



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health

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Dear Tribal Health Leaders,

On behalf of the Department of Health and in keeping with the responsibility to conduct tribal consultation, I am writing to inform you of the proposed renewal application for the Substance Use Disorder Treatment and Behavioral Health Program 1115 demonstration waiver ("Demonstration"). As Alaska's current authority for the Demonstration ends in December 2023, the Division of Behavioral Health (DBH) is developing a waiver renewal request to the Centers for Medicare and Medicaid Services (CMS). Approval of this extension request will support the continued transformation of Alaska's behavioral health (BH) and substance use disorder (SUD) delivery system. DBH recognizes that achieving the state's vision is a long-term path. The collaboration of the Demonstration between the state, tribal health organizations, and other stakeholders has been instrumental in achieving significant steps of this path.

While progress has been made over the course of the original Demonstration period, the waiver implementation has faced some significant challenges including the COVID-19 pandemic and rise in fentanyl use. This impacted progress, creating unforeseen barriers to implementation and simultaneously contributing to higher behavioral health morbidity and mortality. There has not been sufficient time to completely implement waiver programs and realize the fully anticipated outcomes. As such, DBH envisions the Demonstration renewal as a continuation of efforts toward a consistent vision and set of strategic goals for behavioral health service delivery in Alaska.

This letter is to give Tribal Health Organizations and eligible tribal beneficiaries an overview of the renewal application and an opportunity to request a meeting on the state's upcoming request to CMS. To access the renewal application and additional information, please go to the following webpage - <https://health.alaska.gov/dbh/Pages/1115/default.aspx> on or after January 9, 2023 when the application will be released for public notice.

Renewal Application Overview and Crosswalk to Original Application

DBH seeks to maintain the current waiver with minimal changes. The renewal goal is to satisfy CMS requirements to extend the waiver for another five years (January 2024 – December 2028) and continue efforts towards full implementation. Through the approval of this renewal request, Alaska proposes to update the 1115 Demonstration name from the current Substance Use Disorder Treatment and Behavioral Health Program (SUD-BHP) title to the Behavioral Health Reform Waiver, with the broader behavioral health term encompassing both mental health and substance use disorder and reflecting Alaska's ongoing commitment to program reform and system transformation.

Goals and Objectives – Unchanged from Original Application

Alaska's Demonstration has centered around three overarching objectives:

1. Rebalance the current behavioral health system of care to reduce Alaska's over-reliance on acute, institutional care and shift to more community- or regionally based care.
2. Intervene as early as possible in the lives of Alaskans to address behavioral health symptoms before they cascade into functional impairments.
3. Improve overall behavioral health system accountability by reforming the existing system of care.

The state has identified long-term goals, also unchanged, for the Demonstration:

1. Increased rates of identification, initiation, and engagement in treatment for SUD and BH issues.
2. Increased adherence to and retention in treatment for SUD and BH issues.
3. Reduced overdose deaths, particularly those due to opioids.
4. Reduced utilization of emergency departments and inpatient hospital settings for SUD and BH treatment where the utilization is preventable or medically inappropriate through improved access to other more appropriate and focused services.
5. Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate.
6. Improved access to care for physical health conditions among beneficiaries.

Alaska has demonstrated progress toward achieving several of these goals. The state has authorized numerous BH and SUD agencies to provide care, increased access to telehealth, and made progress in aligning with nationally recognized criteria for BH and SUD providers. The state will use this extension to continue to work toward achieving its goals to increase access to services and improve outcomes.

Eligibility, Cost Sharing, Benefits, and Delivery System – Unchanged from Original Application

Alaska seeks to maintain the existing delivery system, eligibility requirements, benefit coverage, and cost sharing as established by the prior Demonstration application.

Hypothesis and Evaluation Parameters – Unchanged from Original Application

The state proposes to evaluate this extension of the Demonstration utilizing the evaluation questions, hypotheses, and measures from the original application.

Waiver and Expenditure Authorities Requested – Minor Change from Original Application

Alaska continues to target the services under the 1115 waiver Demonstration and requests extended waiver of comparability under section 1902(a)(10)(B) of the act to vary the amount, duration, and scope of services to eligible beneficiaries only.

The phased-in schedule to cover the behavioral health benefits and continuum of SUD services as set forth in the approved STCs and SUD Implementation Plan Protocol, beginning January 1, 2019, and September 3, 2019, under the original waiver applications is complete. As such, the waiver services are available on a statewide basis and Alaska no longer seeks to waive section 1902(a)(1) of the Social Security Act.

