



**COLORADO**

**Department of Health Care  
Policy & Financing**

1570 Grant Street  
Denver, CO 80203

October 31, 2019

Seema Verma, Administrator  
Centers for Medicare and Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Boulevard  
Baltimore, MD 21244

**RE: State of Colorado Proposed Section 1115 SUD Demonstration**

Dear Administrator Verma:

On behalf of the residents of the State of Colorado, I am pleased to submit the enclosed Section 1115 SUD Demonstration Waiver application for your approval. The State of Colorado has been working for years to address the growing prevalence of Substance Use Disorder (SUD) among its residents. At present, Colorado Medicaid (Health First Colorado) members have access to early intervention, outpatient treatment, and recovery services. The introduction of coverage for services in residential and inpatient settings will make the full continuum of SUD treatment services available to those covered by Medicaid in Colorado.

The proposed demonstration will authorize the state to draw down a federal match on dollars spent on inpatient and residential SUD treatment services in Institutions for Mental Diseases (IMDs). This demonstration waiver is an essential step in assisting Colorado residents in receiving treatment for substance use disorders and will improve health outcomes, promote long-term recovery, and reduce overdose deaths in Colorado.

We look forward to collaborating closely with our partners at CMS as the state implements its demonstration. If you have any questions or require additional information regarding the proposed demonstration, please contact me or Kim McConnell, ACC SUD Administrator, State



of Colorado, Department of Health Care Policy and Financing at 303.866.2687 or [kim.mcconnell@state.co.us](mailto:kim.mcconnell@state.co.us).

Sincerely,



Tracy Johnson  
Medicaid Director  
Colorado Department of Health Care Policy and Financing  
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Attachment: Colorado Section 1115 SUD Demonstration Waiver Application

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**COLORADO**  
Department of Health Care  
Policy & Financing

**State of Colorado**  
**Department of Health Care Policy & Financing**

***Medicaid Section 1115 Waiver Demonstration***  
***Expanding the Substance Use Disorder Continuum of Care***

***October 31, 2019***



## Table of Contents

|  |    |
|--|----|
| Section 1 – SUD Waiver Demonstration Goals and Background.....         | 3  |
| Section 2 – Transforming the SUD Treatment System in Colorado .....    | 10 |
| Section 3 – Implementation of Demonstration .....                      | 15 |
| Section 4 – Demonstration Hypotheses and Evaluation Plan .....         | 17 |
| Section 5 – Demonstration Financing and Budget Neutrality.....         | 20 |
| Section 6 – List of Proposed Waivers and Expenditure Authorities ..... | 22 |
| Section 7 – Stakeholder Engagement and Public Notice .....             | 23 |
| Section 8 – Appendices .....   | 25 |
| Appendix A – Summary of Comments and State Response.....               | 25 |
| Appendix B – PDF of Public Notice .....                                | 41 |



## Section 1 – SUD Waiver Demonstration Goals and Background

### Demonstration Goals

The State of Colorado has been working to address the growing prevalence of Substance Use Disorder (SUD) among its residents for a number of years. Medicaid members have access to early intervention, outpatient treatment, and recovery services at this time, but to complete the full continuum of SUD treatment services, the state proposes to add residential and inpatient SUD treatment as covered services.

The goal of this demonstration is to complete the Colorado SUD continuum of care in order to improve health outcomes, promote long-term recovery, and reduce overdose deaths.

In order to achieve this goal, the state proposes the following objectives:

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

### State Legislative Authority

Passage of Colorado House Bill (HB) 18-1136<sup>1</sup> in 2018 gave the Colorado Department of Health Care Policy and Financing (Department) authority to pursue this Medicaid Section 1115 waiver. Specifically, the bill gives the Department authority to add SUD inpatient and residential treatment benefits, including withdrawal management services, to the continuum of SUD services available to Medicaid members.

### Current Medicaid SUD Coverage

The state began offering SUD treatment services through Medicaid in 2006, by adding a fee-for-service (FFS) outpatient treatment benefit, and then moved these services into the capitated behavioral health benefit in 2014. The capitated behavioral health benefit is administered by seven Regional Accountable Entities (RAEs) that are responsible for promoting physical and behavioral health in each of their respective regions of the state.

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<sup>1</sup> <https://leg.colorado.gov/bills/hb18-1136>



As outlined in Table 1 on page 12, Colorado’s Medicaid program currently covers outpatient therapy (ASAM levels 0.5 – 2.1), clinically managed residential withdrawal management (ASAM level 3.2), and inpatient detoxification (ASAM level 4.0) for adult members with an acute medical diagnosis. Residential and inpatient SUD services are authorized for children and young adults up to age 21 in compliance with Early and Periodic Screening, Diagnostic and Treatment (EPSDT) requirements. Additionally, pregnant and postpartum women in Colorado may be eligible for Special Connections, a program that provides services in a residential setting for women with alcohol or drug addiction.

## Background

Over the past 20 years, Colorado, like the rest of the country, has felt the impact of the opioid epidemic and has experienced an increase in the rate of SUD diagnosis. Data collected by the Colorado Department of Public Health and Environment between 1999-2017 show that:

- An estimated half a million Coloradans are dependent on alcohol or have used illicit drugs, defined as cocaine (including crack), marijuana, heroin, hallucinogens, inhalants, and prescription drugs used non-medically. Nearly 30 percent (142,000) are Medicaid members;<sup>2</sup>
- Between 2000-2017, 12,821 Coloradans died due to a drug overdose;
- The number of overdose deaths has increased from 7.8 deaths per 100,000 in 2000 to 17.6 deaths per 100,000 in 2017; and
- Opioid use is leading the overdose epidemic, accounting for over half of the overdose deaths between 2013 and 2017, two-thirds of which are attributable to prescription opioids.<sup>3</sup>

While opioid overdoses in Colorado rose between 2000 and 2017, other drugs including alcohol and methamphetamine also drive the rate of admissions for addiction treatment in the state. In 2017, alcohol was responsible for the majority of treatment admissions, followed by methamphetamine. From 2013 to 2017, methamphetamine-related admissions increased by 63%.<sup>4</sup>

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<sup>2</sup> Colorado Health Institute. *Exploring Options for Residential and Inpatient Treatment of Substance Use Disorder in Health First Colorado*. November 2017.  
<https://www.colorado.gov/pacific/sites/default/files/HCPF%202017%20Inpatient%20SUD%20Treatment%20Report.pdf>

<sup>3</sup> Bol, K. Colorado Department of Public Health and Environment. *Drug Overdose Deaths in Colorado. Final Data. 1999-2017*. December 2018.

<sup>4</sup> Russell, S. “Colorado Drug Trends.” Drug/Alcohol Coordinated Data System (DACODS), Colorado Department of Human Services Office of Behavioral Health. 2018.



Colorado Medicaid members are particularly affected by SUDs, impacting the health outcomes and cost of this population:

- An estimated 11 percent of Medicaid members have an SUD diagnosis;<sup>5</sup>
- Twenty-nine percent of those who die from an overdose in Colorado are Medicaid members; and
- The most prevalent substances abused among Medicaid members are alcohol and methamphetamine.<sup>6</sup>

The costs to the health care system are clear:

- Though only 11 percent of the Medicaid population, the cost of care for members with a SUD diagnosis accounts for nearly 19 percent of the total cost to the system;
- On average, the annual cost of care for a Medicaid member with an SUD diagnosis is nearly double the cost for one without (\$10,445 versus \$5,646); and
- Members with an SUD diagnosis account for 20 percent of the state's non-SUD related pharmacy spending.<sup>7</sup>

Additionally, according to the 2017 Colorado Health Access Survey (CHAS), despite the state's efforts to date, Colorado continues to have an unmet need for SUD treatment.<sup>8</sup> The survey shows that more than 67,000 Coloradans need some type of treatment for drug or alcohol use but do not receive it. Many more Coloradans need treatment but are not ready to seek it. Although these numbers reflect all Coloradans, given the higher prevalence of SUD among Medicaid members, it is clear that there is a need for more access to services.

### **Colorado's Medicaid Behavioral Health Delivery System**

In 1995, the state implemented the Colorado Medicaid Mental Health Capitation and Managed Care Program in 51 counties, expanding to the remaining 12 counties<sup>9</sup> in 1998. Through the program, the state was divided into eight geographic areas and the program was administered by Mental Health Assessment and Service Agencies (MHASAs). In 2004, program operations were transferred to the Department of Health Care Policy and Financing from the Department of Human Services, allowing for more cohesive management.

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<sup>5</sup> Ibid.

<sup>6</sup> Colorado Health Institute. *Exploring Options for Residential and Inpatient Treatment of Substance Use Disorder in Health First Colorado*. November 2017.  
<https://www.colorado.gov/pacific/sites/default/files/HCPF%202017%20Inpatient%20SUD%20Treatment%20Report.pdf>

<sup>7</sup> Colorado Substance Use Disorder Data Fiscal Year 2017-2018. Colorado Department of Health Care Policy & Financing, Pharmacy and Behavioral Health Data Division. 2019.

<sup>8</sup> Colorado Health Institute. *2017 Colorado Health Access Survey: The New Normal*.  
<https://www.coloradohealthinstitute.org/research/colorado-health-access-survey-2017>

<sup>9</sup> Broomfield was consolidated into the 64<sup>th</sup> county of Colorado in 2001.

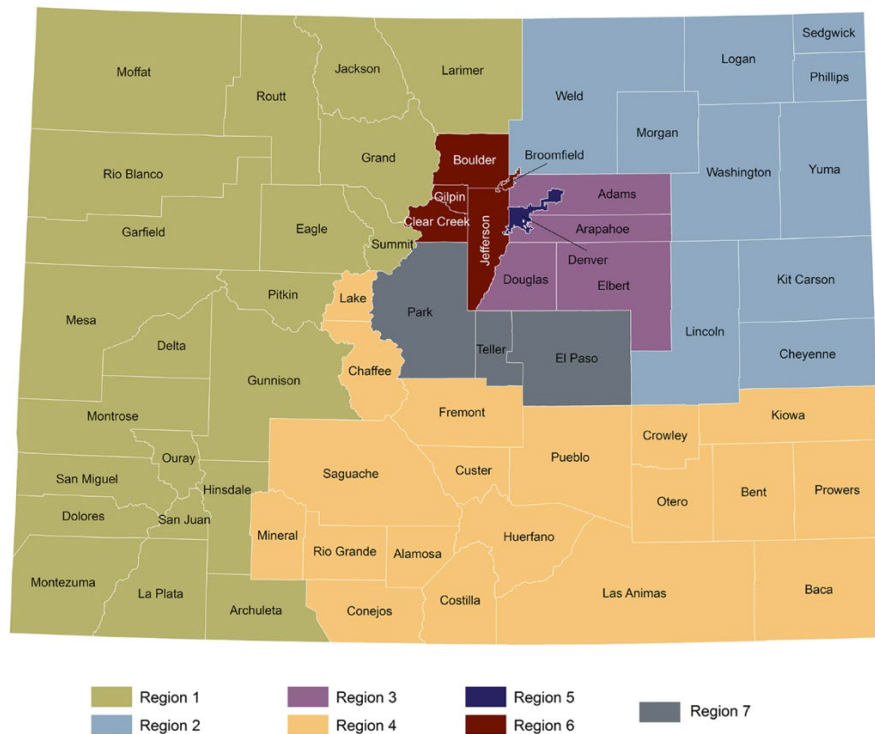


The waiver for the Mental Health Capitation and Managed Care Program was amended several times. A 2013 amendment – effective from January 1, 2014 through June 30, 2015 – included coverage of SUD treatment services and provided the authority to serve the Medicaid expansion population. In 2015, CMS approved a waiver renewal from January 1, 2016 to June 30, 2017 incorporating former foster care children, expansion parents, and children age 6 through 19 with incomes above 100 percent but at or below 133 percent of the federal poverty level. The waiver was renewed again from July 1, 2017 to June 30, 2018.

