

House Concurrent Resolution 111 Report

Of the 2022 Regular Legislative Session

Prepared by:

Louisiana Department of Health

Office of Behavioral Health

Ford Baker, LCSW

January 2023



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Executive Summary

The Louisiana Department of Health (LDH) submits this study of Medicaid residential substance use disorder (SUD) service rates across states and recommendations for rate increases pursuant to House Concurrent Resolution (HCR) 111 of the 2022 Regular Session requesting LDH to examine options to improve reimbursement rates for residential substance abuse treatment facilities. The resolution requests LDH to study these topics:

- (1) Rate comparison and service array relative to Mississippi.
- (2) Analysis of rising costs and the impact of COVID-19.
- (3) The feasibility of the use of Opioid Legal Settlement Funds in a trust fund, a self-assessed provider fee to improve funding through federal matching options, or any combination of the two.
- (4) Analysis of parity between psychiatric inpatient rates and inpatient substance abuse rates.

This report presents the following to provide relevant background information, respond to the resolution requests, provide a study of Medicaid residential SUD service rates across states, and make recommendations for increasing Medicaid residential SUD service rates:

- Stakeholder engagement
- Brief history of Medicaid managed care in Louisiana
- Description of the SUD 1115 Demonstration Waiver
- Synopsis of the American Society of Addiction Medicine (ASAM) continuum of care
- Summary of residential SUD services covered by Louisiana Medicaid
- History of Louisiana Medicaid managed care residential SUD rates
- Rate comparison and service array relative to Mississippi
- Study of Medicaid residential SUD service rates across several states
- Analysis of rising costs and the impact of COVID-19
- Feasibility of the use of Opioid Legal Settlement Funds in a trust fund, a self-assessed provider fee to improve funding through federal matching options, or any combination of the two
- Analysis of parity between psychiatric inpatient rates and inpatient substance abuse rates
- Recommendations to consider for increasing residential SUD reimbursement rates
- Upcoming Medicaid rate review timeline

Stakeholder Engagement

LDH engaged multiple stakeholders to gather information and perspectives regarding HCR 111. Specifically, discussions were had with Coalition of Louisiana Addiction Services and Prevention Providers (CLASPP) and Louisiana Addiction Treatment Providers (LATP) among others.

Brief History of Managed Care for the Medicaid population

LDH transitioned delivery of Medicaid services from a fee-for-service model to a managed care model in March 2012, via contracts with five managed care organizations (MCOs) to provide physical health and basic behavioral health services. The Louisiana Behavioral Health Partnership (LBHP), also implemented in March 2012, was a system of care designed to transform the delivery of and payment for specialized behavioral health services for Medicaid and non-Medicaid adults and children who required specialized behavioral health services, including residential SUD services. LDH contracted with a Statewide Management Organization (SMO) to operate the LBHP with the primary goal of improving coordination of services, quality of care, and outcomes. The LBHP expanded access to substance use providers and treatment.

The LDH program offices - Office of Behavioral Health (OBH) and Medicaid - worked collaboratively to integrate specialized behavioral health services, previously provided separately by the LBHP, into the benefits coordinated by the Medicaid MCOs on December 1, 2015. Integration of behavioral health care services into the Medicaid managed care program was designed to improve care coordination and transitions between levels of care for enrollees, provide more opportunities for seamless, real-time case management, and increase efficiency of resources provided by the system.

SUD 1115 Demonstration Waiver

In 2018, to maintain access to care for beneficiaries in need of opioid use disorder and other substance use disorder (OUD/SUD) services in residential facilities, Louisiana applied for and received approval from Centers for Medicare and Medicaid Services (CMS) of an 1115 Demonstration Waiver, effective February 1, 2018 through December 31, 2022. The waiver is necessary to utilize federal dollars to reimburse for services to beneficiaries residing in Institutions for Mental Disease (IMDs) for stays with durations longer than 15 days in one month. An IMD is a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment or care of persons with mental diseases. CMS allowed payment for the traditionally excluded use of IMDs but placed a day limit of 15 days per month on its usage. This waiver “waived” the cap of 15 days for Louisiana allowing Medicaid reimbursement for the entire stay within a month that exceeds 15 days. As a result of waiver approval, Louisiana is able to receive federal financial participation (FFP), i.e. the Medicaid match, for the continuum of services to treat addictions to opioids and other substances. LDH submitted an extension application for renewal of the SUD 1115 waiver for January 1, 2023 through December 31, 2027 which was approved.

