NEW YORK STATE OF OPPORTUNITY. Department of Health

KATHY HOCHUL
Governor

MARY T. BASSETT, M.D., M.P.H.
Commissioner

KRISTIN M. PROUD
Acting Executive Deputy Commissioner

October 5, 2022

Dear Colleague:

New York State (NYS) is requesting approval from the Centers for Medicare and Medicaid Services (CMS) for an amendment to its Medicaid Redesign 1115 Demonstration to authorize federal Medicaid matching funds for reimbursement to Institutions for Mental Diseases (IMD) for inpatient, residential, and other services provided to Medicaid enrolled individuals with behavioral health diagnoses including serious mental illness (SMI), serious emotional disturbance (SED), and substance use disorder (SUD). This demonstration will allow the state to promote improved access to community-based behavioral health services and aid in the state's efforts to continue to transform the behavioral health service system.

As a continuation of the transition of Medicaid Behavioral Health Services from primarily fee-for-service to a managed care environment this demonstration will: transform the role of some state psychiatric inpatient facilities and substance use disorder residential treatment facilities; improve care transitions and access to community-based treatment and support services; and improve health and behavioral health outcomes in individuals with chronic and/or serious mental illnesses by transforming some selected (pilot site) state-run psychiatric hospitals, facilities, and campuses from long-term care institutions to community-based enhanced service delivery systems. The IMD demonstration project will include the use of crisis services, respite, step down and short-term residential services, intensive community support services, crisis diversion centers, coordinated specialty care for first episode psychosis, a full continuum of care for individuals with substance use disorder, and integrated community participation with a time-limited inpatient service capacity focused on expert intermediate care treatment.

The primary goals will be transformation with a focus on:

- Reduction of inpatient and transitional residential lengths of stays.
- Community integration and maintenance with a focus on recovery.
- Overall reduced costs of care

Also, as part of this demonstration, NYS is requesting authorization of Medicaid coverage for a targeted set of in-reach services up to 30 days prior to discharge including care management, clinical consultations, peer services, and pharmaceutical management. These in-reach services would be made available to individuals who do not fall into the 30-day average length of stay cohort outlined in this waiver.

Eligibility, Benefits, and Cost-Sharing Changes

Eligibility
Medicaid eligibility requirements will not differ from the approved Medicaid State Plan.

Cost-Sharing
Cost sharing requirements under the Demonstration will not differ from the approved Medicaid State Plan.

SMI Benefits
New York State will be retrospectively identifying eligible patients that will allow NYS to claim federal financial participation for inpatient psychiatric and other non-duplicative services provided while receiving inpatient services at State run psychiatric centers. It is expected that approximately 450 individuals between the ages of 21 and 64 will meet the criteria for Waiver participation annually. Individuals will be excluded from the cohort in the event they are forensically involved or have been identified clinically as "long stay" members.

NYS plans to make system changes allowing for waiver-eligible patients to remain covered by Medicaid during their inpatient stay, preventing coverage gaps.

SUD Benefits
The Demonstration will permit Medicaid recipients in New York with SUD to receive high-quality, clinically-appropriate Medicaid State Plan-approved SUD treatment services in outpatient and community-based settings, as well as in residential and inpatient treatment settings that qualify as an IMD.

There is no anticipated impact on NYS Tribes.

Enrollment and Fiscal Projections

Enrollment
Waiver demonstration eligibility will be determined by highly skilled clinicians familiar with the community and its available resources and will include individuals discharged from all State-operated adult, non-forensic facilities or residing in residential addiction treatment programs, discharged within 30 days on average.

Fiscal
The total cost of this amendment is estimated to be $268.37 million over five years, an average $53.67 million increase to the annual demonstration cost of $40 billion. The total estimated enrollment for this demonstration is estimated to be an increase of 6,146 (in year five) over the current average annual enrollment of 4.8 million.

Hypotheses and Evaluation

New York will conduct a multi-method, comprehensive statewide evaluation using an independent evaluator to document the impact of the IMD Waiver on health care service delivery, quality, health outcomes, and cost effectiveness. In addition, program components that posed particular successes or challenges for implementation and outcomes for this population will also be examined.

