Medicaid Section 1115 Substance Use Disorder (SUD) Demonstrations: Features of State Approaches to Improve Medicaid SUD Treatment Delivery Systems

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Introduction

Drug overdose is the leading cause of accidental death in America, and opioids were involved in 75 percent of overdose deaths in 2020.[1] Factors contributing to the high number of overdose deaths include low rates of treatment for substance use disorder (SUD),[2] the stigma associated with seeking treatment,[3] and a shortage of health care professionals to treat SUD.[4] Medicaid beneficiaries face additional barriers to finding a treatment setting that meets their needs because of low participation in Medicaid by SUD treatment facilities.[5] Moreover, many SUD services are an optional benefit in Medicaid, and most states historically have not covered the full continuum of SUD services. Through section 1115 demonstrations, the Centers for Medicare & Medicaid Services (CMS) is partnering with states to test means of increasing access to the full continuum of care for SUD, including medication assisted treatment (MAT) and residential treatment, as advocated by leading treatment addiction experts.[6,7,8]

This report is part of a series of rapid cycle reports intended to share findings and insights about section 1115 SUD demonstrations. This report focuses on changes demonstration states have made or plan to make to their SUD delivery system corresponding to four of the six required demonstration milestones[9] to answer the following research questions:

1. What changes did states make to their Medicaid SUD benefits to expand access to critical levels of care for OUD and other SUDs (Milestone #1)?
2. How did states modify their patient placement criteria and utilization management approaches to meet evidence-based standards (Milestone #2)?
3. How did states modify their residential treatment provider standards to meet evidence-based standards (Milestone #3)?
4. What changes did states make to their care coordination policies to enhance linkages with community-based services and improve care transitions (Milestone #6)?

This report also considers SUD benefit coverage and provider requirements implemented prior to the section 1115 SUD demonstration under Medicaid state plans and managed care contracts. Understanding the unique features of each state's SUD treatment system, where states are at the start of the demonstration, and the changes needed to meet demonstration requirements are critical components of the meta-evaluation. The demonstration features and pre-demonstration context are important for explaining differences in demonstration outcomes and will feed into cross-state implementation and impact meta-analyses. Section 1115 SUD demonstrations may have bigger impacts in states that adopted more substantial policy changes pursuant to those demonstrations.

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[1] Centers for Disease Control and Prevention (CDC). (2022). *Drug overdose deaths remain high*. https://www.cdc.gov/drugoverdose/deaths/

[2] Substance Abuse and Mental Health Services Administration (SAMHSA). (2020). *Key substance use and mental health indicators in the United States: Results from the 2019 National Survey on Drug Use and Health*. HHS Publication No. PEP20-07-01-001, NSDUH Series H-55. Rockville, MD: SAMHSA, Center for Behavioral Health Statistics and Quality. https://www.samhsa.gov/data/sites/default/files/reports/rpt29393/2019NSDUHFFRPDFWHTML/2019NSDUHFFR1PDFW090120.pdf

[3] Cheetham A., Picco L., Barnett A., Lubman D.I., & Nielsen S. (2022). The impact of stigma on people with opioid use disorder, opioid treatment, and policy. *Substance Abuse Rehabilitation*, *13,* 1-12. doi: 10.2147/SAR.S304566.

[4] Jones, C. M., Campopiano, M., Baldwin, G., & McCance-Katz, E. (2015). National and state treatment need and capacity for opioid agonist medication-assisted treatment. *American Journal of Public Health*, *105*(8), e55–e63.

[5] MACPAC. (2018). *Access to substance use disorder treatment in Medicaid*. Chapter 4 in 2017 Report to Congress (June). MACPAC: Washington, DC.

[6] Centers for Medicare and Medicaid Services (CMS). (2015). *SMD # 15-003: New service delivery opportunities for individuals with a substance use disorder*. https://www.medicaid.gov/federal-policy-guidance/downloads/smd15003.pdf

[7] CMS. (2017). *SMD # 17-003: Strategies to address the opioid epidemic*. https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf

[8] CMS, SAMHSA, National Institutes of Health. (2014). *Medication assisted treatment for substance use disorders*. https://www.medicaid.gov/federal-policy-guidance/downloads/cib-07-11-2014.pdf

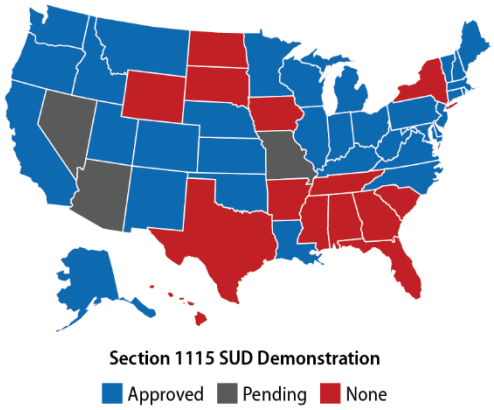
[9] Changes states are planning for or made as part of Milestone #4: Sufficient provider capacity at each level of care, and Milestone #5: Implementation of comprehensive treatment and prevention strategies to address opioid abuse and OUD will be covered in later reports.

About Section 1115 SUD Demonstrations

The goals of section 1115 SUD demonstrations include increasing access to SUD treatment and raising rates of identification, initiation, and engagement in treatment; increasing treatment adherence and retention; reducing overdose mortality; decreasing preventable or inappropriate emergency department and inpatient hospital utilization; reducing preventable or inappropriate readmissions to the same or higher level of care; and improving access to care for physical health conditions.

As of October 2022, 33 states and the District of Columbia had received approval for section 1115 SUD demonstrations; 3 other states had pending applications (**Figure 1**).

Figure 1. Section 1115 SUD demonstration status as of October 2022



Generally, to receive approval for a section 1115 SUD demonstration, states must outline their plans for expanding access to multiple levels of evidence-based care and explain how inpatient and residential SUD services will coordinate with community-based recovery services. States with approved section 1115 SUD demonstrations can receive federal financial participation (FFP) for SUD treatment services provided in residential and inpatient facilities that qualify as institutions for mental diseases (IMDs). These demonstrations generally require the state to submit and carry out implementation plans that set forth how the state will reach the following six milestones:

1. Access to critical levels of care for opioid use disorder (OUD) and other SUDs.
2. Widespread use of evidence-based, SUD-specific patient placement criteria.
3. Use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications, including implementation of a requirement that residential treatment facilities offer MAT on-site or facilitate access off-site.
4. Sufficient provider capacity at each level of care.
5. Implementation of comprehensive treatment and prevention strategies to address opioid abuse and OUD.
6. Improved care coordination and transitions between levels of care.

Overview of Findings

This report identifies SUD treatment delivery changes in 28 section 1115 SUD demonstration states and the District of Columbia, focusing on critical levels of care, patient placement and utilization management approaches, residential treatment provider standards, and care coordination policies. In summary:

- All demonstration states included in this report made changes in at least one of these areas.
- All featured demonstration states cover a continuum of SUD services from outpatient to inpatient and all three forms of MAT for OUD; some gaps in coverage exist for a few states for certain sub-levels of care (e.g., partial hospitalization).
- More than three-quarters of the demonstration states added or expanded coverage of at least one SUD benefit category, most commonly recovery support, residential, and withdrawal management services.
- Most states also made changes to their patient placement criteria or utilization review approaches, and these changes were largely updates to existing policies.
- Across the demonstration states featured, changes to meet residential MAT requirements and to residential treatment provider standards were common.
- Approximately two-thirds of states made changes to care coordination policies, with fewer than a quarter adding new care coordination policies.
- The nine states that reported the most changes were Alaska, California, Idaho, Indiana, Kentucky, New Jersey, New Mexico, Oklahoma, and West Virginia. In contrast, Michigan, New Hampshire, Ohio, Pennsylvania, Vermont, and Washington reported fewer.