The overarching goals of the SUD 1115 waiver ensure the availability of critical access to OUD/SUD services and examine the system for enhancements to provide more coordinated and comprehensive OUD/SUD treatment for Medicaid beneficiaries. This demonstration provides the state with authority to provide high-quality, clinically appropriate SUD treatment services for short-term residents in residential and inpatient treatment settings that qualify as an Institution for Mental Diseases (IMD). It also builds on the state’s existing efforts to improve models of care focused on supporting individuals in the community and home, outside of institutions, and strengthen a continuum of SUD services based on the American Society of Addiction Medicine (ASAM) criteria or other comparable nationally recognized assessment and placement tools that reflect evidence-based clinical treatment guidelines. During the demonstration period, Louisiana seeks to achieve the following:

- Increase enrollee access to and utilization of appropriate OUD/SUD treatment services based on the ASAM Criteria;
- Decrease use of medically inappropriate and avoidable high-cost emergency department and hospital services by enrollees with OUD/SUD;
- Increase initiation of follow-up after discharge from emergency department for alcohol or other drug dependence; and
- Reduce readmission rates for OUD/SUD treatment.

The ASAM Continuum of SUD Services

Louisiana aligns with the majority of states in designating levels of SUD care by using the service definitions developed by ASAM and found in the third edition of *The ASAM Criteria: Treatment Criteria for Addictive, Substance-related, and Co-occurring Conditions*. The ASAM Criteria is the most utilized comprehensive set of guidelines for initial placement, continued stay, and transfer/discharge of patients with substance use disorders and co-occurring conditions in the United States. Evaluations of cumulative risk levels in and across the ASAM six dimensions described in the table below determine the most appropriate level of care for an individual. Higher risk in one or more of the first three dimensions corresponds to higher acuity and the need for higher levels of care.

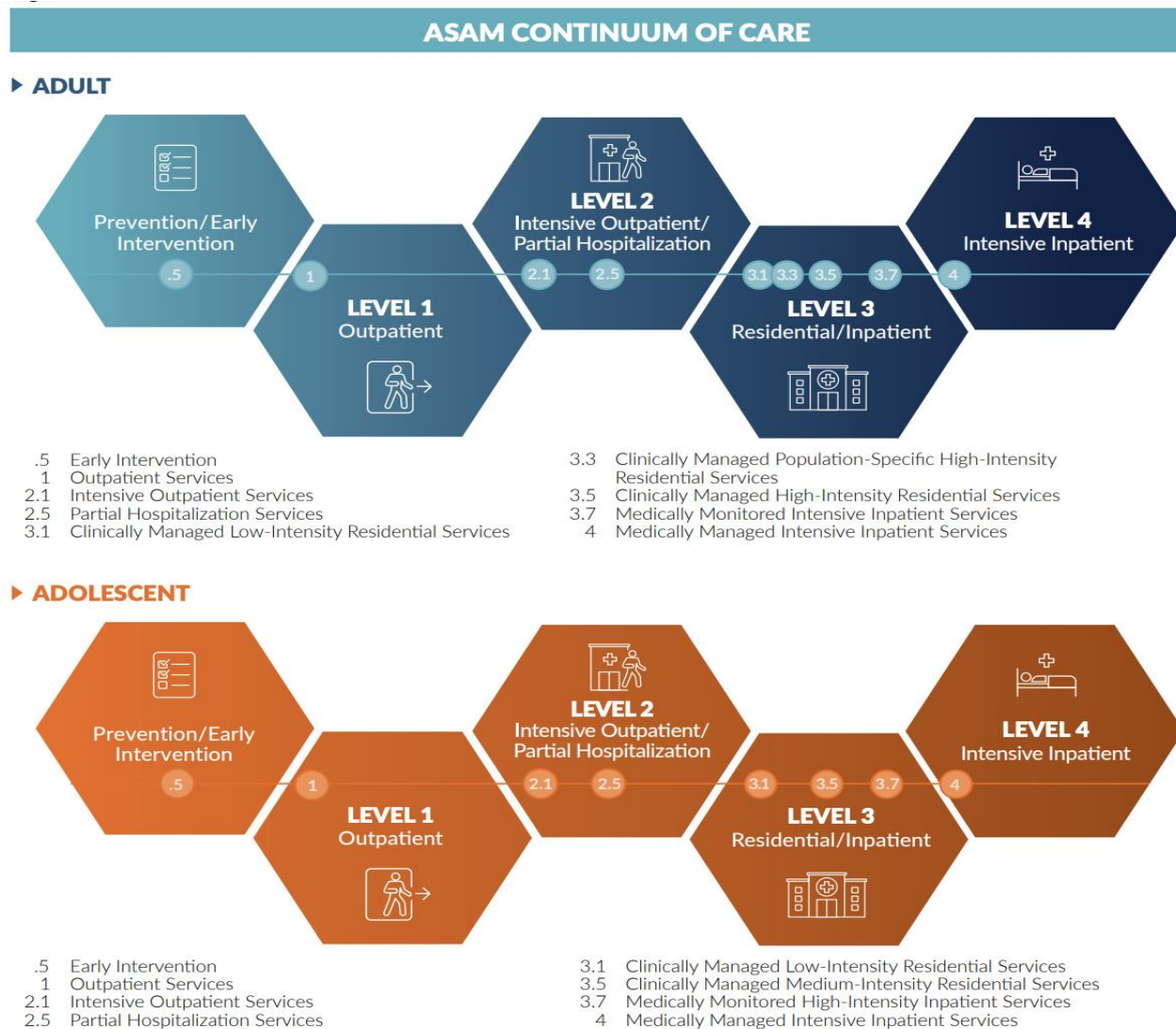
ASAM Six Dimensions		
Dimension		Description
1	Acute Intoxication and/or Withdrawal Potential	Past and current experiences of substance use and withdrawal
2	Biomedical Conditions and Complications	Health history, current medical conditions and services needed
3	Emotional, Behavioral or Cognitive Conditions and Complications	Psychiatric and/or cognitive factors affecting care, including dangerousness/lethality, and ability for self-care