On July 1, 2018, CMS authorized the capitated behavioral health benefit under a Section 1915(b) waiver for the Colorado Medicaid Accountable Care Collaborative (ACC) through June 30, 2023. The ACC program is a hybrid managed care model, combining a Primary Care Case Management (PCCM) entity for physical health services with a Pre-Paid Inpatient Health Plan (PIHP) responsible for administering the capitated behavioral health benefit.

Colorado Medicaid divided the state into seven geographic regions for the ACC. Each region is served by one Regional Accountable Entity (RAE). The RAEs are responsible for promoting physical and behavioral health in each of the seven regions. The RAEs manage a network of primary care physical health providers and specialty behavioral health providers to ensure access to appropriate care for Medicaid members in their region. A critical function of the RAEs is to create a cohesive network of providers that work together seamlessly and effectively to provide coordinated health care services to members.

### Regional Accountable Entity Regions in ACC Phase 2







## **Residential SUD Treatment in Colorado**

In addition to the capitated behavioral health system which provides services to Medicaid members, the Colorado Office of Behavioral Health (OBH) contracts with four Managed Service Organizations (MSOs) to deliver a continuum of care that includes inpatient and residential SUD treatment services. MSOs are funded through a combination of state and federal Substance Abuse and Mental Health Services Administration (SAMHSA) block grant dollars, but do not pay for services otherwise covered by Medicaid.

For some Medicaid members, the MSOs provide inpatient residential treatment services, prioritizing injection drug users, parents, and pregnant women. Aside from providing inpatient and residential treatment to priority Medicaid members, the MSOs are required to ensure that people who have no other means of paying for treatment (i.e., based on insurance status or income) receive services funded under their contract with OBH.<sup>10</sup>

The MSOs contract with providers to deliver transitional residential treatment for adults (ASAM Level 3.1), Clinically Managed Residential Services (ASAM Level 3.5), Intensive Residential Treatment for adults and adolescents (ASAM Level 3.7), and Strategic Individualized Remediation Treatment (STIRT).

Through this Medicaid Section 1115 waiver, the RAEs will provide residential and inpatient SUD services to Medicaid members. The role of the MSOs will evolve as the new Medicaid benefits take effect and the state looks at options for using SAMHSA grant dollars and MSO infrastructure to enhance the state's overall delivery system.

## **Federal Grant Efforts to Combat SUDs**

To date, Colorado has received two grants from SAMHSA for purposes of combatting the SUD crisis:<sup>11</sup>

### *State Targeted Response (STR) Grant*

SAMHSA provided \$15.7 million to the state for the period May 2017 - April 2019. The state used the STR grant to:

- Conduct a state SUD needs assessment that identified areas where opioid misuse and its harms are most prevalent, what existing activities and funding sources are in place to address the opioid crisis, and gaps in the existing system that need to be addressed;
- Provide MAT services to 1,947 individuals, 481 of whom received MAT before or upon release from jail;
- Train 530 prescribers to provide buprenorphine;

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<sup>10</sup> JSI Research and Training Institute, Inc. *A Statewide Evaluation of the effectiveness of Intensive Residential Substance Use Disorder Treatment Provided through Managed Service Organizations*. December 2018.

<sup>11</sup> <https://www.colorado.gov/pacific/cdhs/colorado-state-targeted-response-opioid-crisis>



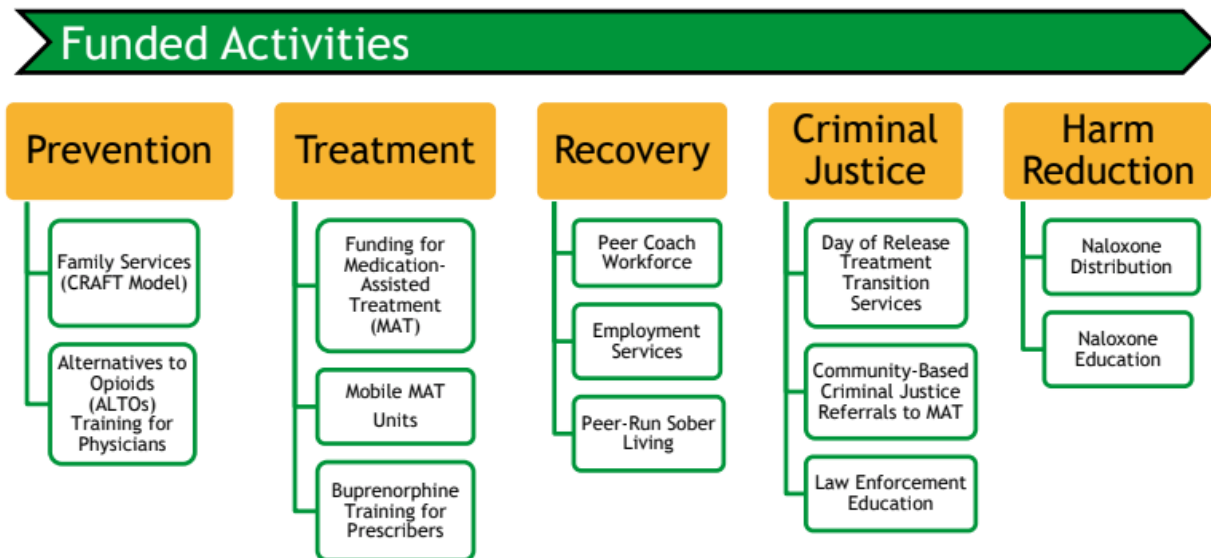
- Connect 596 individuals to Peer Recovery Coaches; and
- Distribute 27,027 naloxone kits throughout the state.

*State Opioid Response (SOR) Grant*

SAMHSA provided \$38 million to the state to extend and expand efforts undertaken through the STR grant until 2020. By the end of the SOR grant period, the state plans to:

- Connect at least an additional 900 individuals to MAT through mobile MAT units in rural communities;
- Train 400 individuals in the Community Reinforcement and Family Training with Prevention (CRAFT-P) and Celebrating Families models (models focused on supporting family members of individuals struggling with SUDs and how to encourage and motivate loved ones into treatment and/or maintain recovery);
- Hire 18 more Peer Recovery Coaches;
- Train 425 more prescribers with a focus on rural areas; and
- Distribute 18,000 more naloxone kits.

A visual summarizing SAMHSA grant-funded activities is below:



**Other Efforts to Combat SUDs**

Since authorizing medical marijuana use in 2000 and personal marijuana use in 2012, Colorado has collected three types of taxes on marijuana: the state sales tax, a special sales tax, and an excise tax. The taxes generate millions of dollars in revenue for the state, which is used for a variety of health, human services, public safety, and higher education programs and initiatives. Some funds are specifically dedicated to SUD treatment and services, including:



- Training for health professionals who provide Screening, Brief Intervention, and Referral for Treatment (SBIRT) services for individuals at risk of substance abuse;
- Increasing access to effective SUD services, including evaluation of intensive residential treatment (the study conducted in conjunction with the authorizing legislation for this waiver);
- Implementing programs for adults with co-occurring mental health and SUDs;
- Providing behavioral health services for individuals in rural areas with co-occurring mental health conditions and SUDs;
- Implementing community prevention and treatment for alcohol and drug abuse;
- Providing SUD services at mental health facilities; and
- Promoting substance abuse prevention through public awareness campaigns.

In addition to the activities above, Colorado is working to continue to reduce opioid prescriptions and reduce stigma. One of the first changes the state made was to develop the [Colorado Consortium for Prescription Drug Abuse Prevention](#) in 2013. The Consortium is a statewide organization with a wide range of participating stakeholders that has numerous workgroups designed to address the opioid crisis, with topics including: provider education; public awareness; use of the Prescription Drug Monitoring Program (PDMP); naloxone; and support for affected friends and families.

Colorado Medicaid has also taken a number of steps over the past five years that have resulted in a more than 50% reduction in the number of pills prescribed and a 44% reduction in the number of Medicaid members taking opioids. Those policy initiatives have been aimed at reducing the number of opioids prescribed to members, tightening criteria when requesting refills, and reducing the daily Morphine Milligram Equivalent (MME) members can take – all while continually ensuring members receive necessary medications for adequate pain management.

Lastly, Colorado's [Lift the Label](#) campaign has set a goal of reducing the stigma that prevents those with opioid use disorder from seeking treatment.



## Section 2 – Transforming the SUD Treatment System in Colorado

This waiver will provide access to residential and inpatient treatment settings, expand the availability of WM services, and increase access to MAT for members with SUD or alcohol use disorder (AUD). These changes will ensure that the most appropriate levels of care are available for patients and improve treatment outcomes.

Colorado will add ASAM levels 3.1 (Clinically Managed Low-intensity Residential Services), 3.3 (Clinically Managed Population-specific High-intensity Residential Services), 3.5 (Clinically Managed High-intensity Residential Services), 3.7 (Medically Monitored Intensive Inpatient Services), and 3.7-WM (Medically Managed Inpatient Withdrawal Management) as Medicaid-covered services.

### Eligibility and Enrollment Impact

There will be no changes to the Medicaid eligibility criteria included as part of this waiver. The demonstration will be open to all Medicaid members with a covered SUD diagnosis. The demonstration will have no enrollment limits.

Please see the budget neutrality narrative and worksheets in Section 5 for the projected eligible member months for those members who are expected to participate. Table 2 in Section 5 presents the Without and With Waiver Projections for covering SUD IMD Adults within the Colorado Medicaid program. The member months included in Table 2 reflect the estimated member months for individuals who use SUD IMD. A 2.0% growth assumption is applied to the member months, which is based on the average rate of enrollment growth estimated for the Medicaid program. The demonstration is not expected to have an impact on the total Medicaid enrollment for the program beyond the typical Medicaid program enrollment growth.

### Cost Sharing

The SUD continuum of services will be managed under the behavioral health capitation structure, which is authorized through the state's 1915(b) waiver. The 1915(b) waiver does not include cost sharing, therefore all services provided through the capitation will not be subject to cost sharing.

### Delivery System

As noted above, the Colorado Medicaid SUD delivery system is currently operated under a capitated managed care structure and administered by the RAEs. The inpatient and residential SUD treatment services, WM, and MAT services will be covered under the same delivery system, with capitation payments made from the state to the RAEs which, in turn, manage the delivery of services. The new services, including care coordination and transition support, will be considered as the state develops the new capitation rate methodology. Additionally, capitation payments will consider the RAEs' efforts to expand networks, grow capacity, improve



assessment protocols, and conduct utilization management.

The RAEs will be responsible for ensuring that members have access to the full continuum of services that are available and appropriate based on their situation. Having the service delivery managed by a single entity will create a more clearly connected, Medicaid-funded continuum of care for members.