Approach

This report describes features that 28 states and the District of Columbia[10] implemented as a part of their section 1115 SUD demonstrations as of July 2021.

This report uses data collected from February 2020 through July 2021 about the status of a given Medicaid benefit, policy, or standard prior to the state's section 1115 SUD demonstration and changes made as a part of the demonstration. For each demonstration feature, we identified if any change was made and, if there was a change, whether it represented a new benefit or policy or an expansion to or update of an existing benefit or policy. Although some changes were planned but had not been implemented at the time data were collected, this report uses the past tense to describe all changes to simplify terminology. More information about the data and methods used is provided in **Appendix A**. Data for each demonstration can be found in **Appendix B**.

Table 1 lists the section 1115 SUD demonstration milestones and types of changes examined for this report. To determine which changes to examine, we started with the requirements in the State Medicaid Directors' letter[11] and then assessed the categories of services and broad policies that states were required to address in their implementation plans.[12] We include service categories for which states reported changes under Milestone #1 and high-level policy categories for the other three milestones. These include changes that states reported they made to meet the demonstration requirements directly or that they deemed important to support the demonstration.

For Milestone #1, states were required to cover outpatient services, intensive outpatient services, MAT, intensive levels of care in residential and inpatient settings, and medically supervised withdrawal management. States also identified the section 1115 SUD demonstration as an opportunity to cover additional services that they considered critical for addressing this milestone. Additional services covered beyond the demonstration requirements included methadone (encouraged but not required), intensive outpatient and partial hospitalization sub-levels of care (only one sub-level required), multiple sub-levels of residential/inpatient care (not all sub-levels required), multiple sub-levels of withdrawal management care (not all sub-levels required), and recovery support services (not required).

Table 1. Types of changes examined, by section 1115 SUD demonstration milestone

Milestone	Types of Changes Examined
Milestone #1: Access to critical levels of care for OUD and other SUDs	• Coverage of: ○ Methadone/opioid treatment program services* ○ Intensive outpatient services† ○ Partial hospitalization services† ○ Residential services‡ ○ Withdrawal management services‡ ○ Recovery support services*
Milestone #2: Widespread use of evidence-based, SUD-specific patient placement criteria	• Changes made to: ○ Patient placement criteria ○ Utilization management approaches
Milestone #3: Use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications	• Changes made to: ○ Residential treatment provider standards ○ Residential MAT access requirements
Milestone #6: Improved care coordination and transitions between levels of care	• Changes made to care coordination policies

*The service was not required for the demonstration.

†States were only required to cover one sub-level of intensive outpatient care (Level 2) under the demonstration but could cover both sub-levels (intensive outpatient [Level 2.1] and partial hospitalization services [Level 2.5]).

‡States were not required to cover all sub-levels of care for this service but could choose to cover more than the one required level.

[10] For brevity, we refer to states and the District of Columbia as "states."
[11] The 2017 letter can be found at https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf.
[12] The implementation plan template can be found at https://www.medicaid.gov/medicaid/section-1115-demo/downloads/evaluation-reports/sud-implementation-plan-template.pdf.

Results

What Changes Did States Make to Their Medicaid SUD Benefits to Expand Access to Critical Levels of Care for OUD and Other SUDs?

Milestone #1: Within 12 to 24 months of demonstration approval, state Medicaid programs are required to develop service delivery pathways to ensure coverage of outpatient services; intensive outpatient services; medication assisted treatment (MAT), including medications as well as counseling and other services with sufficient provider capacity to meet needs of Medicaid beneficiaries in the state; intensive levels of care in residential and inpatient settings; and medically supervised withdrawal management.

The purpose of Milestone #1 is to encourage states to offer evidence-based services across the continuum of care to ensure a robust range of SUD treatment options. It is important to offer this range of services because the type or level of care required, and the effectiveness of each treatment varies depending on the individual. States reported adding or expanding coverage for a range of SUD services in support of the section 1115 SUD demonstration: methadone/opioid treatment program (OTP) services, intensive outpatient services, partial hospitalization services, residential services,[13] withdrawal management (WM)[14] services, and recovery support services (peer support services, SUD case management, supportive housing services, and supported employment services).[15] **Figure 2** displays the count and percentage of section 1115 SUD demonstration states that added or expanded coverage of SUD benefits.

Of the 29 section 1115 SUD demonstration states:

- Seven (24%) added coverage of methadone dispensing in OTPs: Idaho, Kansas, Kentucky, Louisiana, Nebraska, Oklahoma, and West Virginia. The remaining 22 states (76%) already covered this service prior to the demonstration and made no changes to it.
- Seven (24%) added or expanded coverage for intensive outpatient services: Alaska, California, Colorado, Indiana, Minnesota, New Jersey, and New Mexico. The remaining 21 states (72%) already covered this service prior to the demonstration and made no changes to it.
    - New Jersey added intensive outpatient services as a new benefit.
    - The remaining seven states (24%) expanded coverage of intensive outpatient services.
        - California expanded intensive outpatient services by easing service restrictions, such as limitations on the number of intensive outpatient hours and the topics that could be discussed during outpatient sessions.
        - Indiana expanded coverage of intensive outpatient services to allow community mental health centers to bill Medicaid managed care organizations (MCOs) directly for these services.
        - New Mexico expanded coverage of intensive outpatient services to include eight new provider types, including OTPs, community mental health centers, and federally qualified health centers.
- Eight (28%) added or expanded coverage for partial hospitalization services: Alaska, California, Idaho, Kentucky, New Jersey, New Mexico, and Oklahoma, Virginia. Sixteen states (55%) already covered this service prior to the demonstration and made no changes to it. Five states (17%) reported no coverage of the service: Colorado, Illinois, Louisiana, Washington, and Wisconsin.
    - Four states (14%) added coverage for partial hospitalization services: Alaska, California,[16] Idaho,[17] and New Jersey.
    - Four states expanded coverage for partial hospitalization services: Kentucky, New Mexico, Oklahoma, and Virginia.
        - Kentucky expanded partial hospitalization services to behavioral health services organizations that previously were excluded under Medicaid.
        - New Mexico and Oklahoma expanded partial hospitalization services to cover the adult population in addition to youth.
        - Virginia expanded partial hospitalization services to cover any individual with an SUD in addition to pregnant women.

[13] Residential levels of care include clinically managed low-intensity residential services (3.1), clinically managed population-specific high-intensity residential services (3.3), clinically managed high-intensity residential services (3.5). and medically monitored intensive inpatient services (3.7).

[14] Withdrawal management levels of care include the following levels of care: ambulatory without extended on-site monitoring (WM 1.0), ambulatory with extended on-site monitoring (WM 2.0), clinically managed (WM 3.2), medically monitored (WM 3.7), and inpatient detoxification (WM 4.0).