4	Readiness to Change	Dimension 4 explores the current level of readiness for change to formulate a correspondingly effective plan of care
5	Relapse, Continued Use, or Continued Problem Potential	Dimension 5 explores how likely is continued use, relapse and related problems
6	Recovery Environment	Dimension 6 explores an individual's living situation, corresponding threats/supportive factors to recovery, and needs such as housing, transportation and childcare

The ASAM continuum of care is comprised of early intervention (level 0.5) and two types of services across four broad levels of intensity based on increasing acuity and corresponding needs. Early intervention includes screening and education of those at risk for substance use disorders. Some levels

have sub-levels of care. The two service categories are withdrawal management (WM) and treatment services.

Withdrawal management and treatment services occur within the four general levels below, from the lowest (outpatient) to highest (hospital inpatient) acuity:



ASAM Levels of Care Defined:

Level 1 - Outpatient services, including medications for opioid and alcohol use disorders commonly dispensed or prescribed in office-based opioid treatment (OBOT). Opioid Treatment Programs (OTPs), previously known as methadone clinics, are a subset of level 1. OTPs may dispense methadone, buprenorphine and naltrexone for OUD. Level 1 also includes 1-WM.

Level 2 - Intensive outpatient (IOP), partial hospitalization services, and 2-WM

Level 3: Residential/inpatient services (with multiple sub-levels for treatment and withdrawal management)

Level 4: Hospital inpatient services (ASAM 4 and 4-WM) - hospital inpatient services are the highest level of care for substance use disorders. These services may occur in acute care hospitals, distinct part psychiatric units (DPPU) of acute care hospitals, or free-standing psychiatric hospitals.

Withdrawal management services are vital for medically safe and humane detoxification from substances: commonly opioids, alcohol, and benzodiazepines (Valium, Xanax, Klonopin, etc.) or combinations of substances. Higher acuity (residential or inpatient) withdrawal management is typically followed by psychosocial treatment in a lower level of care. Outpatient withdrawal management is often concurrent with psychosocial treatment.

Treatment services at all levels of care include psychosocial components such as motivational enhancement therapy, cognitive behavioral therapy, and trauma-focused therapies. Medications for opioid and alcohol use disorders are regularly prescribed in the outpatient setting, and most are available in residential facilities.

Louisiana Medicaid Substance Use Disorder Services

Louisiana Medicaid covers many types/levels of care noted in the ASAM continuum above for adolescents and adults. Services in the chart below are available to adults and adolescents. Early intervention (level 0.5) is currently limited to pregnant women.

Louisiana Medicaid SUD services		
ASAM level of care	Title	Description
0.5	Early Intervention Services	Screening and education for those not meeting full diagnostic criteria for SUDs. Screening for SUDs in medical settings is currently limited to pregnant women.
1	Outpatient Services	Therapy and initiation/management of medications for alcohol and opioid use disorders management in outpatient settings, including OTPs.
2-WM	Ambulatory Withdrawal Management with Extended Onsite Monitoring	Moderate withdrawal with withdrawal management services/support during the day.
2.1	Intensive Outpatient Services	9 or more hours of services per week for adults and 6 or more per week for adolescents, commonly in a group setting.
ASAM 3: Multiple	Detailed below as a focus of this report.	

Residential Services		
4-WM	Medically Managed Intensive Inpatient Withdrawal Management Services	Severe, unstable withdrawal requiring hospital-based 24-hour nursing care and daily physician visits to manage medical and/or psychiatric instability.

Medicaid Residential Substance Use Disorder Services

Louisiana is fortunate to have a comprehensive continuum of Medicaid covered residential SUD services relative to many states. A comprehensive continuum of care ensures those needing services receive the type/level of care most appropriate for their situation and are not placed unnecessarily in a higher or lower level of care.