SMI Evaluation

NYS will evaluate this IMD Waiver amendment in alignment with all CMS requirements. An evaluation design will be developed to test the hypotheses identified below and will include the methodology, measures, and data sources to support the expected impact of the amendment. Additionally, it is expected that the current evaluation plan will be folded into the current approved 1115 Waiver evaluation design.

GOAL 1: Improving Access to Health Care for the Medicaid population

Hypotheses	Example Measures (Not Final)	Data Sources
Goal 1a: Improve access to specialized inpatient mental health services, reduce utilization and lengths of stay in EDs among IMD Waiver eligible adults		
Admissions for IMD Medicaid beneficiaries to State Psychiatric Inpatient IMD Units will **increase over time**	Monthly IMD admission numbers and proportions	MHARS (State Psychiatric EHR) Medicaid Claims
Lengths of stay for IMD eligible Medicaid beneficiaries admitted to IMD Psychiatric Hospitals will **decrease over time**	Average Length of Stay	MHARS (State Psychiatric EHR)
Psychiatric ED visits will **decrease** for individuals admitted to an IMD psychiatric hospital	Average psychiatric ED visits in year following IMD discharge	Medicaid Claims
Goal 1b: Increase availability of Crisis Stabilization Centers		
Utilization of crisis stabilization centers will increase as the number of crisis service providers increase	Utilization of crisis services over time Number of crisis programs	Medicaid Claims CONCERTS (OMH Licensing database)
Goal 1c: Improve access to community based and integrated primary and behavioral health care services		
Individuals discharged from an IMD psychiatric hospital will be **more likely to access specialty mental health services** (e.g. ACT, PROS) than IMD-eligible individuals discharged from a non-IMD psychiatric bed	Proportion of individuals with specialty mental health services in the year following discharge	Medicaid Claims
Individuals discharged from an IMD psychiatric hospital will be **more likely to access Home and Community Based Services (HCBS)** than IMD-eligible individuals discharged from a non-IMD psychiatric bed	Proportion of individuals with HCBS services in the year following discharge	Medicaid Claims
Access to the targeted in-reach and person-centered community-based services will be available to all vulnerable groups, including tribal communities, cultural (racial/ethnic), and socio-economic disadvantaged communities	Proportion of individuals with access to the recovery hub and other targeted services, stratified by vulnerable groups	MHARS (State Psychiatric EHR)

GOAL 2: Improve Quality of Care

Hypotheses	Example Measures (Not Final)	Data Sources
Goal 2a: Improve Quality of care, and recovery in the community following episodes of acute psychiatric inpatient care		
Individuals discharged from an IMD psychiatric hospital will be **more likely to have higher rates of quality metrics for health monitoring and prevention** than IMD-eligible individuals discharged from a non-IMD psychiatric bed	State run HEDIS Measures, including multiple health and behavioral health measures	Medicaid Claims
Goal 2b: Reduce preventable readmissions to acute care hospitals among individuals discharged from IMD units		
Individuals discharged from an IMD psychiatric hospital **will be less likely** than individuals with an inpatient stay at a non-IMD psychiatric hospital in the same period of observation	Potentially Preventable Psychiatric Hospital Readmission rate – State run 3M measure	Medicaid Claims

SUD Evaluation

The demonstration will evaluate whether the New York Medicaid SUD treatment system is more effective through a provision of a complete coordinated continuum of care using LOCADTR placement criteria and standards, including SUD residential treatment services. The delivery system reforms are particularly important to address the needs of the Medicaid expansion population, which has historically been underserved.

GOAL 1: Improve quality of care and population health outcomes for Medicaid enrollees with SUD

Hypotheses	Example Measures (Not Final)	Data Sources
The Demonstration will decrease hospital admissions among Medicaid enrollees with at least one SUD treatment visit.	Annual inpatient stays year over year	Medicaid Data Warehouse
Enrollees who receive residential SUD services will have lower hospital readmission rates compared to a matched cohort of members who **did not** receive residential SUD services.	Monthly readmissions year over year	Medicaid Data Warehouse
Enrollees with a crisis visit for SUD will have improved rates of initiation and engagement of alcohol and other drug use treatment (IET)	IET measure HEDIS	Medicaid Data Warehouse
Enrollees will have fewer opioid-related overdose deaths.	Year over year opioid deaths	DOH overdose database

