



Medicaid Funding for Institutions for Mental Disease (IMD)

Progress Report on 1115 Waiver Amendment Application

Engrossed Substitute Senate Bill 6032; Section 213(5)(qq);
Chapter 299; Laws of 2018
December 1, 2018

Washington State
Health Care Authority

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Summary

HCA is submitting this report as required by Engrossed Substitute Senate Bill (ESSB) 6032 (2018):

“The authority must explore options for continuing to expand waivers which allow for federal matching funds to be used in these [Institutions for Mental Disease] facilities. The authority must submit a report on the status of the waiver to the office of financial management and the appropriate committees of the legislature by December 1, 2018.”

The Centers for Medicaid Services (CMS) approved Washington State’s 1115 waiver amendment application and implementation plan, which details how our state has met or will meet federal milestones. This means that our state can now use Medicaid funds to pay for treatment in substance abuse disorder (SUD) IMD facilities.

Waiver Application Status Report

Background

Federal rules prohibit the use of Medicaid funds for treatment in IMDs. An IMD is a facility that is larger than 16 beds and primarily engages in the treatment of mental health or substance use disorder (SUD). Several inpatient mental health and residential SUD facilities in our state are considered IMDs. Until July 2017, the state was able to use federal funds in IMD facilities through the 1915b managed care behavioral health waiver. The 1915b waiver covers behavioral health services through the Behavioral Health Organization system. However, a 2016 CMS rule change restricted the use of Medicaid funds in IMD facilities to just 15 days per calendar month. This change went into effect on July 1, 2017. Because most SUD residential stays are longer than 15 days, the change meant the state could no longer use Medicaid funds to pay for these treatment episodes.

As a result of the rule change, the Washington State Legislature passed ESSB 6032 (2018), requiring HCA to apply for an 1115 waiver amendment to allow for the use of Medicaid funds in IMD facilities, regardless of the length of stay.

Waiver Application and Approval Process

While ESSB 6032 (2018) required HCA to apply for an IMD rule waiver for both mental health and SUD treatment, CMS informed the state that the 1115 IMD waiver only applied to SUD treatment. For this reason, HCA only included SUD IMD facilities in the waiver application submitted to CMS on March 2, 2018.



In addition to waiver approval, CMS also had to approve the state's SUD implementation plan before Washington could access federal financial participation for services in IMD facilities. The state submitted the implementation plan on May 25, 2018.

The implementation plan included a detailed description of how the state will comply with required CMS milestones over the next two years. Washington already meets many of the following milestone requirements:

- **Provide access to a full array of SUD services:** Washington State meets this requirement by offering a full array of outpatient, withdrawal management, and residential SUD services.
- **Implement comprehensive treatment and prevention strategies to address opioid abuse and opiate use disorder (OUD):** The state meets this requirement through several state- and grant-funded projects targeting prevention and treatment of OUD.
- **Use nationally recognized SUD-specific program standards to set provider qualifications for residential treatment facilities:** The state uses the American Society for Addiction Medicine (ASAM) criteria for assessment and treatment decision-making. CMS requested that the state create a utilization management process to ensure that individuals entering residential SUD treatment need that level of care. This requirement is met for those under managed care, but not for the fee-for-service population. To meet this milestone for the fee-for-service population, the state will require that assessments to determine medical necessity for residential treatment are completed at a location other than the residential treatment facility.
- **Ensure sufficient provider capacity at critical levels of care including for medication-assisted treatment (MAT)¹:** The state will complete an assessment of MAT availability statewide within one year of the waiver amendment approval.
- **Implement comprehensive treatment and prevention strategies to address opioid abuse and OUD:** The state meets the requirements of this milestone through prescriber guidelines and other prevention efforts.
- **Ensure improved care coordination and transitions between levels of care:** The state will require providers to focus on better coordination between levels of care (e.g., when a person moves from residential to outpatient treatment). These requirements will be implemented through managed care contracts and Washington Administrative Code rulemaking.
- **Require all SUD residential providers make available or facilitate access to medication assisted treatment (MAT) for facility residents:** The state will implement changes over the next two years, requiring residential providers to provide or facilitate access to MAT for individuals in residential SUD care.

¹ "Medication-assisted treatment (MAT) is the use of FDA-approved medications, in combination with counseling and behavioral therapies, to provide a 'whole-patient' approach to the treatment of substance use disorders." (<https://www.samhsa.gov/medication-assisted-treatment>)
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Next Steps

On July 17, 2018 CMS approved the state's 1115 Waiver Amendment application. Washington State may now use Medicaid funds to pay for treatment in SUD IMD facilities — regardless of length of stay. Although the previous 15-day per month limit has been waived, CMS asks that the state target a 30-day length of stay average during the demonstration period. The current waiver demonstration period ends December 31, 2021.

CMS also approved the state's implementation plan. In the coming months, HCA will work on integrating changes needed to meet the required milestones.

Even though CMS said it will not approve waivers related to mental health IMD facilities, we will continue to closely monitor federal regulations and take advantage of any opportunity to address mental health IMD funding should CMS policies change.

Find both the approved amendment and implementation plan online at <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/wa/wa-medicaid-transformation-ca.pdf>.