Residential services are an integral component of the SUD continuum of care and provide increased support and structure for those likely to be unsuccessful in an IOP or outpatient setting. In 2021, the most recent year for which we have complete data, 15,804 Medicaid beneficiaries received residential SUD services. It is important to note that residential SUD service providers commonly treat co-occurring mental health conditions.

Louisiana Medicaid covers the following residential withdrawal management and treatment services for adults and adolescents:

Adult/Adolescent Residential Withdrawal Management Services		
3.7-WM	Medically Monitored Inpatient Withdrawal Management Services	Medically monitored inpatient withdrawal management is an organized service delivered by medical and nursing professionals, which provide for 24-hour medically supervised evaluation and care under a defined set of physician-approved policies and physician-monitored procedures or clinical protocols.
3.2-WM	Clinically Managed Residential Withdrawal Management Services	Facilities that provide ASAM level 3.2-WM services provide care to patients whose withdrawal signs and symptoms are non-severe but require 24-hour residential care to address biomedical and recovery environment conditions/complications. Twenty-four-hour observation, monitoring and treatment are available. However, the full resources of an acute care general hospital or a medically supported program are not necessary.

Adult Residential SUD Treatment Services		
3.7	Medically Monitored High-intensity Inpatient Services	Facilities that provide ASAM level 3.7 medically monitored intensive residential treatment services provide care for individuals who may have co-occurring addiction and mental health disorders that meet the eligibility criteria for placement in a co-occurring disorder-capable program or difficulties with mood, behavior or cognition related to a substance use or mental disorder or emotional behavioral or cognitive symptoms that are troublesome, but do not meet the Diagnostic and Statistical Manual for Mental Disorders (DSM) criteria for mental disorder.
3.5	Clinically Managed High-intensity Residential Services	The level 3.5 adult residential treatment program is designed to treat persons who have significant substance use disorder and psychological problems. Programs are characterized by their reliance on the treatment community as a therapeutic agent. Treatment goals are to promote abstinence from substance use and antisocial behavior and to effect a global change in members' lifestyles, attitudes and values. Individuals typically have multiple deficits, which may include substance-related disorders, criminal activity, psychological problems, impaired functioning and disaffiliation from mainstream values.
3.3	Clinically Managed Population-Specific High-intensity Residential Services	Level 3.3 residential programs offer at least 20 hours per week of a combination of medium intensity clinical and recovery-focused services. Frequently referred to as extended or long-term care, Level 3.3 programs provide a structured recovery environment in combination with medium intensity clinical services to support recovery from substance-related disorders.

3.1	Clinically Managed Low-intensity Residential Services	Level 3.1 residential programs offer at least five hours per week of a combination of low-intensity clinical and recovery-focused services. Low-intensity residential treatment services for adults are directed toward applying recovery skills, preventing relapse, improving emotional functioning, promoting personal responsibility and reintegrating the individual into the worlds of work, education and family life. Services provided may include individual, group and family therapy, medication management and medication education. Mutual/self-help meetings usually are available on-site. Facilities that provide low-intensity, clinical, and recovery-focused services do not include sober living houses, boarding houses or group homes where treatment services are not provided. (An example is a halfway house).
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Adolescent Residential SUD Treatment Services		
3.7 PRTF	Medically Monitored High-intensity Inpatient Services	ASAM 3.7 PRTFs provide a planned regiment of 24-hour professionally directed evaluation, observation and medical monitoring of addiction and mental health treatment in an intensive residential setting. They feature permanent facilities, including residential beds, and function under a defined set of policies, procedures and clinical protocols. Appropriate for members whose subacute biomedical and emotional, behavior or cognitive problems are so severe that they require co-occurring capable or enhanced inpatient treatment, but who do not need the full resources of an acute care general hospital.

3.5	Clinically Managed Medium-intensity Residential Services	The level 3.5 adolescent residential treatment program is designed to treat persons who have significant substance use disorder and psychological problems. Programs are characterized by their reliance on the treatment community as a therapeutic agent. Treatment goals are to promote abstinence from substance use and antisocial behavior and to effect a global change in members' lifestyles, attitudes and values. Individuals typically have multiple deficits, which may include substance-related disorders, criminal activity, psychological problems, impaired functioning and disaffiliation from mainstream values.
	Co-occurring TGH	Therapeutic group homes (TGHs) provide a community-based residential service in a home-like setting of no greater than ten beds, for members under the age of 21, who are under the supervision and program oversight of a psychiatrist or psychologist. These residential treatment services for adolescents are directed toward treating mental health conditions and co-occurring substance use disorders by applying recovery skills, preventing relapse, improving emotional functioning, promoting personal responsibility and reintegrating the individual into the worlds of work, education and family life.