### **Benefits**

The focus of this waiver proposal is expansion of SUD treatment services to Colorado Medicaid members in order to prevent and treat SUDs, improve patient outcomes, and reduce costs. Based on the authority provided by the state legislature, Colorado will be expanding the continuum of SUD treatment to build on the current foundation. Specifically, as illustrated in Table 1 below, the state will add ASAM levels 3.1, 3.3, 3.5, and 3.7, as well as 3.7-WM as benefits in the Colorado Medicaid state plan. OBH does not currently license ASAM levels 1-WM and 2-WM, so those services are not included at this time. This waiver is intended to provide authority to cover those services in the future if they are licensed by the state. The state requests Medicaid matching funds to make these residential treatment services available, without limitation on the setting/number of beds, through this Section 1115 waiver. Treatment services will be covered by Medicaid funding, while room and board will continue to be covered by SAMHSA block grant funds through OBH and MSOs. To meet the increased demand for these additional covered services, the RAEs will also need to expand their networks and support workforce development efforts, as described in more detail below.



**Table 1 – Health First Colorado SUD Continuum of Care**

| ASAM Level of Care | Service  | Service Definition   | Current Coverage Authority  | Future coverage under Waiver or State Plan  |
|--------------------|--|--|-----------------------------|---|
| .5                 | Early Intervention   | One-to-one counseling and screening with at-risk individuals, motivational interventions and educational programs for groups such as DUI offenders; SBIRT  | State plan Attachment 3.1-A | Continuation of current state plan coverage   |
| 1                  | Outpatient Services  | Substance abuse assessment, individual family therapy, group therapy, alcohol/drug screening counseling, case management   | State plan                  | Continuation of current state plan coverage   |
| 2.1                | Intensive Outpatient Services  | The Colorado state plan does not distinguish between outpatient and intensive outpatient.  | State plan                  | The state intends to submit a SPA to modify the distinction between outpatient and intensive outpatient services.           |
| 3.1                | Clinically Managed Low-Intensity residential Services                      | Supportive living environments (SLE) with 24-hour staff and close integration with clinical services provided when determined to be medically necessary and in accordance with an individualized treatment plan. Program services of 5 or more hours of services weekly may be offered in a (usually) free-standing, appropriately licensed facility located in a community setting. | Not covered                 | The state intends to submit a SPA to add this service and requests 1115 waiver authority for provision of services in IMDs. |
| 3.3                | Clinically Managed Population-Specific High Intensity Residential Services | Clinically managed therapeutic rehabilitation facilities for adults with cognitive impairment including developmental delay or traumatic brain injury that provides rehabilitation services to recipients with an SUD when determined to be medically necessary and in accordance with an individualized treatment plan.   | Not covered                 | The state intends to submit a SPA to add this service and requests 1115 waiver authority for provision of services in IMDs. |



| ASAM Level of Care | Service  | Service Definition   | Current Coverage Authority | Future coverage under Waiver or State Plan  |
|--------------------|--|--|----------------------------|---|
|                    |  | High intensity clinical services are provided in a manner to meet the functional limitations of patients with cognitive impairment so significant and the resulting level of functional impairment is so great that outpatient motivational strategies and/or relapse prevention strategies are not feasible or effective. Staffed by credentialed addiction professionals, physicians/physician extenders, credentialed mental health professionals.                              |                            |   |
| 3.5                | Clinically Managed High Intensity Residential Services | Clinically managed therapeutic community or residential treatment facilities providing high intensity services for recipients with an SUD when determined to be medically necessary and in accordance with an individualized treatment plan. Staffed by licensed/credentialed clinical staff, including licensed addiction professionals, licensed social workers, licensed professional counselors, physicians/physician extenders, and credentialed mental health professionals. | Not covered                | The state intends to submit a SPA to add this service and requests 1115 waiver authority for provision of services in IMDs. |
| 3.7                | Medically Monitored Intensive Inpatient Services       | Medically monitored inpatient services provided in a freestanding residential facility or inpatient unit of an acute care hospital or psychiatric unit when determined to be medically necessary and in accordance with an individualized treatment plan. Includes 24-hour clinical supervision including physicians, nurses, addiction  | Not Covered                | The state intends to submit a SPA to add this service and requests 1115 waiver authority for provision of services in IMDs. |



| ASAM Level of Care | Service  | Service Definition  | Current Coverage Authority                  | Future coverage under Waiver or State Plan  |
|--------------------|--|---|---|---|
|                    |  | counselors, and behavioral health specialists.  |   |   |
| 4                  | Medically Managed Intensive Inpatient Services       | Acute care general or psychiatric hospital setting, with 24/7 medical management and nursing supervision, and counseling services (16 hours per day). Managed by addiction specialist physician with interdisciplinary team of credentialed clinical staff knowledgeable of biopsychosocial dimensions of addictions. | State plan for acute medical diagnosis only | Continuation of current state plan coverage   |
| 3.2-WM             | Clinically Managed Residential Withdrawal Management | “Social detox” addressing intoxication or withdrawal in a setting that emphasizes peer and social support in a 24-hour setting.   | State plan and 1915(b) waiver               | The state intends to submit a SPA to modify the manner in which these services are reimbursed.                              |
| 3.7-WM             | Medically Managed 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  | Not covered                                 | The state intends to submit a SPA to add this service and requests 1115 waiver authority for provision of services in IMDs. |
| 4-WM               | Medically Managed Intensive Inpatient                | Medical benefit   | State plan and 1915(b) waiver               | Continuation of current coverage  |





### Section 3 – Implementation of Demonstration

Colorado plans to implement the expanded SUD treatment benefits statewide on July 1, 2020, assuming waiver approval before that date.

#### Capacity Assessment for Expanded Inpatient and Residential Services

In order to implement the new SUD benefit in July 2020, the state has begun efforts to assess and expand Colorado’s existing network of inpatient and residential SUD services, currently managed by MSOs.

The state has been collecting information about inpatient and residential bed capacity, including engaging with a contractor to conduct a provider capacity assessment throughout the state.

The 2015 National Survey of Substance Abuse Treatment Services (N-SAATS) results<sup>12</sup> found that Colorado has between 826-1,276 residential beds, 127-216 of which are designated for inpatient SUD treatment. The Colorado Health Institute, in a report prepared for the Department and submitted to the Colorado General Assembly, estimated that this number of beds can serve between 3,090-5,256 people a year with an average 15-day inpatient average length of stay and 10,050-15,525 people with a 30-day residential average length of stay<sup>13</sup>.

**Table 2 – Number of Available SUD Treatment Beds**

| Residential          |                        |
|----------------------|------------------------|
| Number of Facilities | Range of Beds Reported |
| 15                   | 0 to 12                |
| 9                    | 13 to 18               |
| 13                   | 19 to 28               |
| 6                    | 29 to 47               |
| 6                    | 48+                    |
| Min to Max Range     | 826 to 1,276           |

| Inpatient            |                        |
|----------------------|------------------------|
| Number of Facilities | Range of Beds Reported |
| 5                    | 0 to 10                |
| 3                    | 16 to 21               |
| 2                    | 22 to 34               |
| 1                    | 35+                    |
| Min to Max Range     | 127 to 216             |

Source: N-SSATS, 2015

| Residential Beds |       |         |                                  |
|------------------|-------|---------|----------------------------------|
|                  | Beds  | Days    | Maximum Number of People Served* |
| Min              | 826   | 301,490 | 10,050                           |
| Max              | 1,276 | 465,740 | 15,525                           |

| Inpatient Beds |      |        |                                   |
|----------------|------|--------|-----------------------------------|
|                | Beds | Days   | Maximum Number of People Served** |
| Min            | 127  | 46,355 | 3,090                             |
| Max            | 216  | 78,840 | 5,256                             |

\* 30 day average length of stay \*\* 15 day average length of stay

Source: N-SSATS, 2015

<sup>12</sup> Substance Abuse and Mental Health Services Administration (SAMHSA). *National Survey of Substance Abuse Treatment Facilities (N-SSATS): 2015, Data on Substance Abuse Treatment Facilities*. 2015. <https://www.samhsa.gov/data/report/national-survey-substance-abuse-treatment-facilities-n-ssats-2015-data-substance-abuse>

<sup>13</sup> Colorado Health Institute. *Exploring Options for Residential and Inpatient Treatment of Substance Use Disorder in Health First Colorado*. November 2017. <https://www.colorado.gov/pacific/sites/default/files/HCPF%202017%20Inpatient%20SUD%20Treatment%20Report.pdf>



The state also had the independent contractor conduct a statewide provider assessment about the availability of inpatient and residential beds, by ASAM level of care. The results indicated that there are between 300-400 beds available to provide the ASAM 3.1 level of care and between 100-200 beds available at the 3.7 level of care. These numbers are not exact because several programs co-locate individuals in the same facility who are receiving different levels of care. The Department will work with OBH (the state's licensing entity) to ensure that licensing standards are consistent with ASAM criteria. In addition, the state will continue to explore and grow system capacity in the coming months. The forthcoming SUD implementation plan will outline the state's approach in more detail.

### **Workforce Development and Training**

The state will develop a plan and materials to train all providers working within the continuum of care on utilization management and ASAM-based assessment to ensure that the continuum of care is applied appropriately and to reduce the under- and/or overutilization of any of the levels of care. The Department understands the importance of developing and preparing the workforce to meet the growing demands on the system. Planned activities include:

- Ensuring appropriate licensure levels of all sites in the system;
- Defining and training providers on treatment terms to ensure consistency;
- Training providers on evidence-based practices for patient assessment and placement;
- Addressing provider shortages, specifically in rural areas; and
- Recruiting providers not currently enrolled as Medicaid providers.

### **Other Implementation Planning Activities**

The state is aware of the CMS SUD Implementation Plan requirements and is already planning activities that will support successful waiver implementation. As described in Section 7 below, the state has conducted a series of robust stakeholder engagement sessions dating back to October of 2018 that culminated in the formal public notice and comment process required for this waiver application. The stakeholder engagement process will continue throughout the waiver negotiation period, which we anticipate will facilitate further discussion of waiver details and inform Department planning for any necessary:

- State regulation changes;
- Provider standards and billing manual updates;
- Provider engagement and training needs; and
- RAE contract policy and payment rate changes.

Once the key elements of the waiver are agreed upon with CMS, the state will provide a full SUD Implementation Plan according to CMS requirements.



## Section 4 – Demonstration Hypotheses and Evaluation Plan

### Hypothesis

The state is committed to ensuring that there is a robust monitoring and evaluation process in place for this demonstration. This will include a plan for providing CMS with quarterly monitoring reports that will track performance measures and waiver expenditures in a manner that will facilitate mid-course corrections over time as needed. The independent evaluation will build upon the foundation that is established through the monitoring protocols and track the performance measures over time. We anticipate that this demonstration will accomplish the following goals and objectives, which make up our demonstration hypothesis. This waiver demonstration will:

- 1) Improve health outcomes for members utilizing SUD services;
- 2) Promote long-term recovery; and
- 3) Reduce overdose deaths among individuals with SUDs.

Federal Medicaid funding for SUD treatment and withdrawal management services will be important to expanding the state’s capacity and to support its Medicaid provider system in its efforts to meet the needs of this population over the next five years. Adding these services will ensure Colorado has a more complete SUD continuum of care. Over time, the state expects that this continuum and adherence to ASAM criteria will lead to better health outcomes for Medicaid enrollees, including those in need of the most intensive services in residential settings like IMDs.