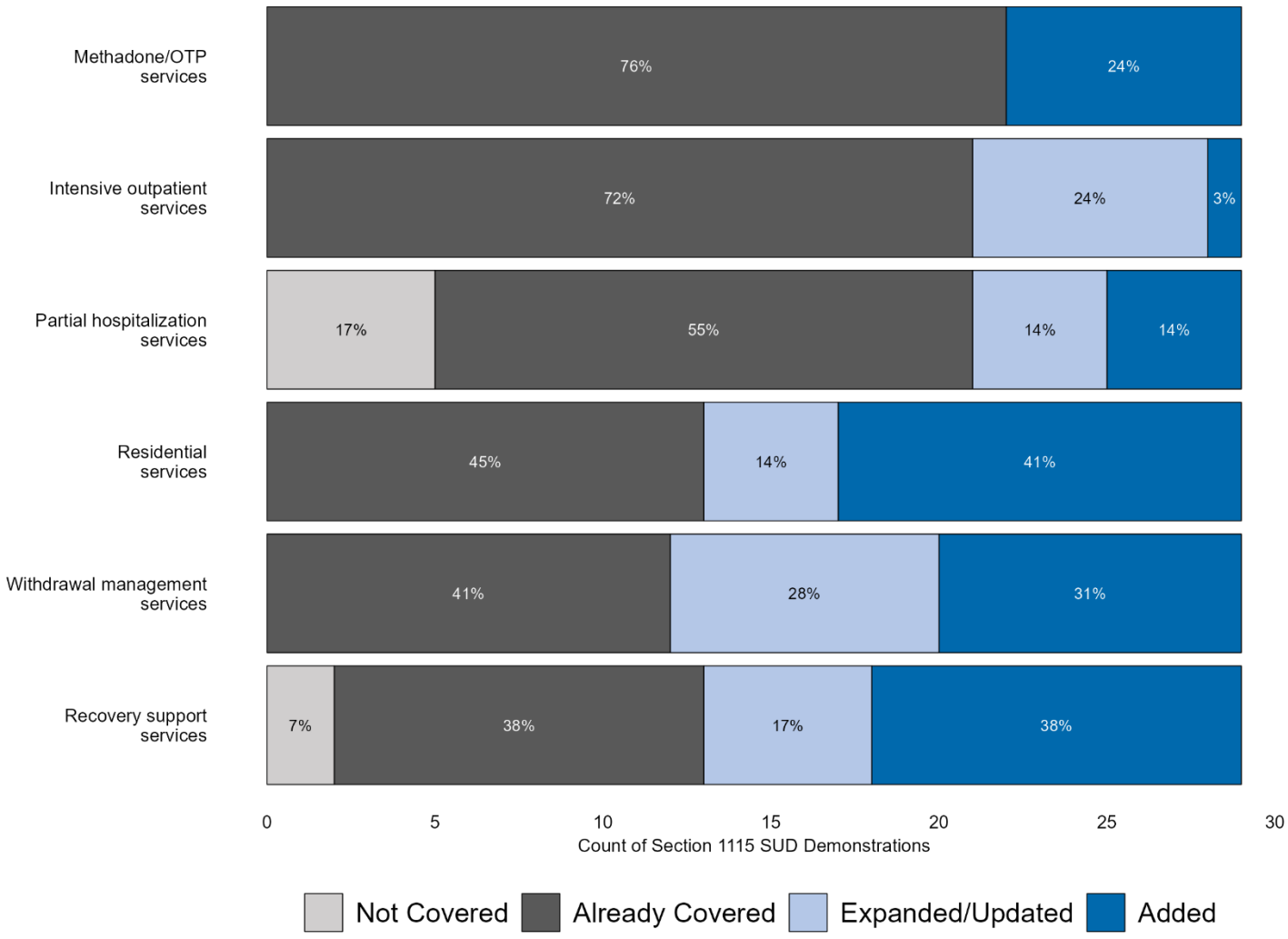
[15] All section 1115 SUD demonstration states covered outpatient services, buprenorphine, and naltrexone prior to the demonstrations.

[16] In California, provision of partial hospitalization is optional for counties that implemented the section 1115 SUD demonstration.

[17] Idaho's partial hospitalization benefit was approved Jan. 1, 2020, as a part of a state plan amendment submitted under authorization from Section 5052 of the SUPPORT act, before approval of their section 1115 SUD demonstration on April 17, 2020. We have classified this as a new benefit given the short time gap and because the state indicated the demonstration would be used to substantially expand the availability of these services.

- Sixteen (55%) added or expanded coverage for residential services. The remaining 13 states (45%) already covered residential services prior to the demonstration (e.g., for non-IMD settings or using the in lieu of provision to cover IMD settings) and made no changes to them.
    - Twelve states (41%) added coverage of residential services.
        - Four states did not provide Medicaid coverage for any residential services prior to the demonstration and added residential services: Idaho, Maryland, Oklahoma, and Wisconsin.
        - Eight states limited coverage for residential services to a specific population or facilities before the demonstration and made substantial changes to their residential services coverage, such as adding multiple levels of care and expanding coverage to all Medicaid enrollees and facilities.
    - Four states (14%) covered at least one residential level of care before the demonstration and expanded their residential services coverage to other levels or settings: Kentucky, Massachusetts, Minnesota, and Oregon.
        - For example, Massachusetts previously covered clinically managed high-intensity residential services (Level 3.5) and medically monitored intensive inpatient services (Level 3.7) and as part of their section 1115 SUD demonstration expanded their residential services benefit to include low-intensity residential services (Level 3.1) and high-intensity, population-specific residential services (Level 3.3).

Figure 2. Count and percentage of section 1115 SUD demonstration states that added or expanded coverage of SUD benefits



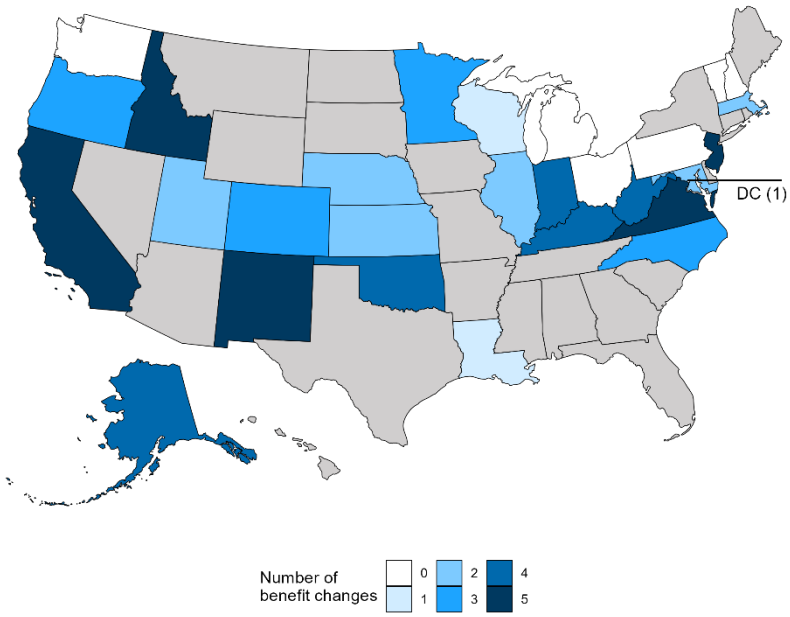
N=29. Based on data collected from February 2020 through July 2021. *Not covered* indicates that the service was not covered before or after the demonstration. *Already covered* indicates that the service was covered prior to the demonstration and that no changes were planned or made for the demonstration. *Expanded/updated* and *Added* indicate that a change in the service was planned or made for the demonstration. The sum of percentages for each bar may not add to 100 due to rounding.

