



Alabama Medicaid Agency

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PUBLIC NOTICE: NOTICE OF INTENT TO SUBMIT SECTION 1115 SUBSTANCE USE DISORDER (SUD) DEMONSTRATION PROPOSAL

Pursuant to 42 C.F.R. § 431.408, the Alabama Medicaid Agency (Alabama Medicaid) is required to give public notice of its intent to submit a Section 1115 Demonstration proposal to the Centers for Medicare and Medicaid Services (CMS). Alabama Medicaid aims to improve outcomes for Medicaid beneficiaries with substance use disorders by maintaining and adding access to a full continuum of opioid use disorder (OUD) and substance use disorder (SUD) services, while also providing Medicaid coverage of SUD services for previously uninsured individuals.

Description of Demonstration Proposal, Goals, and Objectives

Alabama Medicaid is submitting a Section 1115 Demonstration to seek federal authority to:

- Allow the State to include SUD residential treatment provided in Institutions for Mental Diseases (IMDs) as part of an essential continuum of care for Medicaid-enrolled individuals with OUD or SUD.
- Extend Medicaid State Plan Medicaid rehabilitation option services and residential treatment in an IMD to qualified low-income individuals without health insurance screened as meeting the criteria for SUD in specific areas of the State.

Through this demonstration, Alabama Medicaid will remove Medicaid payment barriers for OUD and SUD treatment to provide coordinated and comprehensive treatment in outpatient and community-based settings as well as in residential and inpatient treatment settings including those settings the State identifies as an IMD. Alabama Medicaid aims to increase critical access to residential treatment capacity, allowing Alabama to provide an effective SUD treatment continuum of care with interventions capable of meeting individuals' changing needs for various levels of care (LOCs). In addition to improving access to the continuum of SUD treatment services, Alabama Medicaid also aims to enhance linkages between behavioral health and physical health providers, thereby increasing the integration of whole-person care.

In addition, Alabama Medicaid designed this demonstration to address the following goals:

- Improve outcomes for Medicaid beneficiaries with SUD, by maintaining and adding access to a full continuum of OUD and SUD services,
- Enhance access to physical health services by strengthening linkages between behavioral health and physical health providers,
- Improve care coordination to better integrate SUD services, mental health services, physical health services, and social determinants of health needs,
- Improve the rates of initiation, engagement, and retention in treatment,
- Reduce hospital emergency department use and inpatient admissions, and
- Reduce overdose deaths due to opioids and other substances.

Target Population and Eligibility Criteria

- **Demonstration Population #1:** All Alabama Medicaid beneficiaries between the ages of 21-64, who are eligible for a mandatory or optional eligibility group approved for full Medicaid coverage under the State Plan will be eligible for IMD SUD services under the demonstration. Medicaid beneficiaries who are eligible for limited Medicaid services will not be eligible for IMD SUD services.
- **Demonstration Population #2:** Alabama will also extend Medicaid eligibility to low-income, uninsured individuals who are not otherwise enrolled in Medicaid and who meet eligibility parameters resulting from a diagnosis related to SUD and the following criteria.
 - Adult ages 21 through 64 years old,
 - U. S. Citizen or lawfully residing immigrant,
 - Uninsured and not eligible for any state or federal full benefits program including Medicaid, Children’s Health Insurance Program (CHIP/FAMIS), or Medicare,
 - Resident of Alabama,
 - Resides in one of nine identified counties: Blount, Cullman, Etowah, Jefferson, Madison, Shelby, St. Clair, Tuscaloosa, Walker,
 - Household income that is below 20 percent (20%) of the Federal Poverty Level (FPL) plus 5 percent (5%) income disregard (Alabama Medicaid may increase or decrease FPL limit to manage program resources),
 - Not residing in a long-term care facility, mental health facility, long-stay hospital, intermediate care facility for individuals with developmental disabilities, or penal institution.

Individuals who meet these criteria will be eligible to receive a limited Medicaid benefit package that includes Medicaid State Plan Medicaid Rehabilitation Option services and residential treatment in an IMD.

Benefits, Cost Sharing, and Delivery System

Currently, Medicaid-enrolled individuals have access to a wide array of OUD and SUD services. The demonstration will not change the underlying Alabama Medicaid program, in particular, it will not change the current delivery system, or cost sharing. The demonstration will not change covered benefits except that it will enable federal financial participation for Medicaid-enrolled individuals with OUD or SUD residing in IMDs.