GOAL 2: Increase enrollee access to and use of appropriate SUD treatment services based on LOCADTR criteria

Hypotheses	Example Measures (Not Final)	Data Sources
The Demonstration will increase the supply of the critical LOCs for Medicaid enrollees.	Number of admissions to OASAS residential levels of care year over year	Medicaid Data Warehouse
The Demonstration will increase the use of residential and MAT for Opioid and alcohol for Medicaid enrollees.	Number of prescriptions for opioid and alcohol medications to individuals who have a Medicaid claim to residential services year over year	Medicaid Data Warehouse
Fewer overrides for services not available and clinical justification for residential services	Year over year overrides	LOCADTR

GOAL 3: Improve care coordination and care transitions for Medicaid enrollees with SUD

Hypotheses	Example Measures (Not Final)	Data Sources
The Demonstration will increase the rate of Medicaid enrollees with SUD-related conditions who are also receiving primary/ambulatory care.	The number of monthly primary/ambulatory care claims per enrollee with SUD-related conditions	Medicaid Data Warehouse
The Demonstration will improve follow-up after discharge from ED	HEDIS Follow-up ED visit	Medicaid Data Warehouse
Enrollees with SUD will have increased treatment engagement as measured by treatment duration (CET)	QARR Continued Engagement to Treatment measure.	Medicaid Data Warehouse
Medicaid IMD providers will demonstrate consistency in program design and discharge planning policies.	Review of IMD program and discharge policies and procedures	OASAS Site Review
Increase Number of Medicaid enrollees with SUD who are enrolled in Health Home	Year over year	Medicaid Data Warehouse

GOAL 4: Maintain or reduce Medicaid cost of individuals with SUD

Hypotheses	Example Measures (Not Final)	Data Sources
The Demonstration will be budget neutral to the Federal government.	Annual total cost of care for individuals with SUD	Medicaid Data Warehouse
Total Medicaid SUD spending during the measurement period will remain constant after adjustment for the new residential services and any other new SUD treatment services including care coordination developed under this Demonstration.	Medicaid SUD-related claims	Medicaid Data Warehouse
Total Medicaid SUD spending on residential treatment within IMDs during the measurement period will remain constant after adjustment for the new residential services and any other new SUD treatment services including care coordination developed under this Demonstration.	Medicaid IMD residential treatment claims	Medicaid Data Warehouse
Costs by source of care for individuals with SUD incurring high	Medicaid claims by source of care	Medicaid Data Warehouse

Medicaid expenses during the measurement period will remain constant after adjustment for the new residential services and any other new SUD treatment services including care coordination developed under this Demonstration.		

Waiver and Expenditure Authorities

Waiver Authority

There are no waiver authorities expected to be needed for this amendment.

Expenditure Authority

New York is requesting expenditure authority under Section 1115 to claim as medical assistance the following services that are not otherwise coverable under Medicaid:

> **Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD), Serious Mental Illness (SMI), or Severe Emotional Disturbance (SED).** Expenditures for otherwise covered Medicaid services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for substance use disorder (SUD) or a serious mental illness (SMI) or severe emotional disturbance (SED) who are short-term residents in facilities that meet the definition of an institution for mental diseases (IMD).

Submission and Review of Public Comments

A draft of the proposed amendment request is available for review at: https://www.health.ny.gov/health_care/medicaid/redesign/medicaid_waiver_1115.htm. For individuals with limited online access and require special accommodation to access paper copies, please call 518-473-5569. In addition, the Department of Health will be hosting two virtual public hearings on August 1st and 18th, during which the public may provide oral comments. Any updates related to the public hearings will be sent via the OMH and OASAS Listservs.

Prior to finalizing the proposed amendment application, the Department of Health will consider all written and verbal comments received. These comments will be summarized in the final submitted version. The Department will post a transcript of the public hearings on the following website: https://www.health.ny.gov/health_care/medicaid/redesign/medicaid_waiver_1115.htm.

Written comments will be accepted by email at 1115waivers@health.ny.gov **or** by mail at:

NYS Department of Health
Office of Health Insurance Programs
Waiver Management Unit
99 Washington Avenue
12th Floor, Suite 1208
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All comments must be postmarked or emailed by November 10, 2022.

We look forward to our continued collaboration.

Sincerely,

[redacted]

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