

Date: January 7, 2019
To: Oregon Health Plan and Addiction Services Stakeholders
From: Dana Hittle, Interim Deputy Medicaid Director

Subject: Substance Use Disorder (SUD) 1115 Demonstration: A new opportunity to expand SUD services and supports in Oregon's Medicaid delivery system

The Oregon Health Authority (OHA) is pleased to announce that Oregon is applying to the Centers for Medicare & Medicaid Services (CMS) for a new five-year Medicaid 1115 Demonstration waiver to help build a full continuum of care for Medicaid members with substance use disorders (SUD).

- CMS recognizes that 42 CFR §435.1009, the payment exclusion for services provided in an Institute for Mental Disease (IMD) presents challenges to funding effective SUD treatment.
- Most of Oregon's SUD residential treatment facilities fall under this payment exclusion.
- Oregon's SUD 1115 Demonstration waiver application will ask CMS to waive this exclusion and allow federal match for SUD treatment of Medicaid members in an IMD, for estimated General Fund cost savings of \$30 million per demonstration year (July 1, 2019 through June 30, 2024).

Under this demonstration, Oregon will support the following primary goals:

- Improve adherence to SUD treatment plans
- Reduce overdose and overdose deaths due to opioids
- Reduce utilization of ED and inpatient hospital setting for SUD treatment
- Reduce readmissions to the same or higher level of care for SUD treatment
- Improve access to care for SUD at all levels (outreach, initiation, treatment and recovery)
- Expand Medication Assisted Treatment services and supports for opioid use disorders

OHA is collecting feedback on the draft waiver application according to the following timeline:

- **January 2019:** Begin tribal consultation process, and public notice to coordinated care organizations, providers and fee-for-service stakeholders; submit draft application to CMS
- **February 2019:** Public notice continues
- **March 2019:** Tribal consultation process ends; revise draft application based on public comment; submit final application to CMS

How Oregon's SUD 1115 Demonstration will affect CCOs:

If approved, Oregon's SUD 1115 Demonstration will advance and expand the current SUD benefit package covered by CCOs, beginning July 1, 2019. OHA will work on a 24-month implementation plan upon CMS approval. Proposed requirements for CCOs include, but are not limited to:

- Statewide SUD-specific Performance Improvement Projects
- Demonstrate provider network adequacy for SUD services and supports; improved member adherence and engagement to SUD treatment plans; and ability to serve priority populations.
- Reduce or eliminate the number of members on wait lists to access appropriate levels of care
- Reduce overdose and overdose deaths within their membership
- Increase member access to Medication Assisted Treatment and Office Based Opioid Treatment

OHA will seek feedback from CCOs about how to implement the proposed requirements.

How Oregon's SUD 1115 Demonstration will advance Health System Transformation:

Within the Medicaid delivery system, the cost savings will fund:

- A fee-for-service rate increase for residential levels of care that may impact CCO rates;
- An expanded SUD benefit package for all Medicaid members, to include outreach and engagement to establish an SUD diagnosis, and recovery support services for members who have successfully completed SUD treatment;
- More participating SUD residential treatment programs that are larger than 16 beds;
- Quality improvement measures and incentives; and
- More participating provider types (including peer-run organizations) to support billing and reimbursement for recovery support services.

The work under this demonstration will also improve licensing and certification requirements for specific levels of care defined by the American Society for Addiction Medicine.

To learn more:

For additional information or inquiries, please contact Nicole Corbin, Addiction Treatment, Recovery, and Prevention Services Manager at nicole.corbin@dhsosha.state.or.us.