Boosting federal funding for substance use disorder services

Issues:

- Minnesota aims to maximize federal funding for substance use disorder treatment for people in certain behavioral health facilities.
- A federal rule prohibits federal Medicaid funding for behavioral health treatment facilities with more than 16 beds, because they are federally designated as institutions for mental disease, or IMDs. This leaves the state covering more costs.
- Minnesota is seeking a federal waiver to allow federal funding for people receiving short-term residential treatment for substance use disorder in facilities designated as IMDs. The state submitted its waiver request in March 2018.
- If the waiver request is approved, federal funds would cover roughly three-quarters of the cost of services for people in affected residential treatment facilities. About two-thirds of Medicaid enrollees in substance use disorder treatment would be eligible for additional Medicaid matching funds.
- Total spending on covered substance use disorder treatment services in IMD facilities for people eligible for Medicaid topped $75 million in fiscal year 2017.
- The success of the waiver project will require clarifying state law, providing resources for implementation and creating incentives for participating providers.

Proposal:

Governor Tim Walz proposes the following items:

- Codify standards so providers can implement the waiver project if the waiver is approved.
- Provide funding for provider agreements, a waiver evaluation, medical reviews, technical assistance and establishing standards consistent with the American Society of Addiction Medicine’s criteria.
- Increase rates for participating providers. Starting in July 2020, rates for treatment will go up 15 percent and rates for outpatient services will increase 10 percent. Beginning in January 2021, rates for comprehensive assessments will rise 10 percent. Rate increases will not apply to services funded by the Consolidated Chemical Dependency Treatment Fund (CCDTF), which are not funded by Medicaid.

Benefits:

- If the waiver is approved, Minnesota will receive new federal revenue to offset state costs.
- Better standards and more funding will improve access to treatment, engagement and retention in treatment, and integration of substance use disorder programs and primary care.
Fiscal impact:

- $522,000 investment in FY 2020
- Savings of $16.6 million investment in FY 2021
- Savings of $33.6 million investment in FY 2022
- Savings of $39.7 million investment in FY 2023

Related information:

- Revised Governor’s Budget Recommendations for FY 2020-21, Pages 79 to 82:
- Alcohol, drugs and other addiction information on the DHS website: https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/alcohol-drug-other-addictions/sudreform/

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