Alaska Department of Health
Division of Behavioral Health

STATE OF ALASKA DEPARTMENT OF HEALTH
NOTICE OF PUBLIC COMMENT PROCESS FOR MEDICAID SECTION 1115 SUBSTANCE USE DISORDER TREATMENT AND BEHAVIORAL HEALTH PROGRAM DEMONSTRATION WAIVER

Public Comment Period Opens:	January 9, 2023
Public Comment Period Closes:	February 8, 2023, at 5:00 pm AKST

PUBLIC NOTICE

In accordance with 42 §CFR 431.408, public notice is hereby given that the State of Alaska Department of Health (DOH) proposes to submit to the Centers for Medicare and Medicaid Services (CMS) its request to extend Alaska's 1115 Substance Use Disorder Treatment and Behavioral Health Program Demonstration Waiver for a period of five years from January 1, 2024 through December 31, 2028. DOH seeks public comments on the waiver renewal application to continue the comprehensive reform of Alaska's behavioral health delivery system.

This notice provides details about the waiver extension request and serves to formally open the 30-day public comment period, which will conclude on **February 8, 2023**. During the public comment period, the public will be able to provide written comments to DOH via US postal service or electronic mail, as well as make comments verbally during virtual public hearings.

LOCATION OF APPLICATION

The proposed extension request is accessible for public review on the DOH website at:

https://health.alaska.gov/dbh/Pages/1115/default.aspx

In addition, the draft documents are also available in hard copy at:

Alaska Department of Health, Division of Behavioral Health
3601 C Street, Suite 878
Anchorage, Alaska 99503

Hard copies are also available upon request by calling:

(907) 269-3600

COMMENT SUBMISSION PROCESS

Interested persons should submit public comments to DOH on the proposed extension on or before February 8, 2023, at 5:00 pm AKST. Written comments on the application can be submitted through three channels:

1. Email to doh.dbh.public.comments@alaska.gov, referencing "1115 Renewal" in the subject line
2. Electronic submission through the Alaska Online Public Notices System located at https://aws.state.ak.us/OnlinePublicNotices/ and using the "Leave a Comment" link

3. U.S. Mail to:

   Alaska Department of Health, Division of Behavioral Health
   Re: 1115 Waiver Renewal Application Comments
   3601 C Street, Suite 878
   Anchorage, Alaska 99503

PUBLIC HEARINGS

The public is welcome to attend virtual meetings to learn more about the waiver renewal application, ask questions, and provide public comments. Two public hearings will be held virtually on the following dates, times, and locations. Individuals with disabilities who require special accommodations in order to attend these public meetings, should contact Heather Phelps at (907) 269-3616 or email at heather.phelps@alaska.gov to ensure that any necessary accommodations can be provided.

Public Hearing #1	**Public Hearing #2**
January 20, 2023 9:30am – 11:30am Please join the public hearing by following this link: https://us02web.zoom.us/j/83576266762?pwd=U1oxbUJMR0pDSlBURnFmSTNGaFA4UT09	January 27, 2023 9:30am – 11:30am Please join the public hearing by following this link: https://us02web.zoom.us/j/87373191962?pwd=OWF0Z3pZL2lxOFlPZmMzVUpHaDRVQT09

PROGRAM DESCRIPTION

Alaska's 1115 waiver, called the Substance Use Disorder and Behavioral Health Program (SUD-BHP) Demonstration ("the Demonstration"), has shown substantial progress in building a more robust, coordinated behavioral health system across the state. The SUD-BHP Demonstration was designed to centralize Alaska's behavioral health system under a sustainable financing model to ensure access to the full continuum of mental health and substance use disorder (SUD) services. The initial waiver authorized 25 services, including residential and inpatient treatment in Institutions for Mental Diseases (IMDs), with emphasis on early interventions, a crisis services infrastructure, community-based outpatient services, residential treatment when appropriate, and enhanced community recovery supports. Alaska is seeking an extension of the Demonstration to continue the progress made under the program. Current beneficiaries will maintain existing access to services.

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.

Goal and Objectives

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 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 behavioral health and SUD agencies to provide care, increased access to telehealth, and made progress in aligning with nationally recognized criteria for behavioral health 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 REQUIREMENTS, COST SHARING, BENEFIT COVERAGE, AND HEALTH CARE DELIVERY SYSTEM

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

Health Care Delivery System

While the state's Medicaid program continues to operate through a fee-for-service system, the state has engaged an Administrative Services Organization (ASO) to facilitate the provision of services. The state seeks to use this renewal period to work through operational changes associated with the continuing adoption of the ASO model and to support providers with technical assistance as they onboard the 1115 services.