Alabama Medicaid will also extend a targeted benefits package consisting of Medicaid State Plan SUD Medicaid Rehabilitation Option services and residential SUD treatment in an IMD. The targeted benefit package will cover all American Society of Addiction Medicine (ASAM) LOCs and is designed to provide qualified individuals without health insurance screened as meeting the criteria for SUD in specific areas of the State, as described under Demonstration Population 2 in the Target Population and Eligibility Criteria section above.

All beneficiaries receiving services through this demonstration must meet medical necessity criteria.

Annual Enrollment and Annual Expenditures

This demonstration will not reduce or negatively impact current Medicaid enrollment and is expected to be budget neutral as outlined below.

The budget neutrality caseload and per capita and expenditure projections were developed for the following two Medicaid Eligibility Groups (MEGs):

- **MEG 1 – Demonstration Population 1** – This MEG includes all demonstration population #1 eligible beneficiaries as described above in the target population section.
- **MEG 2 – Demonstration Population 2** – This MEG includes all demonstration population #2 eligible beneficiaries as described above in the target population section.

Demonstration Population 1: Medicaid Inpatient Substance Abuse Users

Alabama Medicaid used five years of historical data for inpatient hospital SUD admissions on a statewide basis as outlined below. Data was evaluated statewide to ensure an adequate number of individuals and data were represented and to develop a credible average per capita cost.

1. The five-year historical period used enrollment and claims expenditures between October 1, 2015, through September 30, 2020.
2. Historical enrollment reflects Medicaid beneficiaries who used an acute inpatient hospital admission for SUD.
3. The data selection process includes all acute inpatient hospital admissions that included two criteria:
 - a. Acute inpatient SUD stays were flagged where the claim reflected a substance abuse disorder diagnosis in the admitting, first or second diagnosis codes.
 - b. The inpatient admission included at least one inpatient day classified as detoxification.
4. Individuals with an acute inpatient substance abuse hospital stay as described in 3.a and 3.b were flagged for the month(s) of their inpatient stay.
5. Member months and claims data expenditures, including the acute inpatient substance abuse stays discussed in the prior steps, were selected for the month(s) the inpatient stay occurred.
6. This information was analyzed to develop the average per member per month (PMPM) expenditures and historical trends.

Table 1: 5-Year Historical Data

Historical Data	SFY2016 (10/1/15- 9/30/16)	SFY2017 (10/1/16- 9/30/17)	SFY2018 (10/1/17- 9/30/18)	SFY2019 (10/1/18- 9/30/19)	SFY2020 (10/1/19- 9/30/20)	5-Year Total
Member Months	834	709	838	1,079	981	4,441
Service Expenditures ¹	\$4,207,349	\$3,684,061	\$4,307,225	\$5,856,995	\$6,701,168	24,756,799
Per Capita	\$5,044.78	\$5,196.14	\$5,139.89	\$5,428.17	\$6,830.96	5,575
4-Year Trend (Annualized)						7.9%

1 - Service expenditures include inpatient substance use and all state plan services.

Trend Factor and Projection

The five-year historical data reflected an average annual per capita trend of 7.9%. This trend exceeded the anticipated President’s budget trend factor of 6.6%; therefore, the lower trend factor of 6.6% was used to project the base period Alabama State Fiscal Year 2020 (October 1, 2019 – September 30, 2020) to each demonstration year for Without and With Waiver.

Demonstration Population 2: Low-Income Uninsured Adults Not Eligible for Medicaid with a SUD

Alabama Medicaid used three years of historical enrollment and claims expenditures for SUD rehabilitation services from the Alabama Department of Mental Health (ADMH) to develop the per capita estimates for demonstration population 2. Historical data included calendar years 2018 through 2020 by county of residence, and major service category, and are representative of the demonstration population. This data was limited to individuals who received SUD rehabilitation services for select counties (Blount, Cullman, Etowah, Jefferson, Madison, Shelby, St. Clair, Tuscaloosa, and Walker).

Table 2: 3-Year Historical Data

Historical Data	CY2018 (1/1/18-12/31/18)	CY2019 (1/1/18-12/31/18)	CY2020 (1/1/18-12/31/18)
Member Months (Non-Residential Setting)	22,809	25,346	21,886
Member Months (Residential Setting)	4,322	4,488	3,694
Enrollees (Non-Residential Setting)	9,499	9,325	7,017
Enrollees (Residential Setting)	2,038	2,086	1,658
SUD Expenditures (Non-Residential Setting) ¹	\$4,483,058	\$5,867,806	\$6,115,901
SUD Expenditures (Residential Setting) ¹	\$6,791,570	\$7,465,132	\$7,547,183
Per Capita (Non-Residential Setting)	\$196.55	\$231.51	\$279.44
Per Capita (Residential)	\$1,571.40	\$1,663.35	\$2,043.09

1 - Service expenditures include substance use rehabilitation.