3.1	Clinically Managed Low-Intensity Residential Services	<p>These residential programs offer at least five hours per week of a combination of low-intensity clinical and recovery-focused services. Low-intensity residential treatment services for adolescents are directed toward applying recovery skills, preventing relapse, improving emotional functioning, promoting personal responsibility and reintegrating the individual into the worlds of work, education and family life. Services provided may include individual, group and family therapy, medication management and medication education. Mutual/self-help meetings usually are available on-site. This level of services does not include sober houses, boarding houses or group homes where treatment services are not provided.</p>
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Specialty Pregnant/Postpartum and Parenting Women SUD Services (Medicaid and non-Medicaid)

Temporary Assistance for Needy Families (TANF) Residential Treatment Program for Women and Pregnant Women with Children

This residential program addresses the SUD treatment needs of women including pregnant women, and women with dependent children, through residential treatment services. The program serves women eighteen (18) years of age and older. Minor children up to age twelve (12) are allowed to accompany their mother/guardian to treatment, thus preserving family unity. Any exception to this age limit requirement will be made on a case by case basis and requires the approval of both agencies (DCFS and OBH). Older children, ages thirteen (13) to seventeen (17) who reside offsite will also be eligible to receive therapeutic services at the residential facility. Women receive gender specific treatment, which may include education on such topics as parenting, healing from trauma, spousal or partner abuse, overcoming depression, anxiety, post-traumatic stress disorder, etc. Other services include: individual and group counseling; prevention services for the children using the Children of Alcoholics (COA) program; family counseling as needed; educational or employment assistance; transportation services; and linkages to housing and other community resources. Individualized treatment plans are developed and therapeutic services are provided to dependent children based on individual need. Additionally, facility staff will serve as advocate for the child and teach the mother how to advocate for the needs of her child. Required and appropriate medical supportive services are provided to all clients. These services assist clients in maintaining self-sufficiency, employment, and family stability. This residential level of care offers at least 20 hours per week of a combination of medium-intensity clinical and recovery-focused services. All facilities are licensed by LDH. Frequently referred to as extended or long-term care, ASAM level 3.3 programs provide a structured recovery environment in combination with medium-intensity clinical services to support recovery from substance-related disorders. All programs

are required to provide medications for opioid use disorder (MOUD) on site. This level of residential programming may be billed through Medicaid or if not applicable, TANF programming.

Neonatal Opioid Withdrawal Syndrome (NOWS) Restoration Program

The Office of Behavioral Health (OBH) implemented the Neonatal Opioid Withdrawal Syndrome (NOWS) Program, through the creation of specialty beds within an existing TANF Residential Program in Baton Rouge (Reality House-Pilot Site). This program provides MOUD to pregnant and postpartum women, and women with dependent children who have been diagnosed with opioid use disorders. This NOWS program provides specialized intensive residential treatment for pregnant and postpartum women, including but not limited to: screening, comprehensive assessment, medication assisted treatment, group counseling, individual, family, care coordination, parenting skills, trauma informed care, prenatal and postpartum interventions, etc.

Program Goals – Women

- Increase access to MOUD for pregnant women with OUD
- Reduce contraindicated detox in pregnant women
- Reduce harm to mother and child
- Increase prenatal health care
- Increase parenting skills
- Increase safety of children with NAS through therapeutic handling techniques

Program Goals - Child:

Services provided to decrease the following impacts on the mother and child:

- Birth Defects
- Placental abruption
- Premature birth
- Low birth weight
- Neonatal abstinence syndrome.
- Stillbirth
- Sudden infant death syndrome

Improving Care for the Substance-Exposed Dyad Initiative

In September 2021, the Louisiana Perinatal Quality Collaborative (LaPQC), authorized by the Louisiana Commission on Perinatal Care and Prevention of Infant Mortality, launched the Improving Care for the Substance-Exposed Dyad (ICSED) initiative. ICSED emerged not only from key learnings from the LaPQC's NOWS Pilot, but also from findings from the Louisiana Pregnancy-Associated Mortality Review Report identifying substance use as one of the leading causes of pregnancy-associated, but not related, deaths among birthing persons in Louisiana. In addition, a 2020 statewide survey of birthing facilities indicated significant gaps in evidence-based protocols and practices related to the identification, care, and treatment of birthing persons with substance use and their newborns. Louisiana birthing facilities need to be better positioned to support these patients, and ICSED is positioned to support this vital and timely work.

Twelve birthing hospitals from five of Louisiana's nine regions are participating in ICSED. About 24% of births in Louisiana are touched by these 12 participating facilities.

History of Louisiana Medicaid Managed Care Residential SUD Rates

Initial Medicaid managed care rates for residential services were set with the implementation of the LBHP coordinated by the SMO in March of 2012. Some of the residential service rates increased with the integration of specialized behavioral health services into the benefits coordinated by the MCOs in December of 2015.