Eligibility

To qualify for waiver services individuals must derive their eligibility through the Alaska Medicaid State Plan and are subject to all applicable Medicaid laws and regulations regarding initial and ongoing eligibility. Alaska continues to target the services under the 1115 waiver Demonstration to only those who meet the following eligibility requirements:

Section 7 Alaska Administrative Code (AAC) 139.010 outlines the recipient eligibility requirements for the behavioral health services:

- An eligible youth under age 21 who
  - is diagnosed with a mental health or substance use disorder

  - is at risk of developing amental health or substance use disorder based upon a screening conducted according to 7 AAC 135.100
  - is at risk of out of home placement
  - is currently in the custody of the state, or
  - has been detained in a juvenile justice facility or treated in a residential treatment program or psychiatric hospital within the past year
- An eligible individual who meets the criteria under 7 AAC 135.055 for experiencing a serious mental illness.
- An individual who is experiencing a mental disorder who meets the diagnostic criteria in the Diagnostic and Statistical Manual of Mental Disorders, adopted by reference in 7 AAC 70.910, or the International Classification of Diseases - 10th Revision, Clinical Modification, (ICD-10-CM), adopted by reference in 7 AAC 70.910.

Section 7 AAC 138.010 outlines the eligibility requirements for the substance use disorder waiver services:

- A child at least 12 years of age and under 18 years of age who may have a substance use disorder or may be at risk to develop a substance use disorder as determined through a screening conducted according to 7 AAC 135.100.
- A youth at least 18 years of age and under 22 years of age who may have a substance use disorder or may be at risk to develop a substance use disorder as determined through a screening conducted according to 7 AAC 135.100.
- An adult who is diagnosed with a substance use disorder or is at risk of developing a substance use disorder as determined through a screening conducted according to 7 AAC 135.100.

Cost Sharing

There are no cost-sharing requirements under the Demonstration.

Benefits

Alaska will rigorously evaluate and monitor the provision of services under the renewal period and use these learnings to inform the state's future approach to providing behavioral health services through state plan authority.

1. **Residential Treatment for Individuals with Substance Use Disorder**. Expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for substance use disorder who are short-term residents in facilities that meet the definition of an IMD.
2. **Opioid Treatment Services (OTS) for Persons Experiencing an Opioid Use Disorder (OUD)**. Expenditures for medication and counseling services to eligible individuals with severe opioid use disorder, in accordance with an individualized service plan determined by a licensed physician or licensed prescriber and approved and authorized according to state requirements.
3. **Intensive Outpatient (IOP) Services for Substance Use Disorder**. Expenditures for intensive outpatient services and structured programming provided to eligible individuals when determined to be medically necessary and in accordance with an individualized treatment plan.

4. **Intensive Outpatient (IOP) Services for Behavioral Health**. Expenditures for intensive outpatient services and structured programming to individuals determined to be medically necessary and in accordance with an individualized treatment plan.
5. **Partial Hospitalization Program (PHP) Services for Substance Use Disorder**. Expenditures for PHP services provided to eligible individuals including services designed for the diagnosis or active treatment of a SUD to maintain the person's functional level and prevent or decrease risk for recurrence of or inpatient hospitalization. Payment for Room and Board are prohibited.
6. **Partial Hospitalization Program (PHP) Services for Behavioral Health**. Expenditures for PHP services provided to individuals, in a highly structured treatment environment for services that will provide diagnosis or active treatment of an individual's psychiatric disorder, with a diagnosis of Serious Mental Illness (SMI) or Serious Emotional Disorder (SED) in accordance with an individualized treatment plan. Payment for room and board costs are prohibited.
7. **Medically Monitored Intensive Inpatient Services**. Expenditures for services provided in a residential setting or a specialty unit of an acute or psychiatric hospital. Individuals receiving Medicaid coverable services at this level of care require 24-hour services, professionally directed evaluation, observation, medical monitoring, and addiction treatment in an inpatient setting.
8. **Medically Managed Intensive Inpatient Services**. Expenditures for services provided in a hospital setting (acute care or specialty) for individuals with acute medical, behavioral, or cognitive conditions. Medically managed services involve daily medical care and 24-hour nursing requiring the full resources of an acute care or psychiatric hospital.
9. **Ambulatory Withdrawal Management Services**. Expenditures for outpatient services provided to eligible individuals at a mild withdrawal risk with a high commitment to withdrawal management process.
10. **Clinically Managed Residential Withdrawal Management**. Expenditures for services provided in a social setting focusing on peer support programs, including daily individual and group therapies, support, and health education services.
11. **Medically Monitored Inpatient Withdrawal Management Services**. Expenditures for services provided in a freestanding withdrawal setting with inpatient beds, specializing in clinical consultation, for individuals experiencing severe withdrawal and needing clinical consultation and supervision for cognitive, biomedical, emotional, and behavioral problems.
12. **Medically Managed Intensive Inpatient Withdrawal Management Services**. Expenditures for services provided in an acute care or psychiatric hospital in a patient unit, specializing in medical consultation, full medical acute services and intensive care for individuals experiencing severe, unstable withdrawal needs (usually hospital-based), including 24-hour nursing care and daily physician visits to modify withdrawal management regimen and manage medical instability.
13. **Community Recovery Support Services (CRSS) for Substance Use Disorder**. Expenditures for community recovery support services to help decrease risk for recurrence of symptoms and promote recovery, and to support transition between levels of care for SUD.
14. **Community Recovery Support Services (CRSS) for Behavioral Health**. Expenditures for community recovery support services to help decrease risk for recurrence of symptoms and promote recovery, and to support transition between levels of care for behavioral health services.