Trend Factor and Projection

To develop the projected Without and With the waiver, the per capita value for the calendar year 2019 (January 1, 2019 – December 31, 2019) was aggregated based on projected member month mix and trended at 5.1%, consistent with the increase adult trend, to each demonstration year.

Without and With Waiver Caseload Estimates

Table 3 presents the without and with waiver caseload and expenditure Projections for the Medicaid SUD-IMD (Demonstration Population 1) and Adults (Demonstration Population 2) separately. The Without and With Waiver are equivalent and treated as “Hypothetical” because Alabama could otherwise have covered these populations and costs under a state plan amendment or a waiver.

As previously noted, this demonstration will not reduce or negatively impact current Medicaid enrollment. Estimates of the member months are included in the Without and With Waiver Caseload estimates.

Budget Neutrality Assumptions

Alabama Medicaid makes the following assumptions about the projected budget neutrality:

- State administrative costs are not included in the budget neutrality calculations;
- Per capita expenditures are not adjusted for historical pharmacy rebates. Under the demonstration, the State will continue to report pharmacy rebates on Form CMS-64.9 Base, and not allocate to any Form 64.9 or 64.9P Waiver.
- Nothing in this demonstration application precludes Alabama from applying for enhanced Medicaid funding as CMS issues new opportunities or policies; and
- The budget neutrality agreement is in terms of total computable so that Alabama is not adversely affected by future changes to federal medical assistance percentages.

MEG 1 – Demonstration Population 1

- Alabama Medicaid proposes a per capita budget limit for MEG 1.
- Approved state plan hospital access supplemental payments are excluded from the per capita amounts included in MEG 1. Hospital access payments will continue to be made in accordance with Alabama’s approved state plan.

MEG 2 – Demonstration Population 2

- Alabama Medicaid proposes an annual and total expenditure limit for MEG 2.

Table 3: Without and With Waiver Caseload and Expenditure Projections

MEG 1 – Demonstration Population 1					
Member Months	1,154	1,202	1,251	1,303	1,357
Enrollment ¹	1,154	1,202	1,251	1,303	1,357
Per Capita (PMPM)	\$8,820.85	\$9,403.02	\$10,023.62	\$10,685.18	\$11,390.40
Projected (Total Computable) Expenditures	\$10,178,465	\$11,299,656	\$12,544,350	\$13,926,151	\$15,460,162
Annual Trend Factor	6.6%	6.6%	6.6%	6.6%	6.6%

1 – MEG 1 represents substance use disorder in an IMD, the member months are equivalent to the enrolment.

MEG 2 – Demonstration Population 2					
Member Months	30,788	30,788	30,788	30,788	30,788
Enrollment	5,398	5,398	5,398	5,398	5,398
Per Capita (PMPM)	\$481.67	\$506.23	\$532.05	\$559.18	\$587.70
Projected (Total Computable) Expenditures	\$14,829,562	\$15,585,870	\$16,380,749	\$17,216,167	\$18,094,192
Annual Trend Factor	5.1%	5.1%	5.1%	5.1%	5.1%

Hypotheses and Evaluation Parameters

The demonstration will evaluate whether Alabama Medicaid and ADMH can improve outcomes for Medicaid beneficiaries with SUDs. This will be achieved by maintaining and increasing access to a full continuum of OUD and SUD services, including outpatient and community-based settings as well as in residential and inpatient treatment settings, including settings that are identified as

an IMD.

Through a contract with an independent evaluator, Alabama will conduct an independent evaluation to measure and monitor the outcomes of the demonstration. The evaluation is planned to include the following milestones, research questions, hypotheses, and performance measures. Alabama will collaborate with its independent evaluator to refine the research questions, hypotheses, performance measures, data sources, and analytic methods.

