

Building and Transforming Coverage, Services, and Supports for a Healthier Virginia 1115 Demonstration Renewal

Pursuant to 42 CFR §431.408, notice is hereby given that the Virginia Department of Medical Assistance Services (DMAS) is seeking to extend for five years its Medicaid Section 1115 Demonstration entitled “Building and Transforming Coverage, Services, and Supports for a Healthier Virginia.” (No. 11-W-0029713).

The demonstration is scheduled to expire on December 31, 2024. Through this amendment, Virginia is requesting a five-year extension in order to:

- Continue to provide to provide short-term residential substance use disorder (SUD) treatment services in facilities that meet the definition of an “Institution for Mental Disease” (IMD).
- Continue to provide Medicaid coverage for former foster care youth and children (FFCY) up to age 26 who aged out of foster care in another state and now reside in Virginia. The demonstration will be updated to reflect that this coverage will apply to individuals who turned 18 prior to January 1, 2023, as individuals who turned 18 after that date are now covered under the State Plan.
- Sunset the High Needs Supports benefits because the Virginia General Assembly has not provided funding to implement these services.

These changes reflect the limits of existing state authority for this demonstration waiver.

DMAS is providing an opportunity for the public to review and provide input on the Demonstration amendment application from May 30, 2024 through June 29, 2024. To view the draft renewal application, please visit the DMAS website at www.dmas.virginia.gov (Go to the “About Us” tab and click on “1115 Demonstration Waiver.”)

A. The program description, goals, and objectives to be implemented or extended under the demonstration project, including a description of the current or new beneficiaries who will be impacted by the demonstration.

On December 30, 2019, the Centers for Medicare and Medicaid Services (CMS) approved a five-year extension of Virginia’s Medicaid demonstration, Addiction and Recovery Treatment Services (ARTS) Delivery System Transformation (Project Number 11-W-0029713). Under the approved Special Terms and Conditions (STCs) DMAS provides SUD benefits to Medicaid beneficiaries, including SUD treatment services provided to individuals who are short-term residents in residential treatment facilities that meet the definition of an IMD. Virginia also provides coverage to FFCY up to age 26 who aged out of foster care in another state and now reside in Virginia.

On July 9, 2020, CMS approved Virginia’s request to provide a High Needs Support benefit that included supportive employment and housing as a new Medicaid feature within Virginia’s 1115 demonstration extension application, otherwise approved on December 30, 2019. CMS also approved the section 1115 demonstration name change from Addiction and Recovery Treatment Services Delivery System Transformation to Building and Transforming Coverage, Services, and Supports for a Healthier Virginia to

better encompass the current ARTS and former foster youth coverage provisions, the new High Needs Supports program and any potential future programs.

This demonstration extension will continue the ARTS program, whereby DMAS will continue to provide SUD benefits to Medicaid beneficiaries, including SUD treatment services provided to individuals who are short-term residents in residential treatment facilities that meet the definition of an IMD. In Virginia, the ARTS benefit provides access to a full continuum of care for SUD treatment based on the American Society of Addiction Medicine (ASAM) criteria to ensure Medicaid members with substance use disorders are matched to the right level of care to meet their evolving needs as they enter and pass through treatment. This includes expanded outpatient and community-based addiction and recovery treatment services and coverage of inpatient detoxification and residential substance use disorder treatment.

This demonstration will also update the authority to specify that Virginia provides Medicaid coverage for former foster care youth (FFCY) up to age 26 who aged out of foster care in another state and now reside in Virginia (provided the member turned 18 prior to January 1, 2023).

Finally, DMAS is proposing to sunset the High Needs Supports benefits because the Virginia General Assembly has not provided funding that has enabled these services to be implemented. These services were planned to include:

- A work and community engagement program for certain adult populations;
- A Health and Wellness program that included premiums and cost-sharing designed to promote healthy behavior for certain adult populations between 100 and 138 percent of the federal poverty level; and
- A housing and employment supports benefit for high-need populations.