15. **Home-Based Family Treatment Services**. Expenditures for home-based family treatment (HBFT) services for children/youth ages 0-20 who are at risk for out-of-home placement or detention in a juvenile justice facility and for whom a combination of less intensive outpatient services has not been effective or is deemed likely not to be effective.
16. **Children's Residential Treatment (CRT)**. Expenditures for residential treatment services provided by an interdisciplinary treatment team in a therapeutically structured, supervised environment for children and youth whose health is at risk while living in their community. This authority does not apply to IMDs. Payment for room and board costs are prohibited.
17. **Therapeutic Treatment Homes**. Expenditures for trauma-informed clinical services which include placement in a specifically trained therapeutic treatment home for children/youth who have severe mental, emotional health needs diagnosed with a SMI or SED or a behavioral health need, and who cannot be stabilized in their home settings. This authority does not apply to IMDs Payment for room and board costs are prohibited.
18. **Assertive Community Treatment (ACT) Services**. Expenditures for an evidence-based practice designed to provide treatment, rehabilitation and support services to individuals who are diagnosed with a severe mental illness and whose needs have not been well met by more traditional mental health services.
19. **Adult Mental Health Residential (AMHR) Services**. Expenditures for AMHR services provided by an interdisciplinary treatment team in a therapeutically structured, supervised environment for adults with acute mental health needs, diagnosed with a SMI or SED, whose health is at risk while living in their community. This authority does not apply to IMDs. Payment for room and board are prohibited.
20. **Peer-Based Crisis Services**. Expenditures for community-based services, that divert individuals from emergency department and psychiatric hospitalization use. These services are facilitated by children and adults that have lived with or have experience with a mental illness or a substance disorder (including parents).
21. **Intensive Case Management Services for Substance Use Disorder**. Expenditures for services for adults with substance use disorders (if their needs cannot be met by SUD Care Coordination).
22. **Intensive Case Management Services for Behavioral Health**. Expenditures for services for children/youth at risk of out-of-home placement, and adults with acute mental health needs.
23. **Mobile Outreach and Crisis Response (MOCR) Services**. Expenditures for services which prevent a mental health crisis or stabilize an individual during or after a mental health crisis or a crisis involving both substance use and mental health disorders.
24. **23-Hour Crisis Observation and Stabilization (COS) Services**. Expenditures for evaluation and/or stabilization services for individuals presenting with acute symptoms or distress. Services are provided for up to 23 hours and 59 minutes of care in a secure and protected environment.
25. **Crisis Residential/Stabilization Services**. Expenditures for medically monitored short-term, residential program in an approved 10-15 bed facility that provides 24/7 psychiatric stabilization services. These facilities are not IMDs. Payment for room and board are prohibited.

Alaska Department of Health
Division of Behavioral Health

ENROLLMENT AND EXPENDITURES

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 recent 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						
Persons Eligible: Avg Monthly	122	125	127	128	129	131
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						
Persons Eligible: Avg Monthly	238,993	222,922	225,152	227,403	229,677	231,974
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						
Persons Eligible: Avg Monthly	238,993	222,922	225,152	227,403	229,677	231,974
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 persons eligible are based on service recipients, while persons eligible 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.
5. Persons eligible for both the SUD Non-IMD and BH Non-IMD groupings represent total eligible members.

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.

HYPOTHESES AND EVALUATION PARAMETERS

Alaska will conduct an independent evaluation to measure and monitor the outcomes of the Demonstration. Evaluators will assess utilization, health outcomes, and costs. The state proposes to evaluate this extension of the Demonstration utilizing the following questions, hypotheses, and measures.

Evaluation Question 1: Does the Demonstration increase access to and utilization of substance use disorder and mental health disorder treatment services by increasing access to community based care?

Evaluation Hypothesis: The Demonstration will increase the number of beneficiaries in the waiver population who are referred to and engage in treatment for substance use disorder and behavioral health disorder in sub-acute, community- or regionally-based outpatient settings.