Colorado is committed to tracking a robust set of performance measures related to the provision of enhanced SUD treatment services and will select specific measures after a review and deliberation process. The state plans to adopt the CMS-provided format for monitoring and performance measurement.

### Evaluation

The state will build on the foundation established by the monitoring protocols and performance measurement approach to create a robust evaluation design that will track the efficacy and effectiveness of providing a more complete SUD continuum of care for Medicaid members. As noted above, the evaluation will directly track progress toward the goals of the waiver demonstration and provide a comprehensive assessment of the state’s work in this area. The state will avail itself of all of the technical assistance resources that are available, including through the National Governors Association learning collaborative focused on Section 1115 waiver evaluations, and will use the CMS-provided evaluation design guidance and format as the base for its planning.



At a minimum, the evaluation design will include the following sections as outlined in the [CMS guidance](#):

- A. General Background Information
- B. Evaluation Questions and Hypotheses
- C. Methodology
- D. Methodological Limitations
- E. Attachments

The table below presents an overview of the preliminary plan to evaluate the services funded by this waiver. It is subject to change and will be further defined as the program is implemented. The examples are not final and do not represent an exhaustive list of measures that could be used to test each hypothesis.

| Hypothesis   | Potential Measures  | Data Sources  |
|--|---|---|
| <b>GOAL 1: Improve health outcomes for members utilizing SUD services</b>  |   |   |
| The demonstration will increase access to inpatient and residential levels of care, completing the SUD treatment services continuum.             | Percentage of beneficiaries with a SUD diagnosis including those with OUD who used the following services per month (multiple rates reported): <ul style="list-style-type: none"> <li>• Outpatient;</li> <li>• Intensive outpatient services;</li> <li>• Medication assisted treatment for OUDs and alcohol;</li> <li>• Residential and inpatient treatment (including average lengths of stay (LOS) in residential treatment aiming for a statewide average LOS of 30 days); and Medically supervised withdrawal management</li> </ul> | <ul style="list-style-type: none"> <li>• Medicaid enrollment data</li> <li>• Medicaid FFS and Managed care claims data</li> <li>• RAE behavioral health encounter data</li> </ul> |
| The demonstration will ensure that members identified with SUD receive services at a level of care that is appropriately matched to their needs. | 30-day readmission rate following hospitalization for an SUD-related diagnosis <sup>#</sup>   | <ul style="list-style-type: none"> <li>• Medicaid enrollment data</li> <li>• Medicaid FFS and Managed care claims data</li> <li>• RAE behavioral health encounter data</li> </ul> |
|  | Follow up after discharge from ED for MH or Alcohol or other drug dependence (NCQA; NQF #2605)*   | <ul style="list-style-type: none"> <li>• Medicaid enrollment data</li> </ul>  |



| Hypothesis   | Potential Measures  | Data Sources  |
|--|---|---|
|  |   | <ul style="list-style-type: none"> <li>Medicaid FFS and Managed care claims data</li> <li>RAE behavioral health encounter data</li> </ul>                                   |
| The demonstration will improve member access to care for physical health conditions.             | Percentage of Medicaid members with SUD who had an ambulatory or preventative care visit during the measurement period. | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Medicaid FFS and Managed care claims data</li> <li>RAE behavioral health encounter data</li> </ul> |
| <b>GOAL 2: Promote long term recovery</b>  |   |   |
| The demonstration will increase members' access to Medication Assisted Treatment (MAT) services. | Number of members who have a claim for MAT for SUD during the measurement period.                                       | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Medicaid FFS and Managed care claims data</li> <li>RAE behavioral health encounter data</li> </ul> |
|  | Continuity of Pharmacotherapy for Opioid Use Disorder [RAND; NQF #3175]   | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Medicaid FFS and Managed care claims data</li> <li>RAE behavioral health encounter data</li> </ul> |
| <b>GOAL 3: Reduce overdose deaths among individuals with SUDs</b>                                |   |   |
| The demonstration will reduce overdose deaths.   | Use of Opioids at High Dosage in Persons Without Cancer (Pharmacy Quality Alliance; NQF #2940)*                         | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Medicaid FFS and Managed care claims data</li> </ul>   |
|  | Number of overdose deaths/ 1,000 Medicaid beneficiaries/month and specifically overdose deaths due to any opioid*       | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Colorado Department of Public Health and Environment vital statistics data</li> </ul>              |
|  | Number of beneficiaries with concurrent use of opioids and benzodiazepines (PQA)  | <ul style="list-style-type: none"> <li>Medicaid enrollment data</li> <li>Medicaid FFS and Managed care claims data</li> </ul>   |

\* Denotes measures that are part of the Medicaid Adult Core Set of Measures.

# Denotes measures that states with preexisting SUD 1115 demonstrations are already required to report on.



## Section 5 – Demonstration Financing and Budget Neutrality

This section presents the data and considerations supporting budget neutrality calculations for the coverage of stays in an institution for mental disease (IMD) for those between 21 to 64 years old with SUDs). The following presents discussion about the base data selection, adjustments and developing the Without and With Waiver projections, and the proposed approach for the development of the cost and caseload estimates.

The five-year demonstration is proposed to begin July 1, 2020 and end June 30, 2025. Each proposed demonstration year (DY) is outlined in Table 1:

**Table 1 – Demonstration Period**

| Demonstration Year | DY1                  | DY2                  | DY3                  | DY4                  | DY5                  |
|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Time Period        | 7/1/2020 – 6/30/2021 | 7/1/2021 – 6/30/2022 | 7/1/2022 – 6/30/2023 | 7/1/2023 – 6/30/2024 | 7/1/2024 – 6/30/2025 |

### Populations and Services

The Medicaid Eligibility Groups (MEGs) projected in the Without and With Waiver calculations match the existing 1915(b) Waiver and include groups for Legacy and Expansion populations with exception for the M-CHIP MEG. The Department’s 1915(b) waiver includes an M-CHIP MEG, however, children are not included within the SUD IMD 1115 budget neutrality template, since the 15-day maximum is not applicable to members under 21 years of age.

The base period for the Without and With Waiver projections for each demonstration year are based on the currently actuarially sound capitation rates effective July 1, 2019 – June 30, 2020 for the Regional Accountable Entities (RAEs), as well as acute care costs from FFS and physical health MCOs. The sum of these expenditures represents the average per capita cost of care for all services covered under the Medicaid program.

### Without and With Waiver Projections

CMS treats SUD IMD 1115 expenditures as hypothetical, that is, the Without and With waiver are equal and no savings can be accrued by the Department for savings under this demonstration.

To project the estimated expenditures to the anticipated waiver effective date, the current capitation rates were projected forward using an annual trend rate of 5.1 percent.



This factor is based on the average annual rate of change of per capita expenditures for adults between 2020 and 2025 from the 2017 Actuarial Report on the financial outlook for Medicaid. The 5.1 percent trend is a placeholder estimate and will be refined after further discussions with CMS. The member months included in Table 2 reflect the estimated member months for individuals who use SUD IMD. A 2.0 percent growth assumption is applied to the member months, which is based on the average rate of total enrollment growth estimated for the Medicaid program. The demonstration is not expected to have an impact on the total Medicaid enrollment for the program beyond the typical Medicaid program enrollment growth. Table 2 presents the Without and With Waiver Projections for covering SUD IMD adults within the Colorado Medicaid program, separated by non-expansion and expansion adults.

**Table 2 – Without and With Waiver Projections**

| Non-Expansion Adults  |             |             |             |             |             |              |
|-----------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Demonstration Year    | DY1         | DY2         | DY3         | DY4         | DY5         | 5 Year Total |
| <b>Without Waiver</b> |             |             |             |             |             |              |
| Member Months         | 4,330       | 4,417       | 4,505       | 4,595       | 4,687       | 22,535       |
| PMPM                  | \$1,073.27  | \$1,128.38  | \$1,186.32  | \$1,247.23  | \$1,311.27  | \$1,191.65   |
| Total Dollars         | \$4,647,472 | \$4,983,832 | \$5,344,536 | \$5,731,323 | \$6,146,114 | \$26,853,278 |
| <b>With Waiver</b>    |             |             |             |             |             |              |
| Member Months         | 4,330       | 4,417       | 4,505       | 4,595       | 4,687       | 22,535       |
| PMPM                  | \$1,073.27  | \$1,128.38  | \$1,186.32  | \$1,247.23  | \$1,311.27  | \$1,191.65   |
| Total Dollars         | \$4,647,472 | \$4,983,832 | \$5,344,536 | \$5,731,323 | \$6,146,114 | \$26,853,278 |
| Expansion Adults      |             |             |             |             |             |              |
| Demonstration Year    | DY1         | DY2         | DY3         | DY4         | DY5         | 5 Year Total |
| <b>Without Waiver</b> |             |             |             |             |             |              |
| Member Months         | 9,607       | 9,799       | 9,995       | 10,195      | 10,399      | 49,995       |
| PMPM                  | \$496.84    | \$522.29    | \$549.04    | \$577.16    | \$606.72    | \$551.50     |
| Total Dollars         | \$4,773,149 | \$5,118,000 | \$5,487,730 | \$5,884,169 | \$6,309,245 | \$27,572,294 |
| <b>With Waiver</b>    |             |             |             |             |             |              |
| Member Months         | 9,607       | 9,799       | 9,995       | 10,195      | 10,399      | 49,995       |
| PMPM                  | \$496.84    | \$522.29    | \$549.04    | \$577.16    | \$606.72    | \$551.50     |
| Total Dollars         | \$4,773,149 | \$5,118,000 | \$5,487,730 | \$5,884,169 | \$6,309,245 | \$27,572,294 |



## **Section 6 – List of Proposed Waiver and Expenditure Authorities**

Colorado is not expecting to need any waivers of any Medicaid statutes to implement this demonstration project under Section 1115 of the Social Security Act. Colorado is requesting the proposed expenditure authority below to implement this Section 1115 demonstration project.

### **Residential SUD Treatment Services**

To support access to a full continuum of care to most effectively treat SUD and support long-term recovery, Colorado is proposing to extend coverage for services in inpatient and/or residential settings that are within the definition of institutions for mental disease (IMDs) at 42 CFR 435.1010. Therefore, Colorado is proposing that CMS grant expenditure authority in qualified facilities for services provided to Medicaid-eligible individuals, regardless of the size of the facility providing SUD treatment.





## Section 7 – Stakeholder Engagement and Public Notice

### Overview

During the stakeholder engagement process for developing this Section 1115 Demonstration waiver, the state consulted numerous stakeholders, including but not limited to state, county, and local government officials, representatives from Regional Accountable Entities, Managed Service Organizations, health care providers, as well as non-government organizations, consumer advocates, and consortiums.