- Seventeen (59%) added or expanded coverage for withdrawal management services. The remaining 12 states (41%) already covered withdrawal management services prior to the demonstration and made no changes to them.
    - Nine states (31%) added new levels of care for withdrawal management services.
        - Alaska and Virginia did not cover withdrawal management services prior to the demonstration and covered all levels of withdrawal management services as part of their demonstrations.
        - Seven states made substantial changes to their coverage of withdrawal management services: California, Colorado, Kentucky, New Jersey, New Mexico, North Carolina, and Oklahoma.
    - Eight states (28%) expanded withdrawal management services to include a new sub-level of care, population, or setting.
        - For example, Idaho expanded coverage of medically monitored withdrawal management services (Level WM 3.7) from acute care inpatient settings to include residential settings.
- Sixteen (55%) added or expanded coverage for recovery support services—11 states (38%) added new services and 5 states (17%) expanded services to new settings or providers. Eleven states (38%) already covered recovery support services prior to the demonstration and made no changes to them. Two states (7%) reported no coverage of these services: Washington and Wisconsin.
    - Of these 16 states, 13 added or expanded peer recovery services and 13 added or expanded SUD case management services.
- Three states (10%) added supportive housing services for individuals with SUD: California, New Mexico, and Oregon.
    - Oregon included supportive housing services as a new benefit and California included supportive housing services as an optional benefit that counties could implement.
    - New Mexico expanded supportive housing and employment services to cover individuals with SUD who receive services though a behavioral health services organization.
- Three states (10%) added supported employment services as part of their section 1115 SUD demonstration: Illinois, Oregon, and the District of Columbia.[18]

Figure 3 displays the number of SUD benefits section 1115 SUD demonstration states changed. Of the 29 section 1115 SUD demonstration states (shaded in white or blue):

- Twenty (69%) added or expanded two or more SUD benefit categories.
- Four (14%)—California, Idaho, New Mexico, and New Jersey—made changes in all five benefit categories and five (17%)—Alaska, Indiana, Kentucky, Oklahoma, and West Virginia—made changes in four benefit categories.
- Six (21%) did not change any of their benefits: Michigan, New Hampshire, Ohio, Pennsylvania, Vermont, and Washington.

Figure 3. Number of SUD benefit changes by section 1115 SUD demonstration state



Based on data collected from February 2020 through July 2021.The 29 demonstration states are shaded in white or blue. The number of changes in benefits includes both new and expanded benefits for specific levels of care.

[18] Supportive housing and supported employment services are enhanced services beyond what may be provided under case management. This report discusses coverage of separately billable supported housing and employment services. Some states may bundle these services

How Did States Modify Their Patient Placement Criteria and Utilization Management Approaches to Meet Evidence-Based Standards?

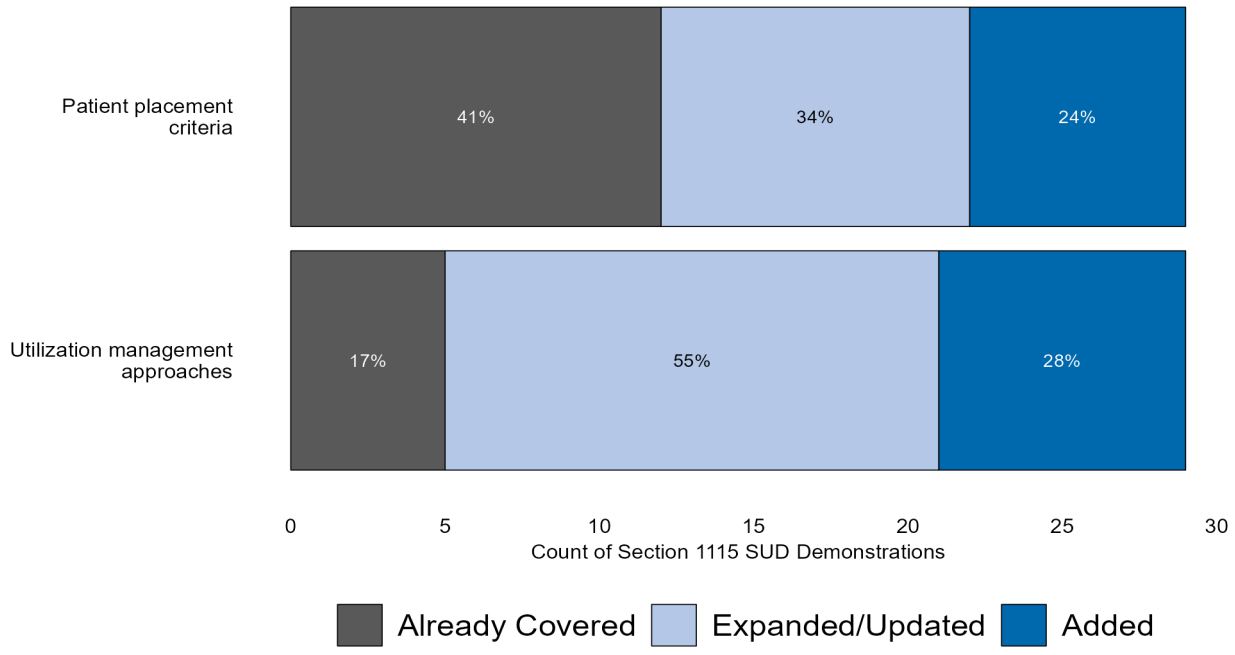
Milestone #2: Within 12 to 24 months, states must require that providers use a SUD-specific, multidimensional assessment tool or other patient placement tools that use evidence-based clinical treatment guidelines. Additionally, states must implement a utilization management approach that reviews access to SUD services and the appropriateness of the interventions and uses an independent review process for residential placements.

The purpose of Milestone #2 is to ensure that individuals are placed in the appropriate level of care and to avoid overuse of residential treatment. Patient placement criteria and utilization management are the tools that help match a beneficiary's treatment needs with the appropriate level of care. Prior to the section 1115 SUD demonstration, state regulations may not have required providers to use an evidence-based patient placement tool to determine the type of SUD treatment needed. At the same time, MCOs and third-party administrators may not have had SUD-specific utilization management processes in place at all or for the full range of SUD services. To meet the requirements of Milestone #2, states added or updated their patient placement criteria and utilization management approaches to align with evidence-based clinical guidelines.

Figure 4 displays the count and percentage of states that added or updated patient placement criteria and utilization management approaches. Of the 29 section 1115 SUD demonstration states:

- Seventeen (59%) added or updated their patient placement criteria.
    - Seven states (24%) adopted nationally recognized, evidence-based patient placement criteria for the first time.
        - Three states had existing state-specific patient placement criteria and began using nationally recognized criteria: New Mexico, Pennsylvania, and Wisconsin.
        - The remaining four states did not have SUD-specific patient placement criteria in place prior to their demonstration: California, Maryland, Virginia, and West Virginia.
    - Ten states (35%) already had some elements of the patient placement criteria requirements in place and updated their standards as part of their demonstration.

Figure 4. Count and percentage of section 1115 SUD demonstration states that added or updated patient placement criteria and utilization management approaches



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as part of community supports or other types of case management services; these examples of bundled services are not specifically addressed in this report.

