department of Health Care Policy and Financing (Department) is seeking to add the substance use disorder (SUD) inpatient and residential components, including withdrawal management, to the continuum of outpatient SUD services currently available to Medicaid members. The Department's objective is to make these services available for individuals who meet nationally-recognized evidence-based level of care criteria without shifting care from outpatient settings when they are more appropriate.

The Department is seeking on-going engagement with our federal partners, the Centers for Medicare & Medicaid Services (CMS) in this work. Our current thinking is that a Section 1115 Demonstration Waiver will be required to obtain the authority to provide coverage in institutes for mental disease (IMDs), however we are interested in pursuing and learning more about the new State Plan option authorized under the recently passed opioid law. This concept paper outlines our thinking as of December 20, 2018.

Colorado's Substance Use Disorder Landscape

Colorado has a long history of innovating its Medicaid delivery system to ensure Medicaid services are provided regionally, in a coordinated way, and in the community whenever possible. The state has two decades of experience operating a capitated behavioral health program that was implemented primarily to serve individuals with serious and persistent mental illness. This program has evolved and now also includes an array of outpatient services available to all Medicaid members. In addition, Medicaid covers residential and inpatient services for pregnant and parenting women up to one year postpartum through a program called Special Connections and for youth under Early and Periodic Screening, Diagnostic and Treatment (EPSDT).

Despite advancements in availability of SUD treatment services, the Medicaid population remains burdened by SUD. In 2016, 11 percent of Medicaid enrollees in Colorado had a SUD, with rates as high as 16 percent for those with foster care system involvement. An analysis conducted by the Colorado Health Institute estimated that some 142,000 Coloradans suffer from SUD. Preliminary analysis suggests that these members cost 213 percent more than members without a SUD diagnosis. Besides costs of treatment, those diagnosed had 42 percent higher physical health care costs and 156 percent higher non-SUD medication costs.

Proposed Approach

In July 2018, Colorado brought the administration of physical and behavioral health services under one accountable entity per region, referred to as Regional Accountable Entities (RAEs). There are seven RAEs. The RAEs are authorized under a new 1915(b) waiver as a Prepaid Inpatient Health Plan (PIHP), for the behavioral health component and Primary Care Case Management Entity (PCCME) for the physical health component. The RAEs operate with two different payment structures:

- for physical health, they receive an administrative per-member per-month payment to promote member health, oversee the delivery of efficient and cost-effective care within the region, and provide appropriate care coordination for members.
- for behavioral health they receive a capitation payment to promote members' mental health and wellness and to pay providers directly for the delivery of covered services.

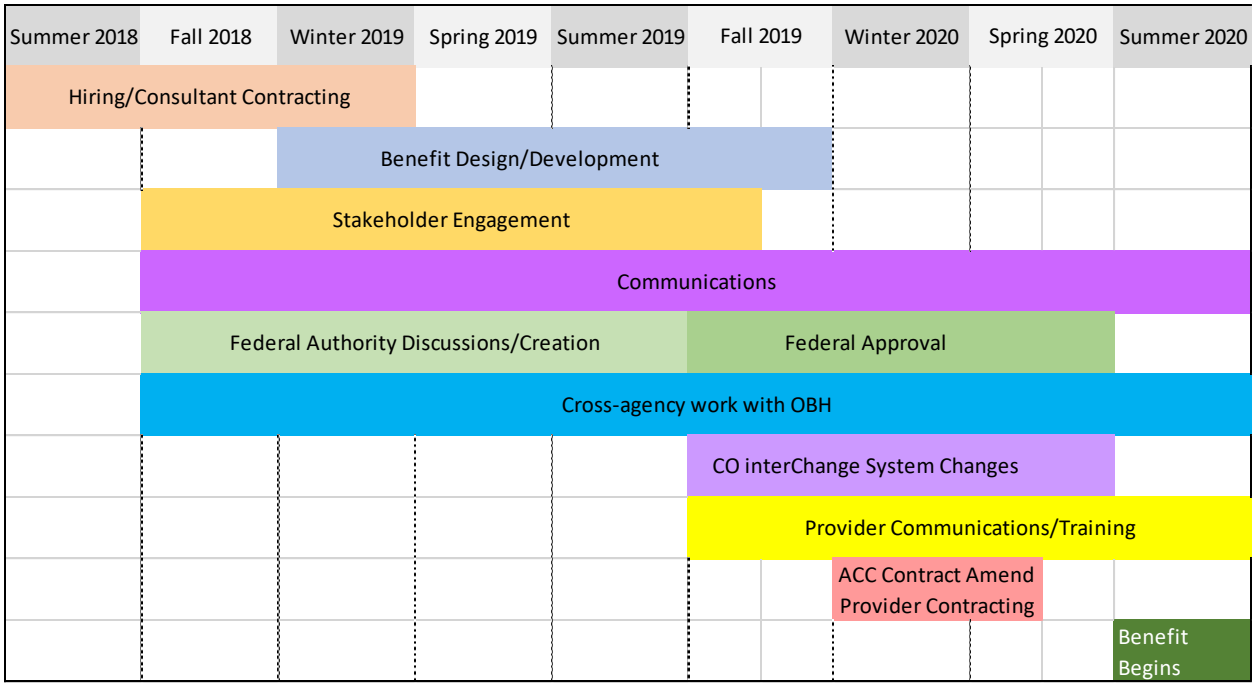
When implemented, the residential and inpatient SUD benefit will be managed by the RAEs and the costs will be built into the actuarially sound capitation rates. The regionally contracted RAEs are best situated to coordinate care for members across the continuum of SUD treatment, and the Department can continue to incentivize behavioral and physical health indicators that relate to SUD treatment and outcomes (e.g. reduction in ER visits, behavioral health engagement, follow-up after hospitalizations).

The Department has studied the CMS Guidance on Section 1115 IMD SUD Payment Waivers and will design a waiver that advances the goals and milestones outlined by CMS and supports the Department's goals in providing the full continuum of services without shifting care from outpatient settings when they are more appropriate. As we design the benefit in collaboration with CMS we will: 1) develop level of care requirements and criteria for SUD inpatient and residential treatment; 2) involve providers to assess readiness and fidelity to ASAM standards; 2) develop a robust monitoring and evaluation protocol; 3) conduct network adequacy analyses and develop provider support mechanisms to ensure the expansion of services is accessible to members; 4) and develop an approach that maintains existing community-based services and integrates physical and behavioral health services as appropriate.

A robust implementation protocol will be developed as required by CMS guidance to ensure that our approach is fully meeting its intended goals and priorities.

Proposed Timeline and Next Steps

The Department began its work soon after the Governor signed the authorizing legislation and has outlined the following preliminary timeline.



The Department is appreciative of the CMS support and partnership to date and looks forward to continued collaboration as we work through specific waiver requirements.