Colorado certifies that it provided public notice regarding the proposed Section 1115 waiver demonstration as required by federal regulations at 42 C.F.R.431.408, as follows. The PDF of the complete waiver notice can be found in Appendix B.

| Date      | Notice or Document   | URL/Distribution  |
|-----------|--|---|
| 7/25/2019 | Information and details about 1115 waiver demonstration application public comment meetings posted on the Department's website             | <a href="https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits">https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits</a>                             |
| 8/8/2019  | Department conducts consultation with tribal populations on the proposed demonstration waiver  | In accordance with 42 CFR 431.408(b)  |
| 8/19/2019 | Notification regarding public comment period and public hearings sent to SUD stakeholders electronic distribution list                     | In accordance with 42 CFR 431.408(b)  |
| 8/25/2019 | Notice of Public Comment Process published in the State of Colorado Register (2019 - Volume 42) on the Colorado Secretary of State website | <a href="https://www.sos.state.co.us/CCR/NoRule/7/PublicNotice1115Waiver_CORegister.pdf">https://www.sos.state.co.us/CCR/NoRule/7/PublicNotice1115Waiver_CORegister.pdf</a>     |
| 8/25/2019 | Section 1115 waiver demonstration application posted on the Department's website for viewing and public comment                            | <a href="https://www.colorado.gov/sites/default/files/SUD1115WaiverApplication.pdf">https://www.colorado.gov/sites/default/files/SUD1115WaiverApplication.pdf</a>               |
| 8/25/2019 | Notice of Public Comment Process posted on the Department's website  | <a href="https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits">https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits</a>                             |
| 8/28/2019 | Section 1115 waiver demonstration application presented at state of Colorado Medical Assistance & Services Advisory Council meeting        | <a href="https://www.colorado.gov/hcpf/state-medical-assistance-services-advisory-council">https://www.colorado.gov/hcpf/state-medical-assistance-services-advisory-council</a> |
| 9/24/2019 | Notification regarding the impending closing of the public comment period sent to SUD stakeholders electronic distribution list            | In accordance with 42 CFR 431.408(b)  |



The state also certifies that it invited input on the waiver application during the public comment period from 8:00 a.m. on August 25, 2019 to 5:00 p.m. on September 27, 2019 (Mountain Daylight Time). Colorado accepted comments and questions concerning the proposed waiver demonstration until 5:00 p.m. on September 27, 2019 by email and by post. During the public comment period, the state also provided hard copies of the proposed waiver demonstration at:

Colorado Department of Health Care Policy and Financing  
1570 Grant Street  
Denver, Colorado 80203

The state provided an overview of the proposed demonstration waiver application and invited comments and questions regarding the waiver at a meeting of the State Medical Assistance and Services Advisory Council. The meeting, which was open to the public, was held on August 28, 2019 at 6:00pm at the Department of Health Care Policy and Financing, Room 7AB, 303 East 17<sup>th</sup> Avenue, Denver, Colorado 80203. Additional details of the meeting can be found on the State Medical Assistance and Services Advisory Council website, at:

<https://www.colorado.gov/pacific/hcpf/state-medical-assistance-services-advisory-council>.

Colorado certifies that it held two public hearings, during which participants were provided an overview of the proposed demonstration waiver, as well as opportunities to provide comments or ask questions. Both public hearings were held at least 20 days prior to the submission of Colorado's demonstration waiver to CMS. The Denver public hearing offered teleconferencing and webinar capabilities to allow participants to provide comments or questions remotely. The public hearings were held as follows:

**Public Hearing #1**

Friday, August 30, 2019

10:00 a.m. - 12:00 p.m.

Colorado Department of Health Care Policy & Financing  
303 East 17th Avenue, 7th Floor, Conference Room 7AB  
Denver, CO 80203

**Public Hearing #2**

Friday, September 6, 2019

10:00 a.m. - 12:00 p.m.

DoubleTree Hotel Grand Junction - Aspen Room  
743 Horizon Drive  
Grand Junction, CO 81506

And finally, Colorado certifies that it conducted tribal consultation in accordance with transparency regulations under 42 C.F.R. 431.408(b) regarding the proposed demonstration waiver. During the tribal consultation period, the state did not receive any comments or questions.



## Section 8 – Appendices

### Appendix A: Summary of Comments and State Responses

Colorado received 91 comments during the public comment period that took place from August 25 – September 27, 2019. The comments were helpful to our thinking as the state moves forward with the waiver application and begins developing the CMS-required SUD Implementation Plan. The nature of most of the comments focused on the implementation of the waiver. As a result, Colorado did not make modifications to the waiver application based on the comments. Below is a table of the comments received and the state’s responses, organized by category.

| <b>Access to Care</b>  |  |
|--|--|
| Comment  | Response   |
| Begin a transportation system that provides free rides to treatment appointments, not just physical medicine for those where transportation is a barrier.  | The Department currently has and will continue to offer a Non-emergency Medical Transportation (NEMT) benefit that provides free transport to and from Medicaid covered services, which includes SUD treatment services.   |
| Creating pathways to equitable access to care is not only better for the afflicted individuals and their families, but for the community as a whole, as it addresses symptomatic issues associated with substance use disorder, such as crime, homelessness, and cooccurring physical health conditions. There are no waiting lists for incarceration, and there shouldn’t be waiting lists for people seeking help. | The Department is aware of existing capacity challenges and has convened a capacity building workgroup to (1) assess gaps in service availability across the SUD continuum of treatment and (2) identify strategies to build needed capacity. Department staff will also be holding meetings throughout the state to gather more information about local needs related to provider capacity. Please continue to check our website at <a href="https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits">https://www.colorado.gov/hcpf/ensuring-full-continuum-sud-benefits</a> for information about these meetings. We are hopeful that Medicaid coverage for the full continuum of services will increase access to care for Coloradans in need. |
| <b>Administration/Managed Care Organizations</b>   |  |
| Comment  | Response   |
| How will RAEs contract for the new benefits?   | The Regional Accountable Entities (RAEs) will contract with providers and will negotiate rates with providers as part of that process. The RAEs will be responsible for maintaining a state-wide network of providers and will be reaching out to current and new providers in advance of implementation to initiate that process.   |



|  |  |
|--|--|
| <p>What role will the Managed Service Organizations (MSOs) play once Medicaid benefits include residential and inpatient treatment? We would appreciate understanding more about how MSOs and block grants will be affected by Medicaid coverage of these new benefits.</p>  | <p>The major change is that MSOs will not pay for the treatment portion of services provided in residential settings for Medicaid members. The MSOs will continue to use their block grant dollars to pay for room and board for residential services. The Office of Behavioral Health (OBH) is in the process of determining how the introduction of this Medicaid benefit will alter their use of grant and state funds.</p> |
| <p><b>ASAM Criteria</b></p>  |  |
| <p>Comment</p>   | <p>Response</p>  |
| <p>Applause for the state's goal to further align the state's SUD treatment system with ASAM.</p>  | <p>Thank you for your comment.</p>   |
| <p>With the understanding that there is an ASAM criteria software that could be helpful in utilization management, but that not all hospitals may be able or willing to afford this unfunded component, utilization management guidelines should be detailed enough that software is not required (e.g., guidelines regarding initial review, peer-to-peer reviews and appeals).</p> | <p>Thank you for your comment. This information will be considered as the Department develops guidelines pertaining to the utilization management process.</p>   |
| <p>Commenter supports a requirement that ASAM criteria be used at all levels of care, and not only for residential and inpatient treatments.</p>   | <p>Thank you for your comment.</p>   |
| <p><b>Budget</b></p>   |  |
| <p>Comment</p>   | <p>Response</p>  |
| <p>Requesting clarification of overall budget for the waiver. How was it calculated? There seems to be a difference between estimated amounts from the Department compared to estimates from</p>   | <p>The waiver budget neutrality calculations include only the costs of adults aged 22-64 within Institutions for Mental Diseases (IMDs). The Colorado Health Institute (CHI) estimates include the cost provided to all ages in all settings. These calculations are very likely to change with further communications with the Centers for Medicare</p>   |



|  |  |
|--|--|
| other agencies such as the CO Health Institute.  | and Medicaid Services (CMS) and as we learn more about existing capacity through the findings of the capacity workgroup.   |
| Can the State provide more information on how the math was done on short- and long-term savings?   | CMS is allowing the state to use a model in which the state is not required to demonstrate short or long-term savings to offset the cost of the services provided in an IMD. This is why the Without and With Waiver costs are the same.   |
| In order to maintain budget neutrality, Colorado should make changes through state plan authority rather than through waiver authority.  | Thank you for your comment. The state is working with CMS to identify the federal authorities that need to change.   |
| Commenter is concerned about the financial impact of the additional waiver services on provision of community-based services, particularly in the face of existing shortages and limitations.            | The Department commits to retaining the current community-based providers and has convened a capacity building workgroup that will be identifying capacity needs at all levels of care. The Department will ensure that members are placed in the most appropriate level of care by using ASAM criteria. |
| <b>Data Collection/Performance Management</b>  |  |
| Comment  | Response   |
| How will the new benefits affect RAE performance measures? Recommend that the first two years of the benefit be used to establish baselines and identify potential targets for performance measurement.  | The Department has not determined whether the RAE performance measures will be adjusted for this new benefit. Thank you for your recommendation on timing.   |
| Commenter believes that assessment of provider and member experience is also necessary and would provide information that is not unavailable through claims and encounter data.                          | The state is required to complete a monitoring and evaluation plan and will consider your comments as those plans continue to be developed. This plan is due to CMS 180 days after the waiver is approved.   |
| We suggest the following measures to measure long term recovery: <ul style="list-style-type: none"> <li>• Attendance in outpatient SUD or mental health treatment post-residential treatment.</li> </ul> | The state will consider these suggestions as part of its overall monitoring and evaluation strategy.   |



|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• Reduced number of urine drug screens with a positive result for illicit or misused drugs.</li> <li>• Reduced severity of SUDs as reported on the DACODs.</li> <li>• Reduced severity of mental health symptom severity as reported on the CCAR.</li> </ul>  |   |
| <b>Enrollment</b>  |   |
| <b>Comment</b>   | <b>Response</b>   |
| <p>Will jail transitions be written into the waiver application?</p>   | <p>No, jail transitions will not be written into the waiver application as the waiver application is a high-level overview to CMS. As next steps, the Department must develop an Implementation Plan (due to CMS 90 days after waiver approval) that provides more specific information about how the new benefits will be put in place; jail transitions may be addressed there. The Department will continue to explore how best to support the justice-involved population to ensure that people transitioning out of jail or prison are enrolled in Medicaid.</p> |
| <b>Eligibility</b>   |   |
| <p>Will there be services for older adults?</p>  | <p>Coverage for all SUD services will be open to all Medicaid eligible members. As part of the capacity workgroup, we will be focusing on special populations.</p>  |
| <p>The plan for the waiver implementation does not appear to account for individuals whom successfully get on a path to recovery and gain employment only to lose their Medicaid benefit and become part of the "working poor". These individuals ultimately lose access to services they need to continue and complete their journey to a life in recovery.</p> | <p>The waiver is a high-level overview to be submitted to CMS. We will be working with OBH as we implement the new benefits to consider how case management occurs for individuals seeking SUD treatment, including those who move from Medicaid into services provided by the block grant or private insurance.</p>  |