Alaska requests a renewal of the expenditure authorities granted in the original Demonstration. Alaska intends to continue to pilot the service array authorized by the waiver, given initial disruptions in implementation due to staggered start dates of waiver programs, the COVID-19 pandemic, and transition to Administration Services Organization (ASO) administration of core functions.

Enrollment and Expenditures – Updated from Original Application

As part of the 1115 waiver renewal application, the state is responsible for a budget neutrality demonstration that includes projected experience from demonstration year (DY) 6 through 10, defined as January 1, 2024 through December 31, 2028. Budget neutrality is a comparison of without waiver expenditures (WoW) to with waiver expenditures (WW). Budget neutrality for this 1115 Waiver, which was developed using CMS budget neutrality requirements, will be demonstrated using the per capita method: an assessment of the per member per month (PMPM) cost of the Demonstration.

To develop the budget neutrality projections, the state relied on historical incurred experience under the previous demonstration adjusted for the impact of enrollment and PMPM cost changes anticipated to occur between the historical period and the renewal Demonstration period. Table 1 below contains a summary of this information, where DY 03 represents the most recently calendar year of incurred experience (calendar year 2021) and DY 06 through 10 represent the renewal Demonstration period.

TABLE 1 - 1115 BUDGET NEUTRALITY PROJECTIONS BY GROUPING

GROUPING	DY 03	DY 06	DY 07	DY 08	DY 09	DY 10
SUD IMD						
Eligible Member Months	1,461	1,505	1,520	1,536	1,551	1,566
PMPM Cost	\$ 12,548.15	\$ 14,922.75	\$ 15,594.27	\$ 16,296.01	\$ 17,029.33	\$ 17,795.65
Expenditures	\$18,332,845	\$22,462,823	\$23,708,381	\$25,023,007	\$26,410,532	\$27,874,997
SUD Non-IMD						
Eligible Member Months	2,867,917	2,675,067	2,701,818	2,728,836	2,756,125	2,783,686
PMPM Cost	\$ 19.94	\$ 33.47	\$ 34.98	\$ 36.55	\$ 38.19	\$ 39.91
Expenditures	\$ 57,193,269	\$ 89,534,506	\$ 94,509,596	\$ 99,738,965	\$ 105,256,399	\$ 111,096,903
BH Non-IMD						
Eligible Member Months	2,867,917	2,675,067	2,701,818	2,728,836	2,756,125	2,783,686
PMPM Cost	\$ 24.17	\$ 51.09	\$ 53.39	\$ 55.79	\$ 58.30	\$ 60.92
Expenditures	\$69,329,383	\$136,669,193	\$144,250,067	\$152,241,774	\$160,682,065	\$169,582,143
Total Expenditures	\$144,855,497	\$248,666,522	\$262,468,044	\$277,003,747	\$292,348,996	\$308,554,042

Notes:

1. Values reflect state and federal expenditures.
2. DY 06 - DY 10 represent the waiver demonstration period of January 1, 2024 through December 31, 2028.
3. SUD IMD eligible member months are based on service recipient months, while eligible member months for the Non-IMD groupings include all Medicaid eligible members under age 65.
4. PMPM cost for the SUD IMD grouping reflects expenditures for all services. For the Non-IMD groupings, PMPM cost reflects 1115 services only.

Table 1 indicates a material increase in PMPM cost particularly for the SUD Non-IMD and BH Non-IMD groupings when moving from DY 03 through the waiver renewal period. A key driver of this result is observed and anticipated shifting from state plan to 1115 behavioral health services. Since the SUD Non-IMD and BH Non-IMD groupings in the budget neutrality demonstration include expenditures only for 1115 waiver services, this shifting of utilization from state plan to 1115 waiver services results in material projected cost increases under that limited definition. To reflect the impact of state plan to 1115 waiver shifting that has already occurred, plus the potential impact of further shifting during the next demonstration period, we developed the budget neutrality projections to reflect the anticipated distribution of state plan and 1115 service cost during the demonstration.

The state does not anticipate a material financial impact related to changes in this waiver renewal relative to the previous demonstration, including the provision of making services available statewide. Under the previous demonstration, the budget neutrality projections were developed such that the historical and projected experience reflected Medicaid enrollees in all regions of the state.

Written comments or questions regarding the proposed extension are due no later than the close of business, February 8, 2022. If seeking an in-person meeting regarding the proposed changes, please provide a written request within 15-days of the date of this letter. Please direct all written correspondence to Courtney O'Byrne King and Emily Beaulieu, Alaska Department of Health, 3601 C Street, Suite 902, Anchorage, AK 99503, or courtney.king@alaska.gov and emily.beaulieu@alaska.gov.

Sincerely,

/s/

Courtney O'Byrne King, MS and Emily Beaulieu

Medicaid State Plan Coordinators