



*Testimony before the Appropriations and Human Services Committees*

*Substance Use Disorder Demonstration Waiver*

*Deidre S. Gifford, Commissioner  
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Good Afternoon Senators Moore, Osten, Berthel and Miner, Representatives Abercrombie, Walker, Case and France, and distinguished members of the Human Services and Appropriations committees. My name is Deidre S. Gifford, and I am the Commissioner of the Department of Social Services (DSS). I am very pleased to be joined today by Deputy Commissioner Nancy Navarretta, representing Commissioner Miriam Delphin-Rittmon of the Department of Mental Health and Addiction Services (DMHAS), and Deputy Commissioner Michael Williams, representing Commissioner Vanessa Dorantes of the Department of Children and Families (DCF). Additional state partner agencies on this project include the Judicial Branch and the Department of Correction (DOC).

Under the provisions of section 17b-8 of the Connecticut General Statutes, we are here today to seek your support for the Department’s new Substance Use Disorder (SUD) Demonstration Waiver pursuant to Section 1115 of the Social Security Act. We request the committees’ approval to submit this waiver to the U.S. Centers for Medicare and Medicaid Services (CMS) for a number of important reasons. Most notably, the waiver will allow federal reimbursement on SUD residential treatment services which are currently entirely state funded. The revenue that results from this new reimbursement opportunity will allow the state to make investments that will improve residential and outpatient services to Medicaid members with substance use disorders. The waiver will also enable a highly qualified and more sustainable cadre of SUD providers through modernization of practice standards, training and reinvestment of the new revenue that the waiver will generate into provider rate increases and standards. Provider standards will be enhanced to align with the most current version of the American Society of Addiction Medicine (ASAM) standards. The ASAM standards ensure that individuals are receiving the most comprehensive clinical services at the most appropriate level of care.

The initiative to which I am speaking today reflects the best aspects of cross-agency expertise, experience and insight. DSS, the single state agency for Medicaid and the Children’s Health Insurance Program (CHIP), DMHAS, the lead state agency for adult behavioral health and for substance use disorder, and DCF, the lead state agency for children’s behavioral health, are collaborating through use of this exciting Medicaid authority pathway to transform the current adolescent and adult SUD service system in Connecticut.

This hearing is intended to provide meaningful information on this initiative to policymakers, and to solicit your feedback, as required by Connecticut law. Please know that today's session follows on an extensive, nearly two year-long process during which the state agencies have conducted extensive member and provider focus group sessions. Feedback from these has continually informed model design and rates. Further, DSS has fulfilled all notice and comment obligations required under federal law, including a written comment period and two public hearings, which were held on February 10, 2021 and February 18, 2021. Public comments and our agency response to these comments are included in the documents that we have shared with you.

Upon the committees' approval, the state will apply for a demonstration waiver from CMS as authorized under federal law in section 1115 of the Social Security Act and detailed CMS guidance for SUD demonstration waivers. The Department's goal is, to the extent feasible pending CMS approval of the waiver, for services to start on or around July 2021, with implementation of the entire service array effective as soon as CMS approval is received.

1115 waivers reflect federal authority that enables CMS to permit states to implement research and demonstration initiatives designed to improve the lives and health outcomes of Medicaid and CHIP members. As part of the national response to the opioid epidemic, CMS issued detailed guidance outlining this targeted 1115 opportunity to improve SUD services. This guidance indicates that states that elect this option must meet six broad milestones to improve SUD services:

1. Access to Critical Levels of Care for SUD
2. Use of ASAM Placement Criteria
3. Use of ASAM Program Standards for Residential Provider Qualifications
4. Provider Capacity of SUD Treatment including Medication Assisted Treatment (MAT)
5. Implementation of Opioid Use Disorder (OUD) Comprehensive Treatment and Prevention Strategies
6. Improve Care Coordination and Transitions between Levels of Care

Connecticut is one of 32 states that have either received or are pursuing the SUD 1115 waiver opportunity.

In addition to enabling federal match on otherwise entirely state-funded services and promoting specific means of enhancing the quality and capacity for provision of SUD services, the waiver also specifically addresses a historical gap in coverage. While, generally, states are not permitted to claim for Medicaid match on services delivered to people in institutional settings in which 16 or more people reside (known as "Institutions for Mental Diseases"), this 1115 waiver permits such coverage and claiming.

The 1115 Demonstration Waiver will allow the state to claim reimbursement for federal Medicaid and CHIP matching funds on the historically state-only funded therapeutic component of residential treatment in non-hospital settings and on all aspects of services provided by psychiatric hospitals, including Connecticut Valley Hospital, which is a public psychiatric hospital operated by DMHAS.

Reinvestment of the enhanced federal match will support the following:

- Improved services by requiring all SUD providers to follow the most recent version of nationally recognized ASAM criteria
- Updated and enhanced rates for residential treatment services to support providers in meeting the increased rigor and quality of services using ASAM criteria
- Updated rates for intensive outpatient and partial hospitalization to support increased quality of services
- Implementation of value-based reimbursement for outpatient services to encourage further improvement in service delivery
- Credentialing and monitoring of SUD service providers prior to enrollment in Medicaid and for ongoing enrollment as a Medicaid provider
- Formal monitoring, evaluation, and reporting of the waiver

Since we are still refining revenue and expenditure impacts and estimates by agency, there are no adjustments in the FY 2022 and FY 2023 budgets for DSS or the other impacted agencies related to implementation of the waiver. Instead, we plan to come before the Finance Advisory Committee in late summer or early fall using the authority under section 19 of the Appropriations Act, which allows approval by the Finance Advisory Committee for funding adjustments that are appropriate and advisable to maximize federal funding available to states.

Together with Commissioners Delphin-Rittmon and Dorantes, DSS respectfully requests that the committees authorize DSS to submit this waiver to CMS. I welcome your comments and questions.