| <b>Length of Stay</b>   |   |
|---|---|
| Comment   | Response  |
| How do providers continue coverage for treatment if the number of days in treatment exceeds the covered duration of treatment? Many patients stay longer than 30 days and are often mandated into treatment by courts/criminal justice system.                                      | The services will be covered for members for as long as medical necessity can be demonstrated. Under the waiver, CMS sets a 30-day target for average length of stay, but it is not a cap on length of stay. When residential treatment lasts beyond the time when services are medically necessary, Medicaid will no longer cover services and another payer will be required to cover the treatment addressing those needs. |
| Where is it written explicitly in the waiver that the IMD 15-day exclusion is waived?   | The specific purpose of this 1115 waiver is to allow states to pay for SUD services provided in IMDs for any length of stay.  |
| Is 30 days a goal? Or is it a cap?  | CMS sets a 30-day target for average length of stay and the state is required to report to CMS on this. Under the waiver, there is not a cap on the number of days that services can be covered for an individual member.   |
| Will there be annual caps or benefit limits on the residential and inpatient services?<br>Commenter recommends that the state release additional detail about how RAEs will be expected to manage the SUD continuum of benefits, including if there will be benefit limits or caps. | Under the waiver, there will be no annual caps or benefit limits on the services. Services will be paid for as long as medical necessity can be demonstrated. The criteria for medical necessity at a given level of care will be the ASAM criteria.  |
| The waiver demonstration should consider including language that encourages flexible program lengths based on an ongoing assessment of client progress and needs in treatment, as opposed to the more common method of a pre-determined length of stay.                             | The Department will require that member progress is monitored, and that medical necessity be the driver of length of stay determinations.   |
| <b>Licensing</b>  |   |
| Comment   | Response  |
| The Office of Behavioral Health’s licensing standards should be made consistent with ASAM criteria in a manner that provides  | The OBH is revising their licensure rules to more closely align with ASAM criteria. The rule revisions will go through the formal stakeholder process required for rule revisions. In the interim, the Department encourages  |



|   |  |
|---|--|
| adequate communication and time for compliance.   | providers to review ASAM criteria, ensure that the services they offer are consistent with the level of care they intend to provide, and pursue licensure under that level if necessary.   |
| Will the Office of Behavioral Health be more stringent with their licensing? Will there be fewer agencies offering ASAM 3.7 treatment in the state as a result?   | The OBH's proposed rule changes will improve consistency with ASAM criteria. There will likely be some shifts at the 3.7 level while providers either relicense at the 3.5 level or increase the medical services available in their programs.   |
| <b>Payments</b>   |  |
| <b>Comment</b>  | <b>Response</b>  |
| How do payments from Signal Behavioral Health Network to providers differ from payments to providers under the SUD waiver?  | Under the SUD waiver, the RAEs will make per diem payments to providers for the treatment components. The MSOs will make per diem payments to providers to cover room and board for that treatment. This will be different from the current arrangement in which the MSOs pay for both components.                                     |
| How will payments for the new services occur?   | Please see above response.   |
| It is essential that Colorado Medicaid does not create a bundled payment based on generic medication prices for ASAM Level 3.7-WM at the exclusion of FDA-approved treatment options and without regard to treatment outcomes. Bundling ALL drugs in the episode-of-care payments for substance use treatment risks potential harm to patients and can increase the cost of overall care. | Thank you for your comment.  |
| <b>Provider Capacity</b>  |  |
| <b>Comment</b>  | <b>Response</b>  |
| It is difficult to find agencies who provide SUD residential/inpatient treatment for adolescents. This is especially true for Medicaid populations, or those individuals without  | CMS requires states with an 1115 SUD waiver to develop Implementation Plans. These plans detail steps the state will take to sufficiently address any statewide needs and gaps in treatment or services and narrate how provider capacity will be built over time. The state will examine this issue more closely through its work and |





|   |   |
|---|---|
| <p>sufficient financial resources to pay for treatment or services.</p>   | <p>collaboration with the SUD Capacity Building workgroup. The Department will hold public meetings in conjunction with the workgroup’s activities and welcomes more feedback from stakeholders on this issue.</p>  |
| <p>Expand the network of medication assisted treatment (MAT) providers and mobile MAT services</p>  | <p>The Department is working with other state agencies and on initiatives to expand access to MAT.</p>  |
| <p>Mental Health Colorado encourages the Department to work with RAEs and stakeholders to establish meaningful standards for availability of outpatient services and WM based on reasonable standards.</p>  | <p>The Department will carefully consider this recommendation pertaining to standards for availability of all services when developing RAE contract language for the SUD continuum of care.</p>   |
| <p>Between now and program go-live, stakeholders, including hospitals, should be consulted regarding provider capacity (both current and future) and HCPF and RAEs should be transparent in reporting how network adequacy requirements are determined and evaluated.</p>   | <p>The state will continue to work with stakeholders to assess and evaluate capacity. Network adequacy requirements will be part of the contract with the RAEs. The RAE contracts are available on the Department’s website:<br/> <a href="https://www.colorado.gov/pacific/hcpf/accphase2">https://www.colorado.gov/pacific/hcpf/accphase2</a></p> |
| <p>I would encourage the state to take a careful look at entities when they decide they want to start providing a service that they have either not supported in the past (through referral history) or have a lack of knowledge in providing this crucial service.</p>   | <p>Thank you for your comment. All providers must be licensed by OBH and the RAEs will be responsible for credentialing all providers and ensuring they are prepared to provide the services.</p>   |
| <p>I would recommend that providers have minimum standards to fully disclose the level of care being offered and provided in the program(s) they offer. It should be a mandate that any promotion or advertising material fully disclose the ASAM level of care they are licensed to provide to avoid an "uninformed" consumer situation.</p> | <p>Thank you for your comment.</p>  |



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| <p>RAE request for assistance with identifying and contracting providers who are able to stand up to these new residential and inpatient SUD services. We would request that identification of these providers begins multiple months prior to benefit go-live, so we can begin contracting and credentialing these facilities to meet the demands of our members seeking out this new benefit.</p> | <p>We appreciate that there are a series of steps that must take place before providers can begin to bill for services under Medicaid. Over the coming months, the Department and MSOs will work closely with the RAEs to help identify residential and inpatient SUD providers so that the RAEs may begin working with them.</p>                  |
| <p><b>Rates/Reimbursement</b></p>   |  |
| <p>Comment</p>  | <p>Response</p>  |
| <p>Is there a need for adjusting estimated costs of the new benefit to a higher amount, based on the number of beds across the state? Could lower costs affect the ability to ensure that the new benefits are implemented properly?</p>  | <p>The final costs will be built into the actuarially sound capitation rates paid to the RAEs. Also, as stated in a prior response, the Department will continue to refine its estimates as we continue to gather information about capacity (from the meetings and the capacity workgroup), member need for this service and per diem costs.</p>  |
| <p>What are the negotiated rates for the services that will be provided under the new benefit? How will the rates work? What is the billing methodology? How will MSO funding be braided with Medicaid dollars?</p>   | <p>Provider rates will be negotiated with the RAEs. The Department's cost estimates are based on an average daily cost and these are still being refined. Providers will bill the RAEs for the service costs and the MSOs for room and board for Medicaid members. We are in the process of working through how this will occur operationally.</p> |
| <p>If a RAE determines that an individual does not have medical necessity, can Managed Service Organizations continue paying for treatment and services? Can OBH block grant dollars be available for paying for this situation?</p>  | <p>The Department and OBH will both rely upon ASAM criteria to determine medical necessity. The Department is working closely with OBH and MSOs to design and implement this benefit. Ultimately, OBH and MSOs will determine how their grant dollars are spent.</p>   |
| <p>Is it assumed Colorado will see a jump in enrollment when these services become reimbursable? Or is there an assumption of constant growth of Medicaid</p>   | <p>No, the Department is not assuming a significant increase in enrollment nor are we assuming constant growth of the Medicaid population due to these services becoming reimbursable. This is because the State of Colorado has a low eligible-but-not-enrolled population</p>  |



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| <p>population in Colorado? Has Colorado looked at what other states are doing?</p>   | <p>resulting from a very successful expansion. We have not looked at other states but will do so.</p>   |
| <p>Consider reimbursement for alternatives for SUD and pain treatment methods that would allow greater access and attract new practitioners to the field.</p>  | <p>Thank you for your comment.</p>  |
| <p>RAEs should proactively engage with contracted and non-contracted providers between December 2019 and June 2020 to discuss anticipated opportunities and changes, including contracting processes and rates. Additionally, HCPF should explore minimum rate requirements for certain services, particularly during the first few years of these new benefits.</p> | <p>As stated in a prior response, the Department will be working with the RAEs to identify current and new providers so this work may begin. Thank you for your comment regarding minimum rate requirements.</p>                            |
| <p>How does the Department anticipate determining rates for the RAEs? RAEs will likely have to rapidly expand access to services and will not be able to limit access to medically necessary services. A better option would be a fee-for-service pass-through for the first two years of the benefit.</p>   | <p>Capitation rates to the RAEs will be determined using an actuarially sound methodology. We are exploring options such as risk-corridors to manage risk and will work with the RAEs and our actuaries to determine the best approach.</p> |
| <p>I recommend including co-occurring residential treatment and reimbursing the rates for those that go the extra step to provide this service. It could be as simple as an additional rate to the base models.</p>  | <p>The Department will be providing this service to individuals with co-occurring conditions and has discussed the additional costs of these services in its cost estimate work.</p>  |
| <p>I recommend that the rate setting be more robust than past efforts. Migrating to a "Fee for Service" model places all of the risk on the provider and the billing model for Medicaid funding is substantial</p>   | <p>Thank you for your comment.</p>  |



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| <p>when providers have to hire billing specialists (coding experts) or outsource to third party vendors and spend countless amounts of human capital to manage the system instead of letting the funding go towards the dissemination and improvement of direct services.</p>   |  |
| <p>Reimbursement rates to rural service providers should be increased so that experienced clinicians can be offered salaries and benefits that compete with positions in urban locations.</p>   | <p>The Department understands that rural providers face unique challenges. This will be discussed as the SUD Capacity Building Workgroup moves forward and the Department will be working with the RAEs to ensure they have a statewide network, that includes rural providers.</p>  |
| <p><b>Recovery Support</b></p>  |  |
| <p>Develop residences that provide focused short- and long-term access for members who require safe and supportive housing to live drug and/or alcohol free.</p>  | <p>Thank you for your comment.</p>   |
| <p><b>Services</b></p>  |  |
| <p>Comment</p>  | <p>Response</p>  |
| <p>Is the state planning to include Medication Assisted Treatment (MAT) in the new benefit? Are all forms of MAT included, such as buprenorphine, naltrexone, and other MAT methods to support recovery? What about including evidence-based treatment? What if the provider offers alternative treatment (for example, 12-step?)</p> | <p>MAT is currently a covered service under Medicaid in Colorado and all forms are covered. Additionally, under the waiver, CMS requires that MAT be available through any residential and inpatient treatment provider. We are considering how to operationalize that requirement. We are also considering requirements around evidence-based interventions of other kinds, such as treatment curricula, etc.</p> |
| <p>Will new benefits under the SUD waiver be available to skilled nursing facilities?</p>   | <p>All providers of residential and inpatient SUD services will be required to have a license with the OBH for the level of care that they are providing. Additionally, the programs will need to be enrolled as Medicaid providers and contracted and credentialed with the RAEs. If these conditions are met, these facilities would be eligible for reimbursement of these services.</p>                        |