- Twenty-four (83%) added or updated their utilization management approaches.
    - Eight states (28%) implemented SUD-specific utilization management approaches for the first time.
    - Sixteen states (55%) already implemented elements of utilization management and updated their utilization management as part of their demonstration. For example, most states updated their utilization management approaches for SUD residential treatment services.
- Four (14%) had both components of Milestone #2 in place prior to their section 1115 SUD demonstration approval and made no changes to them: Illinois, Kansas, New Hampshire, and New Jersey.

How Did States Modify Their Residential Treatment Provider Standards to Meet Evidence-Based Standards?

Milestone #3: Within 12 to 24 months states are required to implement residential treatment provider standards that meet nationally recognized, evidence-based SUD-specific standards. These standards include the minimum types of services, hours of clinical care, and credentials of staff. States must also have a process for reviewing and monitoring compliance with these standards. Additionally, states must require that residential facilities offer MAT access on-site or facilitate access off-site (i.e., residential MAT access requirement).

The purpose of Milestone #3 is to ensure that residential facilities are offering high-quality SUD treatment. Prior to the section 1115 SUD demonstration opportunity, state licensing and certification standards for residential providers varied considerably across states and may not have been specific to SUD. This milestone encourages states to implement SUD-specific residential provider treatment standards that are detailed and evidence-based. To meet the requirements of Milestone #3, states added or updated their residential treatment provider standards and their residential MAT access requirements.

Figure 5 displays the count and percentage of states that added or updated residential treatment provider standards and residential MAT access requirements. Of the 29 section 1115 SUD demonstration states:

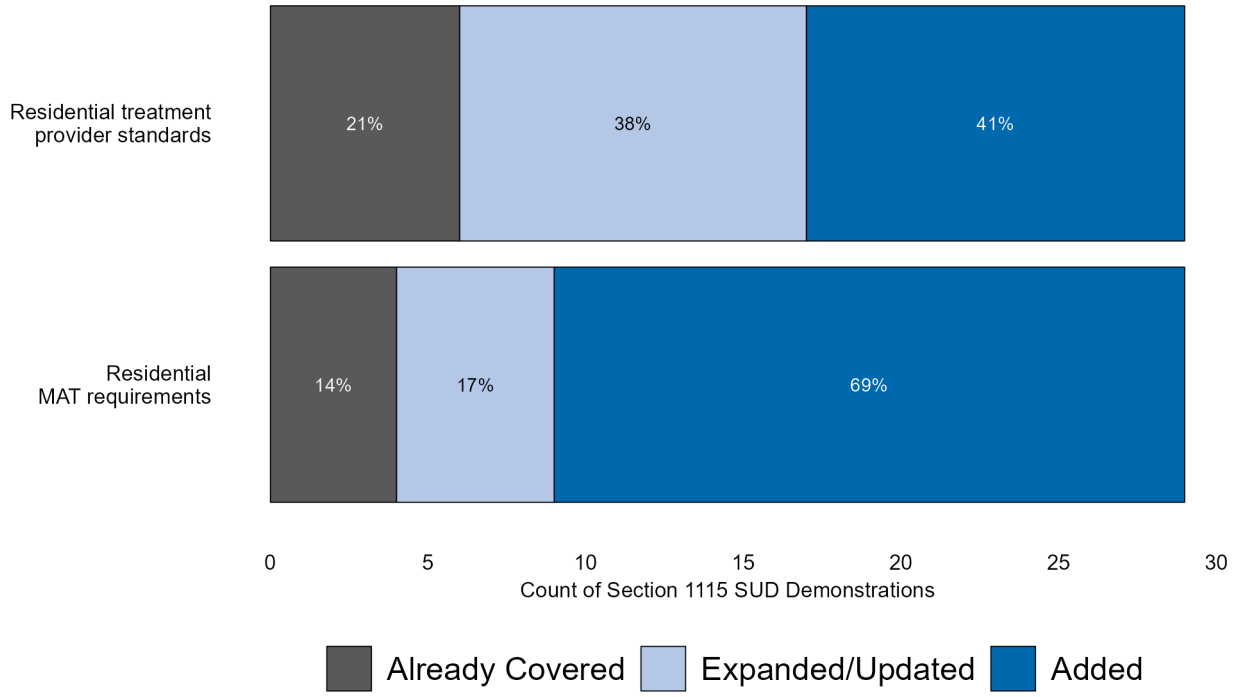
- Twenty-three (79%) added or updated residential treatment provider standards and all of these states aligned their residential treatment provider standards to nationally recognized, evidence-based SUD-specific standards.
    - Twelve states (41%) added evidence-based residential treatment provider standards.
    - Eleven states (38%) had residential treatment provider standards in place and updated their standards for the demonstration.
        - For example, Ohio and Utah already followed nationally recognized residential treatment provider standards before implementing their section 1115 SUD demonstration and updated their standards to better align with the nationally recognized standards and increase compliance monitoring.
        - As another example, Louisiana worked with its MCOs to add a quality monitoring process for all SUD residential providers.
- The remaining six states (21%) had nationally recognized residential provider standards in place prior to the demonstration and did not change them: District of Columbia, Illinois, Michigan, New Jersey, Vermont, and Washington.

Figure 5 also displays the count and percentage of states that adopted residential MAT access requirements for the first time or updated an existing requirement. Most states did not require residential treatment providers to offer on-site or off-site access to MAT prior to the demonstration, which meant that individuals in a residential treatment facility may not have been able to access this highly effective treatment. Beginning MAT during residential treatment and continuing MAT after leaving can be important especially with OUD for preventing overdoses, long-term recovery, and avoiding multiple residential treatment stays.

Of the 29 section 1115 SUD demonstration states:

- Twenty-five (86%) added or updated their residential MAT access requirements.
    - Twenty states (69%) added residential MAT access requirements for the first time.
    - Five states (17%) had some residential MAT access requirements in place prior to their demonstration and used the demonstration to strengthen these requirements: the District of Columbia, New Hampshire, North Carolina, Oklahoma, and Pennsylvania.
        - For example, New Hampshire updated its regulations to apply to all facilities receiving Medicaid reimbursement.
- The remaining four states (14%) had residential MAT requirements fully in place prior to the demonstration: Maryland, Massachusetts, Oregon, and Utah.

Figure 5. Count and percentage of section 1115 SUD demonstration states that added or updated residential treatment provider standards and residential MAT access requirements



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What Changes Did States Make to Their Care Coordination Policies to Enhance Linkages with Community-Based Services and Improve Care Transitions?

Milestone #6: Within 12 to 24 months states are required to implement policies to ensure residential and inpatient facilities link beneficiaries, especially those with OUD, to community-based services and supports after being discharged.

The purpose of Milestone #6 is to ensure that individuals transitioning from inpatient and residential services are linked to less intensive SUD treatment services and other recovery support services in the community. Coordinating continuous linkage and access to longer-term treatment and recovery services is critical in meeting the needs of individuals with SUD and reducing potential utilization of higher intensity services. Prior to the section 1115 SUD demonstration, some states did not have care coordination policies in place for individuals with SUD. Among states that had care coordination policies in place before the demonstration, there was variation in how they approached care coordination. For example, some included care coordination requirements for behavioral health service providers (e.g., residential facilities) or in managed care contracts, or used specific providers for care coordination services (e.g., peer support workers). Given the potential for higher demand for residential SUD treatment services with the demonstration, states may need to add new care coordination policies entirely or update their existing requirements to specify roles and responsibilities for care coordination.