Milestone 1: Increase access to LOCs for OUD and other SUDs for individuals in Medicaid.	
Research Question: Has access to critical LOCs as defined below improved under the demonstration?	
Hypothesis: The demonstration will increase access to the specified LOCs for Alabama Medicaid beneficiaries compared to prior to the demonstration.	
Performance Measures: <ul style="list-style-type: none">• Number and percentage of individuals enrolled in Medicaid with a SUD diagnosis as well as those with an OUD diagnosis (monthly and annually)• Number and percentage of individuals enrolled in Medicaid receiving any SUD treatment• Number and percentage of individuals enrolled in Medicaid using each of the critical LOCs—early intervention, outpatient services, intensive outpatient and partial hospitalization services, residential and inpatient services, withdrawal management and medication assisted treatment (MAT)• Number and percentage of individuals enrolled in Medicaid treated in an IMD for SUD and the average length of stay in the IMD	
Data Sources: <ul style="list-style-type: none">• Medicaid claims	Analytic Approach: <ul style="list-style-type: none">• Difference-in-differences• Descriptive time series

Milestone 2: Achieve widespread use of evidence-based, SUD-specific patient placement criteria	
Research Question: Has widespread use of ASAM patient placement criteria been implemented?	
Hypothesis: The demonstration will lead to increased use of evidence-based, SUD-specific patient placement criteria.	
Performance Measures: <ul style="list-style-type: none">• Number and percentage of providers licensed at each ASAM level of care• Number and rate of providers reviewed for compliance	

<ul style="list-style-type: none"> • Description of training and technical assistance activities to align providers with ASAM standards 	
<p>Data Sources:</p> <ul style="list-style-type: none"> • ADMH licensing records • ADMH auditing records • Key informant interviews and documentation review 	<p>Analytic Approach:</p> <ul style="list-style-type: none"> • Descriptive time series • Thematic analysis

Milestone 3: Use nationally recognized, evidence-based SUD program standards to set residential provider qualifications

Research Question: Have evidence-based SUD program standards been used in evaluating residential treatment provider qualifications?

Hypothesis: The demonstration will lead to increased use of nationally recognized, evidence-based SUD program standards.

Performance Measures:

- Number and percentage of providers licensed at each ASAM level of care
- Number and rate of providers reviewed for compliance

<p>Data Sources:</p> <ul style="list-style-type: none"> • ADMH licensing records • ADMH auditing records 	<p>Analytic Approach:</p> <ul style="list-style-type: none"> • Descriptive time series
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Milestone 4: Improve provider capacity for critical LOCs, including MAT for OUD in Medicaid

Research Question: Has the availability of SUD treatment providers (including MAT providers) enrolled in Medicaid and accepting new patients, improved under the demonstration?

Hypothesis: The demonstration will increase provider capacity for SUD treatment in critical LOCs for Alabama Medicaid beneficiaries.

Performance Measures:

- Number of SUD treatment providers enrolled in Medicaid for each of the critical LOCs—early intervention, outpatient services, intensive outpatient and partial hospitalization services, residential and inpatient services, withdrawal management and medication assisted treatment (MAT)
- Number of SUD residential treatment providers enrolled in Medicaid to provide Medications for OUD (MOUD)

Data Sources: <ul style="list-style-type: none"> • Medicaid provider enrollment data 	Analytic Approach: <ul style="list-style-type: none"> • Descriptive time series
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Milestone 5: Improve comprehensive treatment and prevention strategies to address opioid abuse and OUD

Research Question: Has the demonstration improved outcomes for Alabama Medicaid beneficiaries with SUD through more appropriate use of opioids, improved adherence to treatment and decreased use of emergency departments and inpatient hospital settings, and decreased overdose deaths?

Hypothesis: The demonstration will improve outcomes for Alabama Medicaid beneficiaries with SUD on a variety of measures.

- Performance Measures:**
- Rates of identification, initiation, and engagement in SUD treatment (NQF #0004)
 - Use of opioids at high dosages in persons without cancer (NQF #2940)
 - Concurrent use of opioids and benzodiazepines [PQA]
 - Continuity of pharmacotherapy (NQF #3175)
 - ED visits for SUD (and specifically OUD) among Medicaid beneficiaries/1000 member months
 - Inpatient admissions for SUD (and specifically OUD) among Medicaid beneficiaries/1000 member months
 - Number of overdose deaths/1000 Medicaid beneficiaries/month and specifically overdose deaths due to any opioid

Data Sources: <ul style="list-style-type: none"> • Medicaid claims • Public Health mortality data 	Analytic Approach: <ul style="list-style-type: none"> • Difference-in-differences • Descriptive time series
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Milestone 6: Improve care coordination and transitions between LOCs for individuals with SUD in Medicaid

Research Question: Has the demonstration improved linkages between emergency department/ inpatient treatment and follow-up care and increased access to physical healthcare?

Hypothesis: The demonstration will improve follow-up after emergency department and inpatient treatment and increase access to physical care among beneficiaries with an SUD.