B. Proposed health care delivery system and eligibility requirements, benefit coverage and cost sharing (premiums, co-payments and deductibles) required of individuals that will be impacted by the demonstration, and how such provisions vary from the State's current program features

Demonstration Eligibility - ARTS

The Medicaid eligibility groups affected by this portion of the demonstration are illustrated in the table below. State plan groups derive their eligibility through the Medicaid state plan, and coverage for these groups is subject to all applicable Medicaid laws and regulations in accordance with the Medicaid state plan, except as waived in this demonstration.

Medicaid Eligibility Groups Affected by the Demonstration			
Demonstration Feature	Eligibility Group	Citations	Income Level
Addiction and Recovery Treatment Services (ARTS)	New adult group	<ul style="list-style-type: none"> • 1902(a)(10)(A)(i)(VIII) • 42 CFR 435.119 	133% FPL
	Aged, blind, and disabled	<ul style="list-style-type: none"> • 42 CFR 435.121 	80% FPL
	Parents and other caretaker relatives	<ul style="list-style-type: none"> • 1902(a)(10)(A)(i)(I) • 1931 (b) and (d) • 42 CFR 435.110 	Group 1: \$307/month (~24% FPL) Group 2: \$402/month (~32%) Group 3: \$603/month (~48%)
	Pregnant women	<ul style="list-style-type: none"> • 42 CFR 435.116 	143% FPL
	Out of state FFCY	<ul style="list-style-type: none"> • Expenditure Authority • 1902(a)(10)(A)(i)(IX) 	N/A, no income limit
	Children with Title IV-E adoption assistance, foster care, or guardianship care	<ul style="list-style-type: none"> • 473(b)(1) • 1902(a)(10)(A)(i)(I) • 42 CFR 435.145 	N/A, no income limit.
	Children under age 19	<ul style="list-style-type: none"> • 1902(a)(10)(A)(ii)(XIV) • 1905(u)(2)(B) • 42 CFR 435.229 and 435.4 	143% FPL
	Transitional medical assistance	<ul style="list-style-type: none"> • 1902(a)(52) • 1902(e)(I) • 1925(a)(b)(c) • 42 CFR 435.112 	185% FPL
	Extended Medicaid due to spousal support collections	<ul style="list-style-type: none"> • 408(a)(11)(B) • 1902(a)(10)(A)(i)(I) • 1921(c) • 42 CFR 435.115 	No limit so long as the reason the family no longer meets the income limit is due to

			increased spousal support.
	Former foster care youth up to age 26 who aged out of foster care in Virginia	<ul style="list-style-type: none"> • 42 CFR 435.150 • 1902(a)(10)(A)(i)(IX) 	N/A, no income limit

Demonstration Benefits - ARTS

Virginia is not requesting any changes to the ARTS benefits as part of this extension. Beneficiaries who are eligible for the demonstration will receive the same benefits as set forth in the Medicaid state plan. Additionally, Virginia will provide the SUD benefits established under the ARTS portion of the demonstration. Specifically, Virginia will provide SUD treatment services to individuals who are short-term residents in residential treatment facilities that meet the definition of an IMD.

As illustrated in the Table below, these benefits include ASAM Levels of Care 3.1, 3.3, 3.5, and 3.7. Continuing these benefits will enable all of Virginia’s 2.1 million Medicaid enrollees¹ to continue to have access to the full continuum of ARTS services.

ASAM Level of Care	ASAM Description
3.1	Clinically Managed Low Intensity Residential
3.3	Clinically managed Population-Specific High Intensity Residential
3.5	Clinically Managed High Intensity Residential Services (Adults) Clinically Managed Medium Intensity Residential Services (Adolescents)
3.7	Medically Monitored Intensive Inpatient Services (Adults) – only for services provided in a residential setting. (Does not include services provided in an inpatient setting.) Medically Monitored High-Intensity Inpatient Services (Adolescents) – only for services provided in a residential setting. (Does not include services provided in an inpatient setting.)

¹ [DMAS Monthly Enrollment Report \(virginia.gov\)](http://www.virginia.gov)

Demonstration Cost-Sharing Requirements - ARTS

Cost sharing requirements do not differ from the Medicaid State Plan.

Delivery System and Payment Rates for Services - ARTS

Virginia is not requesting any changes to the delivery system or payment rates as part of this extension. The health care delivery system for demonstration participants is no different than the delivery system in place for the Virginia Medicaid population. The demonstration will utilize the current statewide managed care delivery system and fee-for-service delivery system. Beneficiaries may be enrolled in FFS prior to being enrolled into managed care.