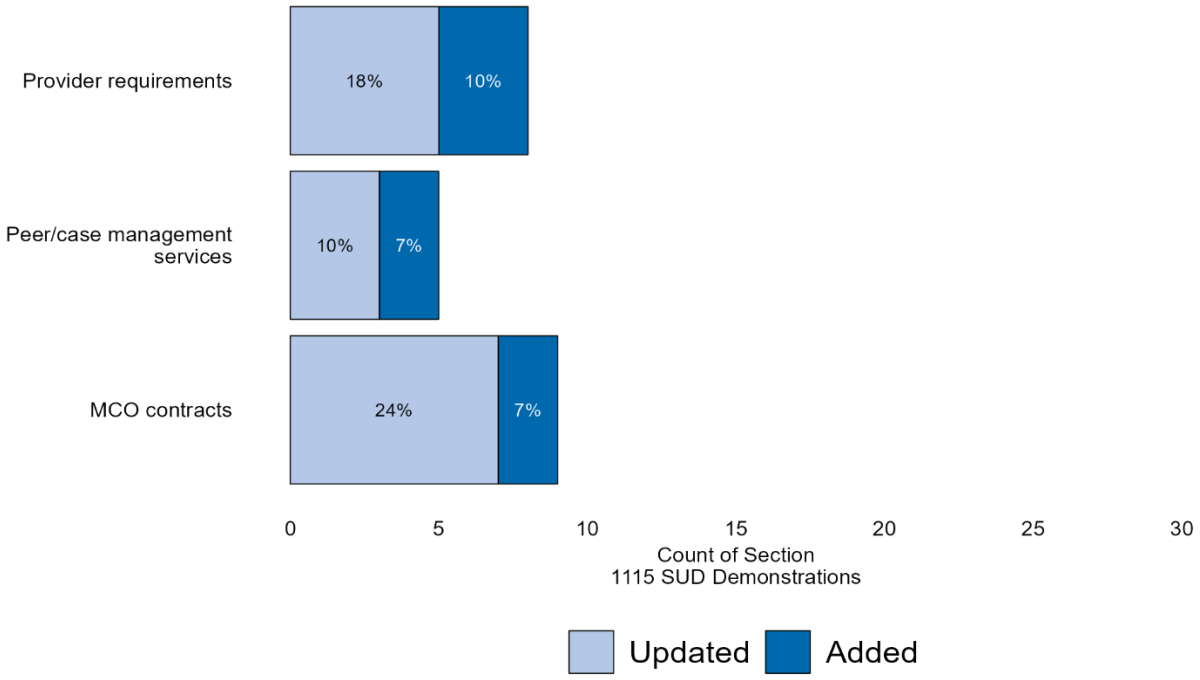
Overall, 19 section 1115 SUD demonstration states (66%) reported that they added or updated care coordination policies to meet Milestone #6. The remaining 10 states (35%) reported that they did not need to make any changes to meet the requirements of Milestone #6. **Figure 6** displays the count and percentage of states that adopted new care coordination policies or updated existing policies across three reported care coordination strategies: provider requirements, coverage of peer support and SUD case management services, and MCO contract requirements. Of the 29 section 1115 SUD demonstration states:

- Eight (28%) added or updated care coordination requirements for providers.
    - Three states (10%) added care coordination through new provider requirements: Alaska, Kentucky, and Virginia.
        - Alaska included care coordination requirements for services that have a daily rate.
        - Kentucky and Virginia added care coordination requirements for residential and inpatient facilities.

- Five states (18%) strengthened existing provider requirements for care coordination: Minnesota, New Hampshire, New Mexico, Wisconsin, and the District of Columbia.
  - For example, in Wisconsin, residential providers are now expected to notify and coordinate with MCOs.

- Five (17%) added or updated peer support and SUD case management services as a care coordination policy.
  - Two states (7%) added peer support and SUD case management services as a billable service to provide care coordination: California and New Jersey.
  - Three states (10%) expanded the scope of existing Medicaid-billable services for peer recovery coaches or SUD case managers to include care coordination: Indiana, Kansas, and Massachusetts.
- Nine (31%) added or updated care coordination requirements in managed care contracts for individuals with SUD.
  - Two states (7%) added new care coordination requirements to managed care contracts: Idaho and Washington.
  - Seven states (24%) amended MCO contract language to strengthen existing requirements related to care coordination for SUD: Colorado, Illinois, Indiana, Kansas, Nebraska, North Carolina, and Virginia.

Figure 6. Count and percentage of section 1115 SUD demonstration states that added or updated select care coordination policies through provider requirements, peer/case management services, or MCO contracts



N=29. Based on data collected from February 2020 through July 2021. *Updated* and *Added* indicate that a change in the service was planned or made for the demonstration. We omit the *Already covered* and *Not covered* categories for this figure because of incomplete data on the strategies for each demonstration state.

Conclusions

This report describes changes section 1115 SUD demonstration states have made to their Medicaid SUD benefits, patient placement criteria and utilization management approaches, residential treatment provider standards, and care coordination policies to address four of the six required demonstration milestones. **Figure 7** summarizes each of the feature changes described in this report. All section 1115 SUD demonstration states included in this report made changes to meet at least one of the four milestones assessed in this report. Across the demonstration features examined, states most commonly made changes to meet residential MAT requirements under Milestone #3, and it was a new requirement for more than two-thirds of the demonstration states.

More than three-quarters of the section 1115 SUD demonstration states added or expanded coverage of at least one SUD benefit category under Milestone #1, most commonly recovery support, residential, and withdrawal management services. States made the fewest changes to the coverage of methadone, intensive outpatient, and partial hospitalization services because most states covered these three services prior to the demonstration. Across the SUD benefits, states were more likely to add a new service than expand an existing service, except for intensive outpatient services. While some gaps still exist for a few states for certain sub-levels of care (e.g., partial hospitalization), all demonstration states now cover a continuum of SUD services from outpatient to inpatient and all three forms

of MAT for OUD. In addition to SUD benefits, approximately two-thirds of states made changes to care coordination under Milestone #6, with less than one-quarter of states adding new care coordination policies.

Regardless of whether a state changed SUD benefit coverage, most states also made changes to their patient placement criteria or utilization review approaches under Milestone #2 and these changes were largely updates to existing policies. For utilization management in particular, more than half of the section 1115 SUD demonstration states made updates with residential services commonly cited. Only about one-quarter of states implemented new policies under Milestone #2. Like Milestone #2, more than three-quarters of demonstration states changed their residential treatment provider standards under Milestone #3. A slightly higher proportion of states needed to add new residential treatment provider standards relative to states adding new policies under Milestone #2.

Generally, there was substantial overlap in states making changes to patient placement criteria, utilization management approaches, and residential treatment provider standards. Approximately half the states made changes to their patient placement criteria, their utilization management approaches, and their residential treatment provider standards, and only two states did not make changes to any of these three features because they had already implemented these changes: Illinois and New Jersey. The overlap is also notable for the smaller group of states that added new policies. Six of seven states that adopted new patient placement criteria also adopted new residential treatment provider standards: California, Maryland, New Mexico, Pennsylvania, Virginia, and West Virginia.

The section 1115 SUD demonstration features discussed in this rapid cycle report will feed into subsequent qualitative and quantitative analyses for the meta-evaluation by identifying states with smaller and larger changes. Differences in the type and magnitude of changes across states can help explain variation in demonstration outcomes and grouping states by changes in these features may be a way to assess variation in outcomes across demonstration states.