The current rate for co-occurring Therapeutic Group Homes (TGH) increased effective July 1, 2018. Rates increasing effective 12/1/2015 were ASAM 3.7-WM, 3.7, and 3.5 for adults and 3.2-WM for adolescents. The remaining residential service rates in the table below have not increased since managed care began coordinating behavioral health services in March of 2012.

Adult	Current rates (1/1/2023)	MCOs (12/1/2015 post integration)	LHBP rates (prior to MCO integration)
3.7-WM	\$290.00	\$290.00	\$166.50
3.2-WM	\$72.15	\$72.15	\$72.15
3.7	\$290.00	\$290.00	\$137.74
3.5	\$212.47	\$212.47	\$128.38
3.3	\$83.50	\$83.50	\$83.50
3.1	\$70.30	\$70.30	\$70.30

Adolescent	Current rates 1/1/2023	MCOs 12/1/2015 (post integration)	LHBP rates prior to MCO integration
3.7-WM	\$335.49	\$335.49	\$335.49
3.2-WM	\$72.15	\$72.15	\$44.06
3.7 PRTF	\$335.49	\$335.49	\$335.49
3.5	\$212.47	\$212.47	\$212.56
Co-Occurring TGH	\$178.39*	\$154.06	\$154.06
3.1	\$60.15	\$60.15	\$60.15
* effective 7/1/2018			

Rate Comparison and Service Array Relative to Mississippi

Mississippi Medicaid was contacted and residential SUD services are not a covered benefit for Medicaid beneficiaries in Mississippi. Therefore, no comparison with Mississippi was possible.

Study of Medicaid Residential SUD Service Rates across States

Louisiana provides Medicaid beneficiaries with an excellent residential SUD services continuum of care compared to Mississippi and many other states. Although many states do not cover any or all of the residential SUD services through Medicaid, 34 states implementing SUD 1115 Demonstration waivers has increased attention to residential SUD services nationwide. Some states increased the number of Medicaid residential SUD services covered and/or reimbursement rates with the implementation of an SUD 1115 waiver.

LDH conducted a study of Medicaid residential SUD withdrawal management and treatment service rates across several states to inform this report with the data in the tables below. Information from approximately twenty-five states was reviewed and the twelve states included in this report had the most similar continuum of care and/or payment structures allowing for an accurate and valid comparison of rates. Room and board are not included in the rates below because room and board are not reimbursable by CMS.

Louisiana¹ residential SUD service rates are also compared to the 50th – 100th rate percentiles of the twelve reference states. These data demonstrate Louisiana's Medicaid residential SUD services in Louisiana are on the low end comparatively. It is important to note that several states in the study have numerous cumulative add-ons for complexities, special populations and/or increasing access to MOUD which in practice leads to rates higher than the observed base rates used to determine percentiles for comparing specific levels of care.

In order to compile this information, LDH reviewed states' websites, contacted numerous state Medicaid agencies, sought information through the National Association of State Alcohol and Drug Abuse Directors, and discussed project progress with national actuaries. Upon confirmation of Medicaid coverage, LDH reviewed individual state Medicaid fee schedules, billing regulations, and SUD service manuals to confirm similar continuums of care and billing/reimbursement processes for accurate comparison purposes. The states LDH determined to be the most relevant are:

- Colorado²
- Delaware³
- Massachusetts⁴
- Maryland⁵
- Minnesota⁶
- Missouri⁷
- North Dakota⁸
- Nebraska⁹
- New Jersey
- Ohio¹⁰
- Washington¹¹
- West Virginia¹²

Generally southern states do not offer Medicaid-covered residential SUD services, do not have a comparable residential SUD continuum of care, or have dissimilar billing practices, therefore southern states are not included in the study.

The below table lists all states included in the comparison, the levels of care, and the associated rate on file to allow for a cross cutting comparison of Louisiana's rates.

Comparison of Medicaid SUD Residential Service Rates

Adult	CO	DE	MA	MD	MN	MO	ND	NE	NJ	OH	WA	WV	LA
3.7-WM		\$452.43	\$420.77	\$395.12	\$515.00	\$510.09		\$530.67	\$428.48	\$392.86	\$298.36		\$290.00
3.2-WM	\$350.20				\$400.00	\$298.65	\$181.11	\$237.04		\$256.33	\$144.36		\$72.15
3.7		\$377.76	\$420.77	\$324.92		\$423.36			\$213.03*	\$303.49		\$425.00	\$290.00
3.5	\$425.00	\$259.95	\$350.93	\$211.05		\$360.79		\$256.09*	\$135.00*	\$213.70	\$183.36	\$225.00	\$212.47
3.3	\$283.25	\$259.95		\$211.05		\$241.53		\$189.51*		\$213.70		\$225.00	\$83.50
3.1	\$190.00	\$219.25	\$149.20*	\$94.70		\$173.51		\$140.33		\$152.57	\$42.36	\$175.00	\$70.30

* Base rates for these levels of care. Additional cumulative add-on costs for special populations, complexities, and/or MOUD are commonly billed and increase observed rates.