Payment rates for residential treatment services provided under the demonstration are illustrated in the table below.

ASAM Level of Care	ASAM Description	Current Rate (subject to change for future dates)
3.1	Clinically Managed Low Intensity Residential	1 unit = 1 day Current rate of \$196.88 set on 7/1/21
3.3	Clinically managed Population-Specific High Intensity Residential	1 unit = 1 day Rates are based on individual considerations. Maximum daily rate for PRTFs = \$460.89 Maximum daily rate for other residential facilities = \$518.86
3.5	Clinically Managed High Intensity Residential Services (Adults) Clinically Managed Medium Intensity Residential Services (Adolescents)	1 unit = 1 day Rates are based on individual considerations. Maximum daily rate for PRTFs = \$460.89 Maximum daily rate for other residential facilities = \$518.86
3.7	Medically Monitored Intensive Inpatient Services (Adults) – only for services provided in a residential setting. (Does not include services provided in an inpatient setting.) Medically Monitored High-Intensity	1 unit = 1 day Rates are based on individual considerations. Maximum daily rate for PRTFs = \$460.89 Maximum daily rate for other residential facilities = \$518.86

	<p>Inpatient Services (Adolescents) – only for services provided in a residential setting. (Does not include services provided in an inpatient setting.)</p>	
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Demonstration Eligibility - FFCY

The population affected by this demonstration is FFCY who are under age 26 who were in foster care under the responsibility of another state and enrolled in Medicaid at age 18 or when they “aged out,” and moved to Virginia and are not eligible in any other mandatory Medicaid group. The demonstration extension seeks to update the authority to specify that the FFCY has to have turned 18 years old prior to January 1, 2023. There is no income or resource test for this group.

Eligibility Chart Mandatory State Plan Groups

Eligibility Group	Social Security Act and CFR Citations	Income level
<p>FFCY up to age 26 who aged out of foster care in another state and now reside in Virginia, provided the member turned 18 prior to January 1, 2023</p>	<p>1115 Demonstration</p>	<p>N/A</p>

Standards and methodologies do not differ from what is already in the Virginia State Plan for Medical Assistance. The projected number of individuals who will be eligible for the demonstration is approximately 86 per month. The projection is based on the current number of enrollees under the Medicaid State Plan. There are no changes to eligibility procedures for this population.

Demonstration Benefits and Cost-Sharing Requirements - FFCY

Benefits provided to the FFCY population are the same benefits provided to Virginia’s current Medicaid population under the State Plan. Cost sharing requirements do not differ from the Medicaid State Plan.

Delivery System and Payment Rates for Services - FFCY

The health care delivery system for demonstration participants is no different than the delivery system in place today for the Virginia Medicaid population. The demonstration will utilize the current statewide managed care delivery system and fee-for-service (FFS) delivery system. Beneficiaries may be enrolled in FFS prior to being enrolled into managed care.

C. Estimate of the expected increase or decrease in annual enrollment, and in annual aggregate expenditures, including historic enrollment or budgetary data, if applicable. This includes a financial analysis of any changes to the demonstration requested by the State in its extension request

The Tables below summarize historic and projected enrollment and expenditure data.

Historical ARTS Data Without Waiver

	DY5	DY 6	DY 7	DY 8	DY 9
Member Months	1,090	711	1,354	1,354	5,980
Per Member Per Month (PMPM)	\$3,909.24	\$3,315.77	\$4,341.16	\$4,341.16	\$4,429.18
Total Expenditures	\$4,261,076	\$2,357,512	\$5,877,936	\$5,877,936	\$26,486,471

Historical ARTS Data With Waiver

	DY5	DY 6	DY 7	DY 8	DY 9
Member Months	1,090	711	1,354	1,354	5,980
Per Member Per Month (PMPM)	\$3,909.24	\$3,315.77	\$4,341.16	\$4,341.16	\$4,429.18
Total Expenditures	\$4,261,076	\$2,357,512	\$5,877,936	\$5,877,936	\$26,486,471