For example, nine demonstration states added or expanded coverage of at least four of the SUD benefit categories we examined and implemented at least one new change for the other milestones: Alaska, California, Idaho, Indiana, Kentucky, New Jersey, New Mexico, Oklahoma, and West Virginia. Among these nine states, all except New Jersey and Oklahoma implemented changes to meet all four milestones. New Jersey did not make changes to patient placement criteria, utilization management approaches, or residential treatment provider standards; Oklahoma did not make changes to care coordination. These nine states could be classified as undergoing a comprehensive change to meet demonstration requirements given the number of new benefits and policies implemented across the four milestones.

Conversely, six demonstration states did not make any changes to their SUD benefit coverage: Michigan, New Hampshire, Ohio, Pennsylvania, Vermont, and Washington. These states were also less likely than other demonstration states to make changes to residential treatment provider standards and care coordination. Only half made changes to residential treatment provider standards and only one-third made changes to care coordination, compared with 86 percent and 65 percent of all demonstration states, respectively. Also, these states mostly expanded or updated their policies rather than adopted new policies to meet Milestones #2, #3, and #6. These six states could be classified as undergoing a less comprehensive change to meet demonstration requirements.

We hypothesize that the section 1115 SUD demonstrations will have larger impacts on outcomes in states that made more comprehensive changes and smaller impacts in states that made more modest changes. We will include a measure of the comprehensiveness of a state's policy changes in our meta-evaluation to test this hypothesis.

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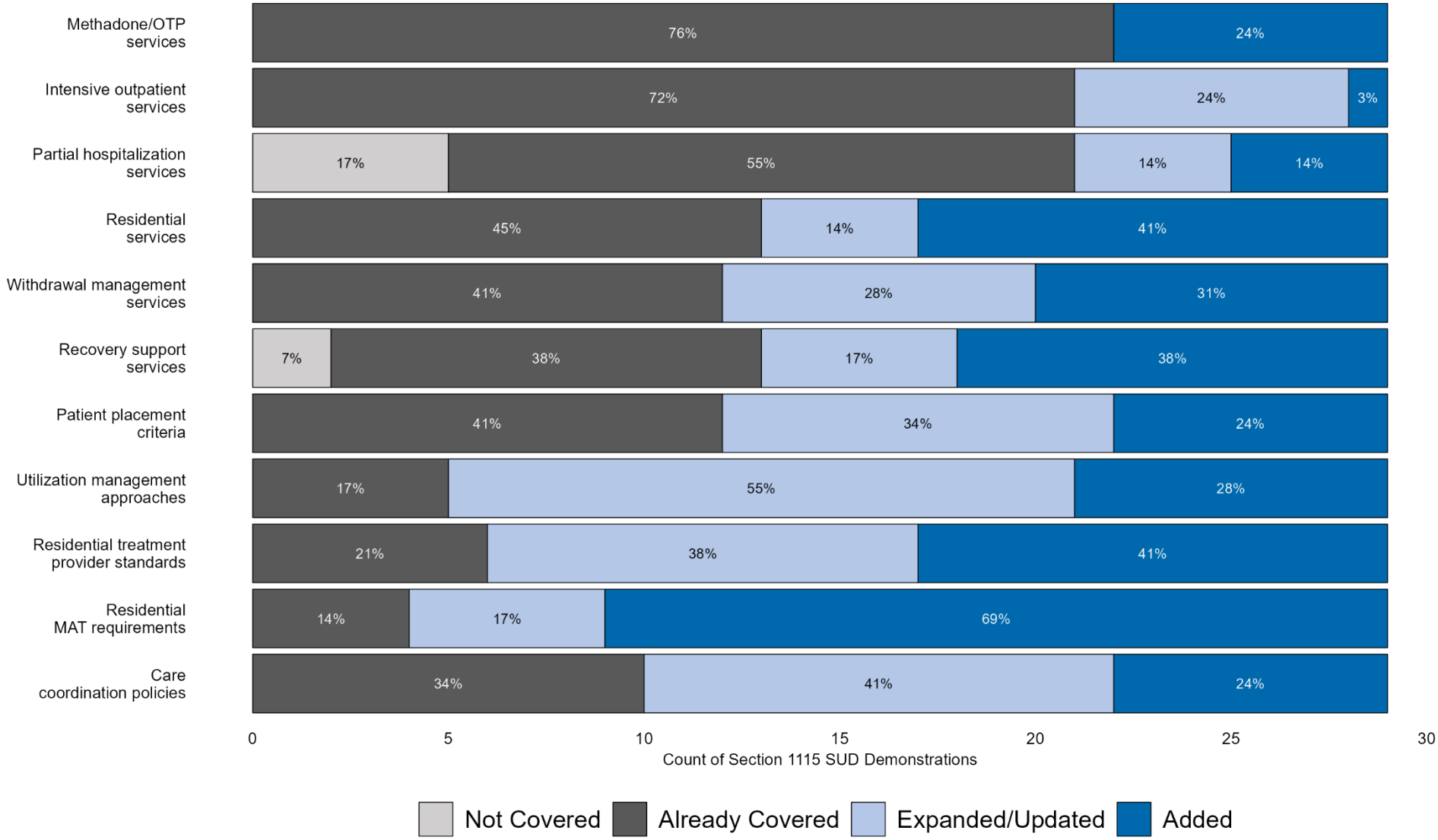
The Federal Meta-Analysis Support Contract

In 2018, the Centers for Medicare & Medicaid Services (CMS) commissioned the Federal Meta-Analysis Support contract (HHSM-500-2014-00037I) to learn from each Medicaid section 1115 demonstration and the groups of such demonstrations with similar features. Under this contract, RTI International is conducting meta-evaluations of selected groups of Medicaid section 1115 demonstrations.

Rapid cycle reporting is central to the Federal Meta-Analysis Support contract, providing CMS with timely, practical findings, and supporting dissemination of findings to key stakeholder audiences. This report is one of several rapid cycle reports prepared by RTI International under the contract.

Figure 7. Count and percentage of section 1115 SUD demonstration states that added or modified benefits and policies



N=29. Based on data collected from February 2020 through July 2021. *Not covered* indicates that the service was not covered before or after the demonstration. *Already covered* indicates that the service was covered prior to the demonstration and that no changes were planned or made for the demonstration. *Expanded/updated* and *Added* indicate that a change in the service was planned or made for the demonstration. The sum of percentages for each bar may not add to 100 due to rounding.

Appendix A: Data, Methods, and Limitations

This report describes features that 28 states and the District of Columbia with the most complete data implemented as a part of their section 1115 SUD demonstrations as of June 2020.[19]

This report uses data collected from February 2020 through July 2021 about the status of a given Medicaid benefit, policy, or standard prior to the state's section 1115 SUD demonstration and changes made as a part of the demonstration. For each demonstration feature, we identified if any change was made and, if there was a change, whether it represented a new benefit or policy or an expansion to or update of an existing benefit or policy. Although some changes were planned but had not been implemented at the time data were collected, this report uses the past tense to describe all changes to simplify terminology. Data for each demonstration can be found in **Appendix B**.

As an initial step, data were abstracted from section 1115 SUD demonstration applications, special terms and conditions, approved implementation plans, and quarterly narrative monitoring reports that were obtained from the CMS 1115 Demonstration Performance Metrics Database and Analytics System. Abstracted data were summarized in individual state coverage grids (**Appendix C**). CMS staff reviewed the initial data to provide additional insight into benefit coverage before the section 1115 SUD demonstration was implemented, and the grids were revised based on this information. This data abstraction process occurred from January 2019 through July 2021.