Adolescent	CO	DE	MA	MD	MN	MO	ND	NE	NJ	OH	WA	WV	LA
3.7-WM						\$510.09				\$392.86	\$298.36		\$335.49
3.2-WM	\$350.20				\$400.00		\$181.11			\$256.33	\$160.36		\$72.15
3.7			\$590.04			\$471.95				\$303.49			\$335.49
3.5	\$425.00		\$590.04			\$368.09				\$213.70	\$263.36		\$212.47
Co-Occurring TGH													\$178.39
3.1	\$190.00		\$425.39			\$173.51				\$152.57	\$155.36		\$60.15

The table below uses percentiles based on the rates for all states included in the study by level of care to demonstrate how Louisiana rates compare to other states in the study. Using percentiles is a more accurate method than using simple averages as it takes outlier numerical values into account. In computing percentiles, the lowest rate for each level of care across all states included in the study is the 0th percentile, and the highest rate for each level of care is the 100th percentile. The table demonstrates the median (50th percentile) where half of the rates are below the median and half of the rates are above the median when ordered from lowest to highest rates. The 60th – 90th percentiles are included to show ranges between the 50th and 100th percentiles. Louisiana rates are currently below the lowest rate of all states included in the study for most levels of care.

Louisiana Rates and Percentiles of Comparison to Other States

Adult	LA	Median	60th percentile	70th percentile	80th percentile	90th percentile	100th percentile
3.7-WM	\$290.00	\$428.48	\$447.64	\$487.03	\$512.05	\$518.13	\$530.67
3.2-WM	\$72.15	\$246.69	\$264.79	\$294.42	\$329.58	\$365.14	\$400.00
3.7	\$290.00	\$377.76	\$403.57	\$421.29	\$422.84	\$424.02	\$425.00
3.5	\$212.47	\$240.55	\$257.63	\$287.24	\$352.90	\$367.21	\$425.00
3.3	\$83.50	\$225.00	\$234.92	\$245.21	\$256.27	\$269.27	\$283.25
3.1	\$70.30	\$152.57	\$169.32	\$174.40	\$181.00	\$195.85	\$219.25

Adolescent	LA	Median	60th percentile	70th percentile	80th percentile	90th percentile	100th percentile
3.7-WM	\$335.49	\$392.86	\$416.31	\$439.72	\$463.20	\$486.64	\$510.09
3.2-WM	\$72.15	\$277.49	\$298.65	\$324.43	\$350.20	\$375.10	\$400.00
3.7	\$335.49	\$423.36	\$456.70	\$490.03	\$523.37	\$556.70	\$590.04
3.5	\$212.47	\$360.79	\$386.47	\$412.16	\$458.01	\$524.02	\$590.04
Co-Occurring TGH	\$178.39	Not an SUD-specific level of care covered by other states in this study.					
3.1	\$60.15	\$173.51	\$180.11	\$186.70	\$237.08	\$331.23	\$425.39

It is important to note there are numerous complicating variables due to dissimilarities in how individual states structure SUD service systems and/or provider reimbursement operations, including the following sample data:

- Virginia¹³ and Texas use a cost-reimbursement method instead of a fixed fee schedule, which is not applicable to Louisiana.
- California and New York have rates which vary by county and/or region.
- Oregon¹⁴ and Utah pay the same rate for SUD treatment levels ASAM 3.7, 3.5, 3.3, and 3.1 and only vary reimbursement by IMD status (generally paying lower rates for facilities with 17 or more beds and higher rates for 16 or fewer beds).
- Massachusetts, Michigan¹⁵, Minnesota, Nebraska, and New Jersey have complicated fee schedules with numerous cumulative rate add-ons including SUD 1115 waiver participation, special populations, clients with children, co-occurring mental health disorders, disabilities, medical complexities, and/or add-ons as incentives to increase use of MOUD in residential facilities.
- Vermont¹⁶ pays per diems for short lengths of stay (three or fewer nights), and substantially larger amounts for an episode of care at some levels of care beyond a minimum length of stay regardless of the duration of stay. Vermont also varies episodic payment based on substance-specific admissions and combinations as they include both withdrawal management and treatment services in the single episodes of care.

