

# PUBLICATION

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## CMS Seeks Demonstration Proposals from State Medicaid Directors to Address the Opioid Abuse Problem

November 20, 2017

**CMS solicited input from State Medicaid Directors earlier this month for new strategies to combat the ongoing opioid abuse problem. Authorized demonstration proposals would be eligible for federal financial participation to address the problem among the Medicaid beneficiary population.**

In a [November 1, 2017 letter to the Directors](#), CMS explained its intention to use its authority over demonstration projects under Section 1115(a) of the Social Security Act (42 U.S.C. § 1315) to give states more flexibility to improve Medicaid beneficiaries' access to high quality, clinically appropriate treatment for opioid use disorder (OUD) and other substance use disorders (SUDs). This letter also encouraged State Medicaid Directors to design and submit demonstration proposals to address the high rate of OUD and SUDs among the Medicaid beneficiary population. While there is no deadline to submit proposals, CMS reminded that demonstration proposals should be submitted, and would be reviewed, in accordance with the transparency regulations published at 42 C.F.R. § 431.412.

Demonstration applications are to include a description of the state's commitment to providing the "necessary resources" to monitor their demonstration projects and their capacity to collect and report data regarding quality performance and progress in achieving the project's goals. Demonstration projects should be aimed at making significant improvements over five years on the following six goals and milestones:

### Goals:

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

### Milestones:

7. Access to critical levels of care for OUD and other SUDs;
8. Widespread use of evidence-based, SUD-specific patient placement criteria;
9. Use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications;
10. Sufficient provider capacity at each level of care;
11. Implementation of comprehensive treatment and prevention strategies to address opioid abuse and OUD; and
12. Improved care coordination and transitions between levels of care.

**Baker Donelson Comments:** CMS suggested that it would be willing to approve proposals that provided Medicaid services to beneficiaries enrolled in residential treatment facilities, a service that is currently not

reimbursed by Medicaid because of the exclusion of payment for services provided to patients in mental health institutions. Each proposal would need to be budget neutral under Section 1115(a). Lastly, CMS cautioned states against using potential federal financial participation for OUD and SUDs as a mechanism to divert state spending away from mental health and addiction services and into other programs.