ARTS Program Projections Without Waiver

	DY 11	DY 12	DY 13	DY 14	DY 15
Member Months	7,118	7,262	7,410	7,560	7,713
Per member Per Month (PMPM)	\$5,469.69	\$5,625.89	\$5,786.55	\$5,951.80	\$6,121.77
Total Expenditures	\$38,933,253	\$40,855,213	\$42,878,336	\$44,995,608	\$47,217,212

ARTS Program Projections With Waiver

	DY 11	DY 12	DY 13	DY 14	DY 15
Member Months	7,118	7,262	7,410	7,560	7,713
PMPM	\$5,469.69	\$5,625.89	\$5,786.55	\$5,951.80	\$6,121.77

Total Expenditures	\$38,933,253	\$40,855,213	\$42,878,336	\$44,995,608	\$47,217,212
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Historical Out-of-State FFCY Data Without Waiver

	DY 5	DY 6	DY 7	DY 8	DY 9
Member Months	925	1,212	1,332	1,437	1,255
Per Member Per Month (PMPM)	\$631.86	\$586.96	\$549.83	\$647.45	\$960.75
Total Expenditures	\$584,474	\$711,400	\$732,378	\$930,391	\$1,205,737

Historical Out-of-State FFCY Data With Waiver

	DY 5	DY 6	DY 7	DY 8	DY 9
Member Months	925	1,212	1,332	1,437	1,255
Per Member Per Month (PMPM)	\$631.86	\$586.96	\$549.83	\$647.45	\$960.75
Total Expenditures	\$584,474	\$711,400	\$732,378	\$930,391	\$1,205,737

Historical Out-of-State FFCY Enrollment Data

	DY 5	DY 6	DY 7	DY 8	DY 9
FFCY Members from Out of State	65	82	95	91	91

Out-of-State FFCY Projections Without Waiver

	DY 11	DY 12	DY 13	DY 14	DY 15
Member Months	1,964	2,164	2,383	2,625	2,892
Per Member Per Month (PMPM)	\$768.26	\$800.92	\$834.97	\$870.46	\$907.47

Total Expenditures	\$1,509,112	\$1,732,948	\$1,989,985	\$2,285,146	\$2,624,087
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Out-of-State FFCY Projections-With Waiver

	DY 11	DY 12	DY 13	DY 14	DY 15
Member Months	1,964	2,164	2,383	2,625	2,892
Per Member Per Month (PMPM)	\$768.26	\$800.92	\$834.97	\$870.46	\$907.47
Total Expenditures	\$1,509,112	\$1,732,948	\$1,989,985	\$2,285,146	\$2,624,087

D. Hypothesis and evaluation parameters of the demonstration

The hypothesis and evaluation parameters of the demonstration extension are outlined below.

ARTS

ARTS Benefit			
Hypothesis	Evaluation Approach	Data Sources	Summary of Findings to Date
The demonstration will increase the percentage of beneficiaries who are referred and engage in treatment for OUD and other SUDS.	Analyze changes in the supply of treatment providers as well as changes in rates of treatment initiation and engagement.	<ul style="list-style-type: none"> • Claims/MODRN • DEA list of waived prescribers • N-SSATS 	<ul style="list-style-type: none"> • ARTS and Medicaid expansion have increased supply of waived prescribers and other treatment providers • ARTS increased IET rates relative to other states
The demonstration will decrease the rate of emergency department and acute inpatient stays.	Analyze changes in SUD-related ED and inpatient use, use of ARTS services,	<ul style="list-style-type: none"> • Claims data • MODRN 	<ul style="list-style-type: none"> • ARTS and Medicaid expansion increased utilization of all SUD treatment services. • ARTS decreased ED and acute inpatient