Measures

- Number of beneficiaries screened for symptoms of SUD using industry recognized, evidence- based screening instruments.
- Number of beneficiaries screened for symptoms of behavioral health disorders using industry recognized, evidence- based screening instruments.
- Number of beneficiaries in the waiver population with SUD or behavioral health diagnosis, by setting.
- Initiation and Engagement of Alcohol and Other Drug Dependence Treatment (NQF 0004).
- Follow up after discharge from emergency department visits for SUD, and specifically for Opioid Use Disorder (OUD), by setting (NQF 2605).
- Follow up after discharge from emergency department visits for a behavioral health disorder, by setting (NQF 2605).
- Number of Medicaid qualified SUD providers (identified by provider ID numbers) who bill for SUD services.
- Number of Medicaid qualified professionals licensed in the state to provide behavioral health who bill for behavioral health disorder services.
- Providers' reported barriers before, during, and shortly following expansion of BH and SUD services.
- Providers' experience in expanding services.
- Administrators' reported barriers before, during, and shortly following expansion of BH and SUD services.
- Administrators' plan for program sustainability and anticipated challenges.
- Alaska tribal entities reported changes in quality of care and access to care following expansion of BH and SUD services.

Evaluation Hypothesis: The Demonstration will decrease utilization of emergency department, inpatient, or institutional settings within the beneficiary population.

Measures

- Inpatient admissions for SUD, and specifically for OUD, by setting.
- Inpatient admissions for behavioral health disorders, by setting.

- Emergency department visits for SUD, and specifically for OUD, by setting.
- Emergency department visits for a behavioral health disorder, by setting.
- Mean length of stay measured from admission date to discharge date, by setting.
- 30-day readmission rate to inpatient facilities following hospitalization for an SUD related diagnosis, by setting.
- 30-day readmission rate to inpatient facilities following hospitalization for a behavioral health related diagnosis, by setting.

Evaluation Hypothesis: The Demonstration will increase the percentage of beneficiaries who adhere to treatment for substance use disorders and mental health disorders.

Measures

- Number of beneficiaries with a SUD diagnosis including those with OUD who used services in the last month or year, by service or benefit type.
- Number of beneficiaries with a behavioral health diagnosis who used services in the last month or year, by service or benefit type.
- Time to treatment, by service type (National Behavioral Health Quality Framework [NBHQF] Goal 1).

Evaluation Question 2: Do enrollees receiving substance use disorder services experience improved health outcomes?

Evaluation Hypothesis: The Demonstration will increase the percentage of beneficiaries with substance use disorder or a mental health disorder who experience care for comorbid conditions.

Measures

- Access to physical health care.
- Screening for chronic conditions relevant to state Medicaid population.
- Screening for co- morbidity of behavioral health and substance use disorders within the waiver population compared to the total Medicaid population.
- Percentage of beneficiaries who rate the quality of their health care as very good or excellent.
- Percentage of beneficiaries who rate overall mental or emotional health as very good or excellent.
- Percentage of beneficiaries who demonstrate very good or excellent knowledge of available treatment and services.
- Maternal depression
- Maternal domestic abuse
- Percentage of beneficiaries who experienced alcoholism or mental health disorder among household members.
- Percentage of beneficiaries who witnessed violence or physical abuse between household members.
- Percentage of youth beneficiaries who have ever been physically hurt by an adult in any way.
- Maternal marijuana or hash use in the past two years.
- Frequency of maternal marijuana or hash use (days per week).

Evaluation Hypothesis: The Demonstration will decrease the rate of drug overdoses and overdose deaths due to opioids.

Measures

- Rate of overdose deaths, specifically overdose deaths due to any opioid
- Non-fatal Overdoses (all cause).
- Use of Opioids at High Dosage in Persons Without Cancer (NQF 2940).

Evaluation Question 3: Does the Demonstration reduce the cost of Medicaid for Alaska and the Federal Government?

Evaluation Hypothesis: The Demonstration will reduce Alaska's per capita Medicaid behavioral health costs.

Measures

- Total costs of healthcare (sum of parts below), by state and federal share.
- Total cost of SUD, SUD- IMD and SUD-Other and Non-SUD, by setting (including claims data (inpatient (IP), outpatient (OT), pharmacy (RX), long-term care (LT), and capitated payments to managed care organizations).
- Total cost of behavioral health diagnosis by IMD and Other, by setting (including claims data (inpatient (IP), outpatient (OT), pharmacy (RX), long-term care (LT), and capitated payments to managed care organizations).

WAIVER AND EXPENDITURE AUTHORITIES

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. A list of the already approved expenditure authorities can be found in the benefits section on pages 4 through 6 of this document. 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 ASO administration of core functions.