



**Overview of Colorado’s Section 1115 Demonstration Waiver
Proposal for Substance Use Disorder Services
August 2019**

Overview

Section 1115 Medicaid demonstration waivers provide states with opportunities to test new approaches to administering Medicaid programs beyond what is required by federal statute. Waivers have provided states with considerable flexibility in how they operate programs over the years. In response to the national opioid epidemic, one of the recent Section 1115 waiver initiatives has been to provide a new opportunity for states to access additional federal funding through Medicaid to expand the availability of Substance Use Disorder (SUD) treatment services.

Background

The State of Colorado’s approach to combatting the SUD crisis has evolved over time. This waiver proposal builds on the strong network of outpatient SUD treatment services established through the Medicaid state plan by expanding access to inpatient and residential treatment services for members who need a more intensive level of care.

The goal of this Colorado Medicaid Section 1115 waiver is to complete the development of a SUD continuum of care that will improve health outcomes, promote long-term recovery and reduce overdose deaths in a cost-effective manner. The State will do this by:

1. Increasing access to necessary levels of care by adding Medicaid coverage for inpatient and residential SUD treatment, including withdrawal management (WM) services; and
2. Ensuring that members receive a comprehensive assessment and are placed in an appropriate level of care; and
3. Further aligning the state’s SUD treatment system with a nationally recognized SUD-specific standard; and
4. Increasing provider capacity where needed; and
5. Improving the availability of Medication-Assisted Treatment (MAT) to promote long-term recovery.

Eligibility and Benefits

There will be no changes to the Health First Colorado eligibility criteria included as part of this waiver. The new services will be open to all Health First Colorado members with an eligible SUD diagnosis who meet medical necessity criteria. The State is proposing to add the following new services, which are characterized by the levels of care defined by the American Society of Addiction Medicine (ASAM):

- ASAM Level 3.1 - Clinically Managed Low-Intensity Residential Services;
- ASAM Level 3.3 - Clinically Managed Population-Specific High-Intensity Residential Services;
- ASAM Level 3.5 - Clinically Managed High-Intensity Residential Services;
- ASAM Level 3.7 - Medically Monitored Intensive Inpatient Services; and
- Withdrawal Management (WM) Level 3.7 - Medically Managed Inpatient Withdrawal Management.



Delivery System

The new services provided under the 1115 demonstration waiver will be added to the current contracting arrangements with Colorado's seven Regional Accountable Entities (RAEs). The RAEs operate as Primary Care Case Management entities for physical health benefits and as Prepaid Inpatient Health Plans (PIHP) for behavioral health benefits. The SUD continuum of services will be managed by the RAEs which will receive a capitation payment to provide these services.

Financing

The federal government requires all Section 1115 demonstration waivers to be "budget neutral," meaning that the services provided under the demonstration can cost the Medicaid program no more than the federal government would have spent in absence of the waiver. In this case, the state will demonstrate budget neutrality by proving that reductions in spending for emergency department visits and repeated inpatient hospitalizations will offset the cost of providing a more efficient and cost-effective SUD continuum of care for Health First Colorado members.

Next Steps

The State will submit the Section 1115 demonstration waiver application in October 2019. Prior to submitting the waiver proposal to the Centers for Medicare & Medicaid Services (CMS) for review and approval, the state will have:

- Conducted two formal public hearings on August 30th and September 6th.
- Conducted Tribal consultation on the contents of the waiver proposal; and
- Posted the full application for a 30-day period of public review and comment from August 25, 2019 until September 27, 2019.

After considering and addressing the feedback received on the application, the goal is to submit the waiver proposal to CMS in Fall 2019. The state aims to "go live" with the new SUD treatment services by Summer, 2020.

The Department has begun addressing a number of issues related to implementation including:

- Capacity assessment and capacity building
- Development of billing and coding methodology
- Interchange system changes
- Development of monitoring and evaluation metrics
- Revision of RAE contracts
- Provider support and training