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| <p>For many agencies, it is a daily issue/struggle to provide social detox, medical detox, and or withdrawal management. Some stringent criteria make it difficult for agencies, and it is a struggle for some SUD patients</p> | <p>Thank you for your comment.</p>  |
| <p>Will there be any programs that offer family treatment where multiple members of a family with SUD may be treated at the same time?</p>  | <p>Some SUD treatment providers in Colorado are known to provide co-housing or child care services for family members (for example, infants or children) of patients in inpatient/residential SUD treatment. Coverage of treatment services will be available to Medicaid-enrolled individuals based on each individual’s medical necessity.</p>                                  |
| <p>Where do the protections for specialized residential treatment for pregnant and parenting women established under HB19-1193 get addressed, is it in the state plan, 1915(b)(3) or the 1115 waiver or some other place?</p>   | <p>The Department is in the process of working with CMS to determine which authority should reflect those protections and will be seeking state plan amendments or 1915(b) amendments as appropriate. Thank you for highlighting that special population.</p>   |
| <p>Will the State Plan to provide an estimate of the penetration rate of services under the new benefit? What are the estimates for a high-cost service like this one under the waiver?</p>                                     | <p>The state will build an estimate of the total cost of the new benefit; the penetration rate is one of the inputs to that cost estimate. As provided in a prior response, the Department continues to refine its cost estimates. Per CMS requirements, the forthcoming State Plan Amendment (SPA) will include an estimate of the total costs to implement the new benefit.</p> |
| <p>Establish a 24-hour substance abuse helpline to provide referral support for members seeking treatment and recovery services in local communities</p>  | <p>The State of Colorado established a crisis hotline that offers free crisis support to all Coloradoans by phone and electronic messaging. Anyone can access help by calling or texting 844-493-TALK. The service provides in-the-moment stabilization, referrals, and follow-up support. The helpline offers addiction-specific support.</p>                                    |
| <p>Request that Special Connections requirements for treating pregnant women be retained.</p>   | <p>We will be examining the requirements for Special Connections and attending to them as we develop contracts with our RAEs and modify rules.</p>  |
| <p>Request that HCPF ensures that RAEs and providers fully understand and implement EPSDT for SUD services for adolescents.</p>   | <p>We will be working closely with the RAEs to ensure that services are provided to the entire Medicaid population, with enhanced support for special populations such as children and adolescents.</p>   |
| <p>Will the waiver address social detoxification services?<br/>       Recommend that the waiver</p>   | <p>Social detox is a service currently covered by Medicaid. It will continue to be covered and will be managed by the RAEs as part of the SUD continuum of care. The</p>  |



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| address how social detoxification services are paid for by the RAEs.   | Department is considering modifying the manner in which those services are reimbursed. That change will not be made with 1115 waiver authority, therefore it is not referenced in the waiver.  |
| The waiver application fails to adequately address how access to community-based services will be supported and how fragmentation and gaps in the current system of community-based care will be addressed.  | The waiver application is a high-level overview. The Implementation Plan required by CMS will address capacity for SUD services across the continuum, including community-based services. The Department is currently drafting this plan and it is due 90 days after the waiver is approved.   |
| Commenter proposes that the application include clearly-defined standards for access to community-based care to improve the likelihood that individuals can appropriately access lower-cost services and retain ties with family, work and school, rather than being diverted into higher-cost and potentially restrictive settings. | The waiver application is a high-level overview. Ensuring that individuals are placed appropriately in a level of care that matches their needs is a priority for the Department and the Department will be working to articulate this in the Implementation Plan which is due 90 days after the waiver is approved.                   |
| Commenter strongly supports increased access to MAT, but requests that the application be revised to include greater detail.   | The waiver application is a high-level overview. Access to MAT will be addressed further in the Implementation Plan.   |
| Commenter strongly supports the coverage of ASAM Level 3.3 service provision for individuals who have cognitive limitations due to traumatic brain injury, developmental delay, and substance related neurocognitive problems.   | Thank you for your comment.  |
| <b>Timeline</b>  |  |
| Comment  | Response   |
| Will the new benefit go live in Summer 2020 or on July 1, 2020?  | The Department is targeting an implementation date of July 1, 2020. The date that benefits will go live will be based in part on when the state receives federal approval. Section 1115 waivers are prospective, so if the waiver has not been approved, the state cannot pay for any services provided in an IMD. The Department also |



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|  | needs to ensure readiness in other areas, including but not limited to, information and payment systems (the Department’s and the RAEs’), rates and RAE contract changes, provider readiness to bill, and status of provider network.   |
| What is the timeline for the State to negotiate with RAEs and providers?   | The State is currently working to refine budget neutrality calculations and cost estimates and to develop actuarially sound rates. The state is required to submit contracts and rates to CMS ninety days prior to the effective date of contracts. The state is aware that the provider contracting and credentialing process with the RAEs require some time and is moving forward as quickly as possible to allow for that to occur prior to the opening of coverage for the new services.                           |
| <b>Utilization Management</b>  |   |
| <b>Comment</b>   | <b>Response</b>   |
| Will the waiver remove conflict/discrepancies between primary vs. secondary diagnoses, where physical diagnoses, not SUD diagnoses, are only covered?  | Given that the Department will be covering primary SUD diagnoses in the future, the problem of determining whether coverage is allowable will largely be eliminated.  |
| How can providers align their assessment processes with UM/ASAM criteria?  | Providers will be required to utilize assessments that are aligned with ASAM and to utilize the ASAM matrix that maps assessment data to an appropriate level of care. There are a variety of assessment tools that are consistent with ASAM and the Department is developing specific requirements on the use of assessment instruments to gather patient data on the 6 dimensions outlined in ASAM. The Department plans to conduct training on ASAM for the RAEs and providers to facilitate conversations about UM. |
| Transparency regarding the use of ASAM criteria for utilization management is appreciated. Recommend that further details be determined through a collaborative stakeholder process and included in the provider training mentioned in the draft waiver application. It would also be helpful if this work aligns with processes required to implement | Thank you for your comment. The Department is planning trainings and collaboration with providers on the topic of utilization management and the use of ASAM in the future.   |



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| <p>HB 19-1269, particularly in gathering stakeholder knowledge on utilization management.</p>  |   |
| <p>Commenter proposes in general that the state review and standardize UM processes among the RAEs, to reduce confusion, ensure consistent and therapeutically-appropriate outcomes, and reduce providers' administrative burden.</p>  | <p>Thank you for your comment. Please see above responses to similar questions and comments.</p>  |
| <p>It is recommended that the coverage plan have a mechanism in place that protects coverage based on medical necessity, without the ability to deny coverage based on a disagreement regarding primary diagnosis.</p>   | <p>Thank you for your comment.</p>  |
| <p>It is recommended that an Independent Review Organization (IRO) model be adopted which allows for an external appeal process when coverage is denied.</p>   | <p>Thank you for your comment.</p>  |
| <p><b>General</b></p>  |   |
| <p>What services are covered under the 1115 waiver vs. State Plan?</p>   | <p>Services in non-IMDs will be covered under the State Plan, while the authority to cover services in IMDs will be provided through the 1115 waiver.</p> |
| <p>Mental Health Colorado supports the goals of the 1115 waiver and the Department's intent to expand the covered benefit for SUD services, ensure that providers and RAEs use national best practices to determine level of care, ensure availability of a geographically accessible care continuum, and not require copays for expanded services</p> | <p>Thank you for your comment.</p>  |
| <p>Has the state gathered any statistics about the number of Coloradans who needed</p>   | <p>Medical services provided in hospitals are currently covered by Medicaid under the physical health benefit.</p>  |





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| <p>extensive and expensive medical care because of addiction? For example, hospitalizations for IV drug abuse patients?</p>  | <p>The Department reviews utilization of these services, including those who have a diagnosis of SUD.</p>   |
| <p>Colorado has spent 100s of millions of dollars on those Medicaid recipients [who need extensive and expensive medical care because of addiction] when treatment may have prevented these chronic, deadly conditions from occurring.</p>   | <p>Thank you for your comment.</p>  |
| <p>Encourage both federal and state policymakers to consider the intersection of the HIV and opioid epidemics by promoting education and awareness of the transmission of infectious diseases like HIV; facilitating the identification of new infections through routine testing and screening; and ensuring access to HIV treatment and appropriate medical care for people living with HIV.</p> | <p>Thank you for your comment.</p>  |
| <p>I would like to offer our support for this waiver. Expanding coverage for inpatient treatment will be very beneficial to patients that are not successful in an outpatient setting. Thank you for pursuing this change in benefits to better serve this population.</p>   | <p>Thank you for your comment.</p>  |
| <p>It would be requested that the Department explore the feasibility of concurrently filing the 1115 Mental Health Waiver alongside the SUD Waiver. If allowable, filing the Mental Health and SUD waivers concurrently would prioritize the mental health and substance abuse related needs of Coloradans.</p>  | <p>The Department is moving forward with the SUD waiver to avoid delays in expanding coverage for these services and ensuring the full continuum of SUD care. We will continue to explore options for improved delivery of mental health services in residential facilities for the future.</p> |



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| <p>Colorado’s application for a 1115 waiver, while it includes services that fill a perceived need, does not propose an experiment or seek to waive compliance with requirements in 42 USC §1396a. As such, it does not meet the requirements of a § 1115 waiver.</p> | <p>According to CMS’s guidance in the 2017 letter to the State Medicaid Directors, expanding access to residential SUD treatment provided in an IMD does qualify as an experimental approach. The state is utilizing this opportunity to gain access to federal Medicaid matching funds to combat the substance use disorder crisis.</p> |
| <p>[The US Department of Health and Human Services] Secretary has no statutory authority to waive the exclusion. Nor can the Secretary approve the waiver pursuant to the purported “expenditure” authority under § 1115(a)(2).</p>                                   | <p>Please see response above.</p>  |
| <p>The application states that “the new services, including care coordination and transition support, will be considered as the state develops the new capitation rate methodology” (application p.10). This level of detail is insufficient.</p>                     | <p>The waiver is meant to be a high-level overview of approach. These details will be addressed in the Implementation Plan.</p>  |



**COLORADO**

Department of Health Care  
Policy & Financing

## **Notice of Public Comment Process**

### **Medicaid Section 1115 Demonstration Waiver Application for Inpatient/Residential Substance Use Disorder Treatment Benefit**

Public Comment Period Begins: August 25, 2019 at 8:00 a.m. MDT  
Public Comment Period Ends: September 27, 2019 at 5:00 p.m. MDT

Public notice is hereby given that the State of Colorado's Department of Health Care Policy & Financing is seeking public comments on a Medicaid Section 1115 Behavioral Health Demonstration Waiver ("Waiver") application to support the reform of Colorado's Medicaid-supported behavioral health system.

#### **Proposed Waiver Summary**

The Colorado Department of Health Care Policy & Financing ("Department") is submitting a Medicaid Section 1115 Waiver proposal to improve access to inpatient and residential Substance Use Disorder (SUD) treatment for Colorado's Medicaid ("Health First Colorado") members. Medicaid Section 1115 waivers allow states to test new approaches to administering Medicaid programs beyond what is required by federal statute. In response to the national opioid epidemic, the federal Centers for Medicare & Medicaid Services (CMS) has provided an opportunity for states to use the Section 1115 waiver authority to use Medicaid matching funds to expand the availability of SUD treatment services.

The Department plans to submit a Medicaid Section 1115 waiver application to CMS in the fall of 2019, following a robust stakeholder engagement and public comment process. The waiver, if approved, will authorize the Department to add inpatient and residential SUD treatment, including withdrawal management, to the continuum of SUD services currently provided as a benefit to Health First Colorado members. Colorado plans to implement the expanded SUD treatment benefits statewide on July 1, 2020, assuming waiver approval before that date.