- Performance measures:**
- Follow up after emergency department visit for alcohol and other drug abuse or dependence (NQF #2605)

<ul style="list-style-type: none"> • 30-day readmission rate following hospitalization for an SUD-related diagnosis and specifically for OUD • Percent of beneficiaries, who access preventive and ambulatory health services. (HEDIS measure: Adults' access to preventive/ambulatory health services) 	
<p>Data Sources:</p> <ul style="list-style-type: none"> • Medicaid claims • Interviews or focus groups 	<p>Analytic Approach:</p> <ul style="list-style-type: none"> • Difference-in-differences • Descriptive time series • Qualitative analysis

Waiver Authority Sought

Waiver Authority: To the extent necessary to implement the proposal, the demonstration application requests that CMS, under the authority of section 1115(a)(1) of the Social Security Act (42 U.S.C. § 1315), waive the following requirements of Title XIX of the Social Security Act (42 U.S.C. § 1396) to enable the State of Alabama to implement this demonstration for expanded SUD treatment.

1. Statewideness: Section 1902(a)(1)

To the extent necessary to allow the State to limit enrollment in the demonstration for population #2 to persons residing in the following nine counties:

- Blount
- Cullman
- Etowah
- Jefferson
- Madison
- Shelby
- St. Clair
- Tuscaloosa
- Walker

2. Amount, Duration, and Scope of Services: Section 1902(a)(10)(B)

To the extent necessary to permit the State to offer benefits to Demonstration Population #2 that differ from the benefits offered under the Medicaid state plan.

3. Reasonable Promptness: Section 1902(a)(8)

To the extent necessary to allow the State to limit enrollment via modification to eligibility thresholds for Demonstration Population #2.

Expenditure Authority: Alabama Medicaid is requesting expenditure authority under Section 1115 to claim as medical assistance.

1. Residential Treatment for Individuals with SUDs

The State requests expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for SUD who are short-term residents in facilities that meet the definition of an IMD.

2. Expenditures for Limited Benefit Package for Demonstration Population #2:

The State requests expenditure authority for coverage of Medicaid State Plan

Rehabilitation Option services and residential treatment services provided in an IMD for individuals qualifying for Demonstration Population #2.

Opportunities for Public Input

As required by federal regulation, Alabama Medicaid will open a formal thirty (30) day comment period. A copy of the draft Section 1115 Demonstration proposal, the full public notice, and additional information can be found on Alabama Medicaid's website at: https://medicaid.alabama.gov/content/4.0_Programs/4.2_Medical_Services/4.2.6_Mental_Health/4.2.6.2_SMI_Waiver.aspx. A copy of the draft Section 1115 Demonstration proposal will also be available upon request for public review at the State Office of the Alabama Department of Mental Health, and the State Office of the Alabama Medicaid Agency.

Written comments concerning the Section 1115 Demonstration proposal will be accepted starting May 2, 2023 and are due by June 2, 2023. Send comments to the following email address: sud-imdservices@medicaid.alabama.gov or mail hardcopy to Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, P.O. Box 524, Montgomery, Alabama 36103-5624. All written comments will be available for review by the public during normal business hours at the above address.

Alabama Medicaid will also host two public hearings to provide feedback regarding the Section 1115 Demonstration proposal. The public hearings will include presentations describing the proposed changes and opportunities for public testimony. The two public hearings will be held at the following locations and times:

Option 1	Option 2
Thursday, May 11 th at 11:00 am	Friday, May 12 th at 11:00 am
Lurleen B. Wallace Building 500 Monroe Street, Montgomery, AL 36130	JBS Mental Health Authority 940 Montclair Rd #200, Birmingham, AL 35213
<p>To join the meeting remotely please use the following meeting link: https://medicaid.webex.com/medicaid/j.php?MTID=mf40a13d8fd8e7f3b8533e3e0ba6d2dee</p> <ul style="list-style-type: none"> • Meeting access code: 2597 851 5101 • Meeting password: dmVfjNjQ522 <p>To join the meeting by phone please use the following number: +1 (650) 479-3208</p> <ul style="list-style-type: none"> • Meeting access code: 2597 851 5101# • Attendee number: enter # 	<p>To join the meeting remotely please use the following meeting link: https://medicaid.webex.com/medicaid/j.php?MTID=m9533357238f1cbc7953554e31bf18fa4</p> <ul style="list-style-type: none"> • Meeting access code: 2594 540 5451 • Meeting password: ukSJpZAw369 <p>To join the meeting by phone please use the following number: +1 (650) 479-3208</p> <ul style="list-style-type: none"> • Meeting access code: 2594 540 5451# • Attendee number: enter #