	and MOUD treatment rates		use among members with SUD, relative to other members.
The demonstration will increase adherence to and retention in treatment	Analyze changes in continuity of MOUD treatment for members with OUD	<ul style="list-style-type: none"> Utilization and cost data 	<ul style="list-style-type: none"> Continuity of MOUD treatment did not increase initially after ARTS, possibly due to changes in the characteristics of members receiving MOUD treatment
The demonstration will decrease the rate of readmissions to the same or higher level of care.	Analyze changes in readmissions to ASAM 3 and 4 levels of care, as well as number of members who receive follow-up care after ED visit and residential treatment	<ul style="list-style-type: none"> Claims data MODRN 	<ul style="list-style-type: none"> Analysis in progress
The demonstration will increase the percentage of beneficiaries with SUD who receive treatment for co-morbid conditions.	Analyze changes in use of preventive care, screening for HIV/HCV/HBV, counseling for mental health condition	<ul style="list-style-type: none"> Claims data 	<ul style="list-style-type: none"> Analysis in progress
The demonstration will decrease the rate of overdose deaths due to opioids.	Analyze changes in the rate of fatal overdoses among people enrolled in Medicaid	<ul style="list-style-type: none"> Cause of death data linked to Medicaid claims 	<ul style="list-style-type: none"> To be completed in 2024 when cause of death data become available

The demonstration will increase IMD SUD costs and outpatient SUD treatment costs and decrease SUD-related emergency room visit and inpatient stay costs	Examine changes in spending on residential treatment services, other ARTS services, and SUD-related ED and inpatient services	<ul style="list-style-type: none"> • Medicaid claims and cost data 	<ul style="list-style-type: none"> • Spending on residential treatment and other ARTS services has greatly increased after both ARTS and Medicaid expansion
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The ARTS-related evaluation activities for the new demonstration period will include:

- A review of fatal overdose to examine trends related to Medicaid members versus fata overdoses that had no Medicaid involvement.
- A review of costs for SUD-related and non-SUD-related services, to identify potential trends in cost variations for different types of ARTS services (outpatient, residential, pharmacotherapy), as well as costs for SUD-related emergency department and acute care services.
- A comparison of Virginia versus other states on key measures such as MOUD treatment rates, continuity of pharmacotherapy, and use of other SUD-related services.

FFYC

Demonstration Goal 1: Expand access to Medicaid for former foster care youth who were in foster care and Medicaid in another state and are now applying for Medicaid in the Virginia					
Evaluation Component	Evaluation Question	Evaluation Hypotheses	Measure [Reported for each Demonstration Year]	Recommended Data Source	Analytic Approach
Process	Does the demonstration provide continuous health insurance coverage?	Beneficiaries will be continuously enrolled for 12 months.	Number of beneficiaries continuously enrolled/ total number of enrollees	Administrative data – enrollment data	Descriptive statistics (frequency and percentage)
	How did beneficiaries	Beneficiaries will access	Number of beneficiaries who had an	Administrative data –	Descriptive statistics (frequencies

	utilize health services?	health services.	ambulatory care visit/ Total number of beneficiaries	Medicaid claims	and percentages)
			Number of beneficiaries who had an emergency department visit/ Total number of beneficiaries		
			Number of beneficiaries who had an inpatient visit/ Total number of beneficiaries		
			Number of beneficiaries who had a behavioral health encounter /Total number of beneficiaries		

E. Specific waiver and expenditure authorities that the State believes to be necessary to authorize the demonstration

The specific waiver and expenditure authorities Virginia requests include:

Waiver/ Expenditure Authority	Use for Waiver/Expenditure Authority	Currently Approved Waiver Request?
<p>§1902(a)(8) and §1902(a)(10) Provision of Medical Assistance and Eligibility</p>	To limit the state plan group coverage to former foster care youth who were in Medicaid and foster care in a different state	Yes

<p>Expenditures related to ARTS</p>	<p>Expenditures not otherwise eligible for federal financial participation may be claimed for otherwise covered services furnished to otherwise eligible individuals (eligible under the State Plan or Former Foster Care Youth components of this demonstration), including services for individuals who are short-term residents in facilities that would otherwise meet the definition of an Institute of Mental Disease (IMD) for the treatment of SUD and withdrawal management.</p>	<p>Yes</p>
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ii. Location and Internet address where copies of the demonstration application are available for public review and comment

Copies of the demonstration application are available for public review and comment on the Demonstration page of the DMAS website at: www.dmas.virginia.gov (Go to the “About Us” tab and click on “1115 Demonstration Waiver.”)

iii. Postal and Internet email addresses where written comments may be sent and reviewed by the public, and the minimum 30-day time period in which comments will be accepted