#### **Program Background**

In 2018, the Colorado legislature passed House Bill (HB) 18-1136, which gave the Department authority to pursue this waiver. Specifically, the bill gave the Department authority to add inpatient and residential benefits, including withdrawal management services, to the continuum of SUD services available to Health First Colorado members. The Department brought together community members, tribal entities, behavioral health providers, other concerned stakeholders, and contracted with Medicaid experts to develop an 1115 waiver proposal that seeks to comprehensively address the SUD treatment needs of Coloradans.

#### **Waiver Objectives and Goals**

The goal of this demonstration is to complete the Colorado SUD continuum of care in order to improve health outcomes, promote long-term recovery and reduce overdose deaths. To achieve this goal, the state proposes the following objectives:

- Increase access to necessary levels of care by adding Medicaid coverage for inpatient and residential SUD treatment, including withdrawal management (WM) services;
- Ensure that members receive a comprehensive assessment and are placed in an appropriate level of care;
- Further align the state's SUD treatment system with a nationally recognized SUD-specific standard;

- Increase provider capacity where needed; and
- Improve the availability of Medication-Assisted Treatment (MAT) to promote long-term recovery.

### Eligibility

There will be no changes to the Medicaid eligibility criteria included as part of this waiver. The demonstration will be open to all Medicaid members with an eligible SUD diagnosis. The demonstration will have no enrollment limits.

### Services

Upon full implementation of the proposed waiver, the Department will have a continuum of care in place that addresses the need for members whose addiction requires more intensive SUD treatment. The improvements to the system will help ensure that patients receive the right level of care in the right place and are transitioned to appropriate levels of care at the right time.

The state is proposing to add the following new services to its Medicaid program, 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.

### Cost Sharing

The SUD continuum of services will be managed under the behavioral health capitation, which is authorized through the state's 1915(b) waiver. The 1915(b) waiver does not include cost sharing, therefore all services provided through the capitation will not be subject to a copay.

### Delivery System

The Colorado Medicaid SUD delivery system is currently operated under a capitated managed care structure and administered by seven Regional Accountable Entities (RAEs). The inpatient and residential SUD treatment services, WM and MAT services will be covered under the same delivery system, with capitation payments made from the state to the RAEs which, in turn, manage the delivery of services. RAEs will be responsible for ensuring that Health First Colorado members have access to the full continuum of services that are available and appropriate based on their situation.

### Demonstration Hypotheses and Measures

The state is committed to ensuring that there is a robust monitoring and evaluation process in place for this demonstration. It is anticipated that this waiver demonstration will:

- Improve health outcomes for members utilizing SUD services;
- Promote long-term recovery; and
- Reduce overdose deaths among individuals with SUDs.

Over time, the state expects that this continuum and adherence to ASAM criteria will lead to better health outcomes for Health First Colorado members.



The table below presents an overview of the preliminary plan to evaluate the services funded by this waiver. It is subject to change and will be further defined as the program is implemented. The example measures are not final and do not represent an exhaustive list of measures that could be used to test each hypothesis.

| Hypothesis   | Potential Measures  |
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| <b>GOAL 1: Improve health outcomes for members utilizing SUD services</b>  |   |
| The demonstration will increase access to inpatient and residential levels of care, completing the SUD treatment services continuum.             | Percentage of beneficiaries with a SUD diagnosis including those with OUD who used the following services per month (multiple rates reported): <ul style="list-style-type: none"> <li>• Outpatient;</li> <li>• Intensive outpatient services;</li> <li>• Medication assisted treatment for OUDs and alcohol;</li> <li>• Residential and inpatient treatment (including average lengths of stay (LOS) in residential treatment aiming for a statewide average LOS of 30 days); and Medically supervised withdrawal management</li> </ul> |
| The demonstration will ensure that members identified with SUD receive services at a level of care that is appropriately matched to their needs. | 30-day readmission rate following hospitalization for a SUD-related diagnosis <sup>#</sup>  |
|  | Follow up after discharge from ED for MH or alcohol or other drug dependence (NCQA; NQF #2605)*   |
| The demonstration will improve member access to care for physical health conditions.   | Percentage of Medicaid members with SUD who had an ambulatory or preventative care visit during the measurement period.   |
| <b>GOAL 2: Promote long term recovery</b>  |   |
| The demonstration will increase members' access to Medication Assisted Treatment (MAT) services.   | Number of members who have a claim for MAT for SUD during the measurement period.   |
|  | Continuity of Pharmacotherapy for Opioid Use Disorder [RAND; NQF #3175]   |
| <b>GOAL 3: Reduce overdose deaths among individuals with SUDs</b>  |   |
| The demonstration will reduce overdose deaths.   | Use of Opioids at High Dosage in Persons Without Cancer (Pharmacy Quality Alliance; NQF# 2940)*   |
|  | Number of overdose deaths/ 1,000 Medicaid beneficiaries/month and specifically overdose deaths due to any opioid*   |
|  | Number of beneficiaries with concurrent use of opioids and benzodiazepines (PQA)  |

\* Denotes measures that are part of the Medicaid Adult Core Set of Measures.

# Denotes measures that states with preexisting SUD 1115 demonstrations are already required to report on.



### Proposed Federal Demonstration Authorities

Colorado is not expecting to require any waivers of Medicaid statute to implement this demonstration project under Section 1115 of the Social Security Act. Colorado is requesting section 1115 (a)(2) expenditure authority to support access to a full continuum of care to most effectively treat SUD and support recovery, Colorado is proposing to extend coverage for services in inpatient and/or residential settings that are within the definition of institutions for mental disease (IMDs) at 42 CFR 435.1010. Therefore, Colorado is proposing that CMS grant expenditure authority in qualified facilities for services provided to Medicaid-eligible individuals, regardless of the size of the facility providing SUD treatment.

### Estimated Impact of the Demonstration

The tables below estimate the projected annual enrollment of beneficiaries (without and with the waiver, for both legacy and expansion) for each Demonstration Year (DY) of the waiver demonstration.

#### **Estimated Projections of Annual Enrollment**

| <b>Legacy</b>                    | <b>DY1</b> | <b>DY2</b> | <b>DY3</b> | <b>DY4</b> | <b>DY5</b> | <b>5 Year Total</b> |
|----------------------------------|------------|------------|------------|------------|------------|---------------------|
| Annual Enrollment without waiver | 4,330      | 4,417      | 4,505      | 4,595      | 4,687      | 22,535              |
| Annual Enrollment with waiver    | 4,330      | 4,417      | 4,505      | 4,595      | 4,687      | 22,535              |

| <b>Expansion</b>                 | <b>DY1</b> | <b>DY2</b> | <b>DY3</b> | <b>DY4</b> | <b>DY5</b> | <b>5 Year Total</b> |
|----------------------------------|------------|------------|------------|------------|------------|---------------------|
| Annual Enrollment without waiver | 9,607      | 9,799      | 9,995      | 10,195     | 10,399     | 49,995              |
| Annual Enrollment with waiver    | 9,607      | 9,799      | 9,995      | 10,195     | 10,399     | 49,995              |

The tables below estimate the projected annual expenditures for (without and with the waiver, for both legacy and expansion) for each DY of the waiver demonstration.

#### **Estimated Projections of Annual Expenditures**

| <b>Legacy</b>        | <b>DY1</b>  | <b>DY2</b>  | <b>DY3</b>  | <b>DY4</b>  | <b>DY5</b>  | <b>5 Year Total</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| Total without waiver | \$4,647,472 | \$4,983,832 | \$5,344,536 | \$5,731,323 | \$6,146,114 | \$26,853,278        |
| Total with waiver    | \$4,647,472 | \$4,983,832 | \$5,344,536 | \$5,731,323 | \$6,146,114 | \$26,853,278        |

| <b>Expansion</b>     | <b>DY1</b>  | <b>DY2</b>  | <b>DY3</b>  | <b>DY4</b>  | <b>DY5</b>  | <b>5 Year Total</b> |
|----------------------|-------------|-------------|-------------|-------------|-------------|---------------------|
| Total without waiver | \$4,773,149 | \$5,118,000 | \$5,487,730 | \$5,884,169 | \$6,309,245 | \$27,572,294        |
| Total with waiver    | \$4,773,149 | \$5,118,000 | \$5,487,730 | \$5,884,169 | \$6,309,245 | \$27,572,294        |

### Opportunity for Public Comment

The proposed Section 1115 waiver application is available for public review and comment at:

<https://www.colorado.gov/pacific/sites/default/files/SUD1115WaiverApplication.pdf>



To request a copy of the waiver, please contact the Department by:

- Sending an email request to [hcpf\\_sudbenefits@state.co.us](mailto:hcpf_sudbenefits@state.co.us)
- Send a request by fax to 303-866-2573, Attn: 1115 SUD Waiver Application, or
- Obtaining in person at the Colorado Department of Health Care Policy and Financing, 1570 Grant Street, Denver, CO 80203.

During the public comment period, comments may be sent to [hcpf\\_sudbenefits@state.co.us](mailto:hcpf_sudbenefits@state.co.us). Public comments may also be submitted by post to:

Director, Health Programs Office  
 Colorado Department of Health Care Policy and Financing  
 1570 Grant Street  
 Denver, Colorado 80203  
 ATTN: Public Comment – 1115 SUD Waiver Application

Additional information will be posted on the Department's *Ensuring a Full Continuum of SUD Benefits* webpage, at <https://www.colorado.gov/pacific/hcpf/ensuring-full-continuum-sud-benefits>.

#### Public Hearings

The Department invites the public to attend public hearings in person or join by teleconference/webinar to learn more about Colorado's waiver application and provide comments.

|                | <b>Public Hearing #1</b>   | <b>Public Hearing #2</b>   |
|----------------|--|--|
| Date           | Friday, August 30, 2019  | Friday, September 6, 2019  |
| Time           | 10:00 a.m. – noon  | 10:00 a.m. – noon  |
| Venue          | Colorado Department of Health Care Policy and Financing<br>7th Floor, Rooms 7A/B/C<br>303 East 17 <sup>th</sup> Avenue<br>Denver, Colorado 80203 | DoubleTree Hotel Grand Junction<br>Aspen Room<br>743 Horizon Drive<br>Grand Junction, Colorado 81506 |
| Teleconference | Conference Line: 1-877-820-7831<br>Participant Code: 946029#   | Not available  |
| Webinar        | <a href="https://cohcpf.adobeconnect.com/sud1115waiver/">https://cohcpf.adobeconnect.com/sud1115waiver/</a>                                      | Not available  |

Reasonable accommodations will be provided upon request for persons with disabilities. Please notify the Department 504/ADA Coordinator at [hcpf504ada@state.co.us](mailto:hcpf504ada@state.co.us) or Shingo Ishida at [shingo.ishida@state.co.us](mailto:shingo.ishida@state.co.us) at least one week before the public notice period to make arrangements.

#### CMS/Medicaid Demonstration Website

Relevant webpages and additional information regarding the Medicaid demonstration can be viewed on the CMS/Medicaid website, at: <https://www.medicaid.gov/medicaid/section-1115-demo/index.html>

**This notice is submitted pursuant to Title 42 Code of Federal Regulations, Part 431.408, Subpart G, which outlines public notice processes and transparency requirements for Section 1115 Demonstrations.**

Our mission is to improve health care access and outcomes for the people we serve while demonstrating sound stewardship of financial resources.  
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