The grids were emailed to state Medicaid agency staff and selected substance abuse single state agency staff and then reviewed with these staff during in-depth telephone interviews, which were conducted from December 2020 through July 2021. Based on interview feedback, state coverage grids were revised, and a final version was shared with each state to confirm the RTI team's understanding of how Medicaid SUD benefit coverage changed as a result of the section 1115 SUD demonstration.

The current analysis is limited in assessing comprehensiveness because we use a simple definition of added or expanded/updated in classifying changes. While new policies may generally indicate a larger change relative to an expanded or updated policy, our definition does not explicitly capture the associated magnitude of the change. Likewise, counting the raw number of changes may not adequately capture the intensity of changes due to the demonstration. In future analyses we will refine this measure of comprehensiveness by incorporating qualitative information (e.g., demonstration rationale, stakeholder perceptions of change) and quantitative measures where available (e.g., changes in capacity) to reflect the intensity of changes in SUD benefits and policies more accurately.

[19] For brevity, we refer to states and the District of Columbia as "states."

Appendix B: Section 1115 SUD Demonstration Features

State	Critical Levels of Care						Patient Placement		Residential Program Standards		Care Coordination Policies
	Added methadone	Added intensive outpatient	Added partial hospitalization	Added residential as a new benefit	Added WM as a new service	Added recovery supports	Patient Placement Criteria	Utilization Management	Residential provider standards	MAT requirements	
Alaska	Already covered	Expanding	**New**	Already covered	**New**	Expanding	Updating	**New**	**New**	**New**	**New**
California	Already covered	Expanding	**New**	**New**	**New**	**New**	**New**	**New**	**New**	**New**	**New**
Colorado	Already covered	Expanding	Not covered	**New**	**New**	Already covered	Updating	Updating	Updating	**New**	Updating
District of Columbia	Already covered	Already covered	Already covered	Already covered	Already covered	**New**	Already covered	Updating	Already covered	Updating	Updating
Idaho	**New**	Already covered	**New**	**New**	Expanding	Expanding	Updating	Updating	**New**	**New**	**New**
Illinois	Already covered	Already covered	Not covered	Already covered	Expanding	**New**	Already covered	Already covered	Already covered	**New**	Updating
Indiana	Already covered	Expanding	Already covered	**New**	Expanding	Expanding	Updating	Updating	**New**	**New**	Updating
Kansas	**New**	Already covered	Already covered	Already covered	Already covered	Expanding	Already covered	Already covered	**New**	**New**	Updating
Kentucky	**New**	Already covered	Expanding	Expanding	**New**	Already covered	Updating	Already covered	**New**	**New**	**New**
Louisiana	**New**	Already covered	Not covered	Already covered	Already covered	Already covered	Already covered	Updating	Updating	**New**	Already covered
Maryland	Already covered	Already covered	Already covered	**New**	Expanding	Already covered	**New**	**New**	**New**	Already covered	Already covered
Massachusetts	Already covered	Already covered	Already covered	Expanding	Already covered	**New**	Already covered	**New**	Updating	Already covered	Updating
Michigan	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Updating	Updating	Already covered	**New**	Already covered
Minnesota	Already covered	Expanding	Already covered	Expanding	Already covered	Expanding	Updating	**New**	Updating	**New**	Updating
Nebraska	**New**	Already covered	Already covered	Already covered	Expanding	Already covered	Updating	Updating	**New**	**New**	Updating
New Hampshire	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Updating	Updating	Updating
New Jersey	Already covered	**New**	**New**	**New**	**New**	**New**	Already covered	Already covered	Already covered	**New**	**New**
New Mexico	Already covered	Expanding	Expanding	**New**	**New**	**New**	**New**	Updating	**New**	**New**	Updating
North Carolina	Already covered	Already covered	Already covered	**New**	**New**	**New**	Updating	Updating	Updating	Updating	Updating
Ohio	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Updating	Updating	**New**	Already covered
Oklahoma	**New**	Already covered	Expanding	**New**	**New**	Already covered	Updating	Updating	Updating	Updating	Already covered
Oregon	Already covered	Already covered	Already covered	Expanding	Expanding	**New**	Already covered	Updating	Updating	Already covered	Already covered
Pennsylvania	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	**New**	**New**	**New**	Updating	Already covered
Utah	Already covered	Already covered	Already covered	Already covered	Expanding	**New**	Already covered	Updating	Updating	Already covered	Already covered
Vermont	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Already covered	Updating	Already covered	**New**	Already covered
Virginia	Already covered	Expanding	Expanding	**New**	**New**	**New**	**New**	**New**	**New**	**New**	**New**
Washington	Already covered	Already covered	Not covered	Already covered	Already covered	Not covered	Already covered	Updating	Already covered	**New**	**New**
West Virginia	**New**	Already covered	Already covered	**New**	Expanding	**New**	**New**	Updating	**New**	**New**	Already covered
Wisconsin	Already covered	Already covered	Not covered	**New**	Already covered	Not covered	**New**	**New**	Updating	**New**	Updating

Based on data collected from February 2020 through July 2021. *Not covered* indicates that the service was not covered before or after the demonstration. *Already covered* indicates that the service was covered prior to the demonstration and that no changes were planned or made for the demonstration. *Expanded/updated* and *Added* indicate that a change in the service was planned or made for the demonstration.

Appendix C: State Coverage Grid Example

SUD Services and SUD Provider Requirements	Pre-waiver Status	Changes Made as Part of Section 1115 SUD Demonstration	
	Implemented or Covered prior to demonstration (yes/no, areas of clarification)	*Added or Updated as a part of the demonstration*	*Effective date of change*
Medication Assisted Treatments			
Methadone for OUD			
Buprenorphine			
Oral naltrexone			
Long-acting injectable naltrexone			
SUD Treatment Services Covered by Medicaid State Plan or State-only Funds			
LOC 0.5: Early intervention services for SUD			
LOC 1.0: Outpatient			
LOC 2.1: Intensive outpatient			
LOC 2.5: Partial hospitalization			
Any residential SUD treatment, LOC unspecified			
LOC 3.1: Low-intensity residential			
LOC 3.3: High-intensity, population-specific residential			
LOC 3.5: High-intensity residential			
LOC 3.7: Medically *monitored* intensive inpatient			
LOC 4.0 Medically *managed* intensive inpatient			
LOC 1.0 -WM: Ambulatory without extended on-site monitoring			
LOC 2.0 -WM: Ambulatory with extended on-site monitoring			
LOC 3.2 -WM: Clinically managed			
LOC 3.7 -WM: Medically monitored			
LOC 4.0 -WM: Inpatient detoxification			
Recovery Support Services			
Peer support services			
SUD case management			
Recovery housing/supportive housing coverage			
Supported employment coverage			
Patient Placement Criteria			
Widespread use of evidence-based patient placement criteria			
Use of utilization review/benefits management for SUD treatment			
Program Standards for Residential Treatment Providers			
Use of widely-recognized, evidence-based provider standards for SUD residential treatment			
Residential MAT requirements			
Care Coordination: Coverage and Policies			
Policies supporting care coordination			
Policies for transitions in care			
Policies supporting integration of care			

ASAM=American Society of Addiction Medicine; IMD=institution for mental disease; MCO=managed care organization; BH=behavioral health; WM=withdrawal management; LOC=level of care.