



Administrator

Washington, DC 20201

April 17, 2020

Matt Wimmer
Administrator
Division of Medicaid
Idaho Department of Health and Welfare
PO Box 83720
Boise, ID 83720

Dear Mr. Wimmer:

Under section 1115 of the Social Security Act (the Act), the Secretary of Health and Human Services (HHS) may approve any experimental, pilot, or demonstration project that, in the judgment of the Secretary, is likely to assist in promoting the objectives of certain Act programs, including Medicaid. Congress enacted section 1115 of the Act to ensure that federal requirements did not “stand in the way of experimental projects designed to test out new ideas and ways of dealing with the problems of public welfare recipients.” S. Rep. No. 87-1589, at 19 (1962), *as reprinted in* 1962 U.S.C.C.A.N. 1943, 1961. As relevant here, section 1115(a)(2) of the Act allows the Secretary to provide federal financial participation (FFP) for demonstration costs that would not otherwise be considered as federally matchable expenditures under section 1903 of the Act, to the extent and for the period prescribed by the Secretary.

For the reasons discussed below, the Centers for Medicare & Medicaid Services (CMS) is approving Idaho’s application for a section 1115(a) demonstration titled “Idaho Behavioral Health Transformation” (Project Number 11-W-00339/10) effective April 17, 2020 through March 31, 2025. Approval of this demonstration will enable the state to receive FFP, once CMS approves implementation plans, for inpatient, residential and other services provided to otherwise-eligible Medicaid beneficiaries while residing in institutions for mental diseases (IMD) for diagnoses of substance use disorder (SUD), serious mental illness (SMI) and/or serious emotional disturbance (SED). CMS’s approval of this section 1115(a) demonstration is subject to the limitations specified in the attached expenditure authority, special terms and conditions (STC), and any supplemental attachments defining the nature, character, and extent of federal involvement in this project. Under this demonstration, an STC requires that all state plan requirements apply, even when the services are not covered under the state plan. The state may deviate from Medicaid state plan requirements only to the extent those requirements have been specifically listed as not applicable under the demonstration.

Extent and Scope of the Demonstration

This demonstration will provide authority for the state to receive FFP to provide high-quality, clinically appropriate treatment to beneficiaries ages 21 through 64, who are covered under Idaho's Medicaid state plan authority, with SMI/SED and/or SUD while they are short-term residents in residential and inpatient treatment settings that qualify as IMDs. It will also support state efforts to implement models of care focused on increasing support for beneficiaries in the community and home, outside of institutions, and improve access to a continuum of SMI/SED and/or SUD evidence-based services at varied levels of intensity. Beneficiaries will have access to a continuum of care services at new settings that, absent this demonstration, would be ineligible for payment for most Medicaid enrollees. This continuum of care shall be based on the American Society of Addiction Medicine (ASAM) criteria and/or other nationally recognized assessment and placement tools that reflect evidence-based clinical treatment guidelines.

Determination that the demonstration project is likely to assist in promoting Medicaid's objectives

Under section 1901 of the Act, the Medicaid program provides federal funding to participating states “[f]or the purpose of enabling each state, as far as practicable under the conditions in such state, to furnish (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care.”

While this statutory text is not necessarily an exhaustive source of Medicaid objectives, it makes clear that at least one objective of Medicaid is to enable states to “furnish... medical assistance” to certain vulnerable populations (i.e., payment for certain healthcare services defined at section 1905 of the Act, the services themselves, or both). This demonstration promotes that Medicaid objective by expanding on coverage to provide coverage of health care costs that would otherwise not be available. In addition to providing expanded coverage, the provision of this additional coverage may lower program costs through improved beneficiary health, making it possible for the state to expand other coverage with the dollars saved. This further promotes the coverage objective of the Medicaid statute.

CMS has determined the Idaho Behavioral Health Transformation demonstration is likely to promote Medicaid objectives, and the expenditure authority sought is necessary and appropriate to carry out the demonstration.

CMS has also determined that approval of the Idaho Behavioral Health Transformation demonstration is likely to promote the objectives of the Medicaid program for the following reasons:

- This demonstration will assist Idaho in increasing identification, initiation, and engagement of Medicaid beneficiaries diagnosed with SUD and SMI/SED.
- This demonstration will assist Idaho in increasing adherence to, and retention in, SUD and SMI/SED treatment programs.

- This demonstration will assist Idaho in reducing inappropriate or preventable utilization of emergency departments and inpatient hospital settings through improved access to a continuum of care services.

Consideration of Public Comments

To increase the transparency of demonstration projects, sections 1115(d)(1) and (2) of the Act direct the Secretary to issue regulations providing for two periods of public comment on a state's application for a section 1115 demonstration that would result in an impact on eligibility, enrollment, benefits, cost-sharing, or financing. The first comment period occurs at the state level before submission of the section 1115 application, and the second comment period occurs at the federal level after the application is received by the Secretary.

The ACA specified that comment periods should be "sufficient to ensure a meaningful level of public input," section 1115(d)(2)(A) & (C) of the Act, but the statute imposed no additional requirement on the states or the Secretary to address those comments, as might otherwise be required under a general rulemaking. Accordingly, the implementing regulations issued in 2012 provide that CMS will review and consider all comments received by the deadline, but will not provide written responses to public comments. 42 CFR 431.416(d)(2).

CMS received 497 comments during the federal comment period on the Idaho's Behavioral Health Transformation demonstration. The majority of comments were supportive of this demonstration, and only one commenter, during the federal public comment period, was unfavorable of approval. Such commenter raised several concerns regarding Idaho's proposal, including one that stated providing funding for IMDs risks diverting resources away from community-based services and undermining community integration. Nothing in this demonstration requires that services be provided to any individual in any particular setting, nor does it limit the availability of community-based settings. In fact, the state will be working to promote coordinated transitions to community-based services from inpatient and institutional care. Nonetheless, CMS has indicated to Idaho that it should ensure that inpatient and residential care will supplement and coordinate with community-based care. In addition, this initiative should not reduce or divert state spending on mental health and addiction treatment services as a result of available federal funding for services in IMDs. Idaho will ensure that it maintains at least current spending on outpatient, community-based mental health services consistent with historical spending at the local level, as outlined in STC 18(e)(iii). The remaining concerns from this commenter were generally predicated upon a misunderstanding about the nature and scope of CMS's 1115 authority.

After carefully reviewing the public comments submitted during the federal comment period, CMS has concluded that the demonstration is likely to advance the objectives of Medicaid.

Other Information

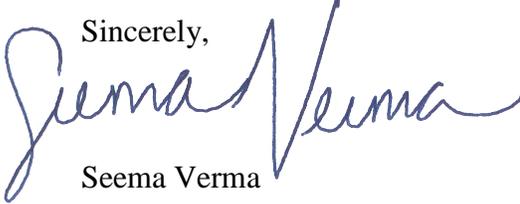
CMS's approval of this demonstration project is conditioned upon compliance with the enclosed list of waiver and expenditure authorities and the STCs defining the nature, character, and extent of anticipated federal involvement in the demonstration. The award is subject to our receiving

your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter.

Your project officer for this demonstration is Ms. Kelsey Smyth. She is available to answer any questions concerning your section 1115 demonstration. Ms. Smyth's contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
Mail Stop: S2-24-25
7500 Security Boulevard
Baltimore, MD 21244-1850
Email: Kelsey.Smyth@cms.hhs.gov

If you have questions regarding this approval, please contact Mrs. Judith Cash, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely,

Seema Verma

Enclosures

cc: Laura DAngelo, State Monitoring Lead, Medicaid and CHIP Op