The public can provide comment on the demonstration application at the Virginia Regulatory Town Hall, available here:

Comments can also be submitted via postal mail, telephone, and email to:

Virginia Department of Medical Assistance Services
 Building and Transforming Coverage, Services, and Supports for a Healthier
 Virginia Demonstration Renewal
 Attn: Jason Lowe
 600 East Broad Street
 Richmond, VA 23219
 804-659-8732
jason.lowe@dmas.virginia.gov

The 30-day time period in which comments will be accepted is May 30, 2024 through 11:59 pm on June 29, 2024.

iv. The location, date and time of at least two public hearings convened by the State to seek public input on the demonstration application

Two public hearings will be held to seek public input on the demonstration application. These meetings satisfy the requirements of 42 CFR 431.408 (a)((3)(iv).

The details of the hearings are as follows:

Public Hearing #1:

Board of Medical Assistance Services Meeting

Tuesday, June 18, 2024

10:00 am – 12:00 pm

In person attendance: Conference Rooms 102 A&B, 600 East Broad Street, Richmond, Virginia 23219

Virtual attendance:

<https://covaconf.webex.com/weblink/register/rba760d03940653afe731b1cffd21c2e1>

Christine Minnick, Child Welfare Program Specialist, and Jason Lowe, Behavioral Health Integration Advisor, will provide an overview of the Demonstration extension application during the Board of Medical Assistance Services public meeting. Individuals can also access this public meeting by teleconference and webinar. This meeting will be recorded and transcribed.

Public Hearing #2:

ARTS and Former Foster Care 1115 Renewal - Public Hearing

Wednesday, June 26, 2024

10:00-11:00 am

In-person attendance: Libbie Mill Library, LM Meeting Room, 2100 Libbie Lake East Street, Henrico, Virginia 23230

Virtual attendance: [Meeting link](#), ID: 239 640 294 851, Passcode: fPKSG2

Dial in by phone: +1 434-230-0065 Phone conference ID: 641 906 294#

Christine Minnick, Child Welfare Program Specialist, and Jason Lowe, Behavioral Health Integration Advisor, will provide an overview of the Demonstration extension application to individuals who are invited to attend in-person, by teleconference, and by webinar. This meeting will be recorded.

Public Comment

The 30-day public comment period for the demonstration is from May 30, 2024 to June 29, 2024. All comments must be received by 11:59 p.m. (Eastern Time) on June 29, 2024.

Public comments may be submitted via the Virginia Regulatory Town Hall public comment page at this link: <https://townhall.virginia.gov/L/Forums.cfm> (Scroll down to the Department of Medical Assistance Services and click on “View and Enter Comments.”)

Comments may also be submitted by e-mail to jason.lowe@virginia.gov or by regular mail or in person at the address below:

Virginia Department of Medical Assistance Services
Building and Transforming Coverage, Services, and Supports for a Healthier
Virginia Demonstration Renewal

Attn: Jason Lowe
600 East Broad Street
Richmond, VA 23219

After considering public comments about the proposed demonstration renewal application, DMAS will make final decisions about the demonstration and submit a revised application to CMS. The summary of comments, as well as copies of written comments received, will be posted for public viewing on the DMAS website along with the demonstration extension application when it is submitted to CMS.

Information regarding the “Building and Transforming Coverage, Services, and Supports for a Healthier Virginia” Renewal Application can be found on the DMAS website at: www.dmas.virginia.gov (Go to the “About Us” tab and click on “1115 Demonstration Waiver.”) DMAS will update this website throughout the public comment and application process.

For more information about the “Building and Transforming Coverage, Services, and Supports for a Healthier Virginia” Demonstration, which the Commonwealth is seeking to extend, please visit the CMS website at <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/83451>.

Section 1115 of the Social Security Act gives the U.S. Secretary of Health and Human Services authority to approve experimental, pilot, or demonstration projects that promote the objectives of Medicaid and the Children’s Health Insurance Program (CHIP). Under this authority, the Secretary may waive certain provisions of Medicaid or CHIP to give states additional flexibility to design and improve their programs. To learn more about Section 1115 demonstrations, please visit the CMS website at <https://www.medicaid.gov/medicaid/section-1115-demo/index.html>.