- West Virginia has per diem rates incorporating withdrawal management when indicated in ASAM 3.7 without a higher rate for withdrawal management. Similarly, North Dakota has very high reimbursement rates for ASAM 3.7 and 3.5 which incorporate withdrawal management into 3.7 and 3.5 treatment services when indicated and has no separate rates for acute residential withdrawal management.
- Colorado does not distinguish rates between hospital-based or residential 3.7-WM and 3.7 for adolescents or adults, and those rates are not included in this study due to hospital rates generally being higher to significantly higher than residential rates for the same level of care.
- Alabama¹⁷ requires providers to bill for the multiple individual services included within specific levels of care and does not use bundled rates (as do most states) to reimburse for their Medicaid residential SUD services.
- Oklahoma allows physicians to bill for services separately and above per diem rates, in contrast to a complete bundled per diem rate inclusive of all services.
- While outpatient and IOP services for adolescents are common across states, fewer states include residential SUD services for adolescents.

Analysis of Rising Costs and the Impact of COVID-19

According to CDC data, which are collected from state death data, drug overdose deaths in 2021 hit the highest number ever recorded. The CDC reported an estimated 107,622 individuals died of a drug overdose in the United States, a 15% increase from 2020. This total includes an estimated 71,238 individuals who died of overdoses from synthetic opioids. Fatal overdoses in Louisiana from all drugs increased by 28% between 2020 and 2021. The fatal overdoses due to opioids rose 40% during the same period, and those due to synthetic opioids increased by 49% from 2020 to 2021 in Louisiana. These increases are significantly less than a year ago, when overdose deaths rose 48% from 2019 to 2020.

The COVID-19 pandemic and the resulting economic recession negatively affected many people's behavioral health and created new barriers for people already living with mental illness and substance use disorders. Unfortunately, while demand increased, access to care has not been able to keep up with that demand. SAMHSA did establish a program of emergency grants to address mental and substance use disorders during COVID-19. However, multiple impacts resulting from COVID-19 led to rising costs and workforce shortages that effected the implementation of grant programs and sustainability of those initiatives. Gaps in the healthcare system became more glaring as the economic and social impact of the pandemic created an increased need for substance use treatment, while lacking the staffing or incentives to staff provider agencies. This is a national challenge, and Louisiana is no exception as we face critical workforce challenges, especially in rural and underserved areas, and a severe lack of diversity all of which impact individuals' access to quality healthcare services.

A not-for-profit health services company, Harvard Pilgrim Health Care, found that mental and behavioral health services, specifically, have contributed to rising healthcare costs. The company notes that stays in substance use rehabilitation facilities have become more expensive in recent years, and are one of the specific areas leading to increased costs. They further note that, even prior to the pandemic, the cost of mental health treatment and services were up by 52% from 2009 to 2019¹⁸.

The Department of Health and Human Services, Office of Health Policy noted that “the COVID-19 pandemic has put extreme stress on the health care workforce in the United States, leading to workforce shortages as well as increased health care worker burnout, exhaustion, and trauma. These pandemic-related challenges have taken place in a context of significant preexisting workforce shortages and misdistribution”¹⁹. This speaks to the impacts of the pandemic on this segment of the workforce who due to a number of reasons may have exited the field.

The U.S. Health Resources and Services Administration’s (HRSA) Bureau of Workforce is responsible for designating whether or not a geographic area is experiencing a Healthcare provider shortage. HRSA tracks workforce shortage areas nationally and while this is limited to only a few certain licensed providers and not the full continuum of available behavioral health careers it is a widely used indicators in workforce reporting. According to HRSA, only 26% of the need for mental healthcare in Louisiana is met. In particular, HRSA estimates there will be shortages of psychiatrists and addiction counselors throughout its projection into 2030.

While reimbursement rates for behavioral healthcare are low on a national scale, Louisiana Medicaid rates for SUD residential treatment not only follow this trend, but, as evidenced in the previous section, fall far short of median rates across other states that cover these ASAM levels of care. A rate increase has not occurred in Louisiana in the ten years that Medicaid has covered SUD services.

Feasibility of the Use of Opioid Settlement Funds and a Self-assessed Provider Fee to Improve Funding through Federal Matching Options

Louisiana’s opioid settlement agreement was negotiated by the Louisiana Attorney General and certain local governmental entities with pharmaceutical supply chain participants. Those parties will determine the allocation and use of the proceeds of the Settlements negotiated. LDH looks forward to participation in the opioid abatement task force to further provide substance use disorder treatment and recovery from addiction.

Analysis of Parity between Psychiatric Inpatient Rates and Inpatient Substance Abuse Rates

Louisiana Medicaid only covers ASAM 4-WM (Medically Managed Intensive Inpatient Withdrawal Management Services) for inpatient level 4 hospital-based care. ASAM 4 is not currently a Medicaid-covered service. ASAM 4-WM services are available in some acute care hospitals; distinct part psychiatric units of acute care hospitals; and free standing psychiatric hospitals. Louisiana Medicaid sets differing per diem rates for hospitals based upon hospital types and specialty rate types:

- Hospital type (peer group, rural, rural distinct part psychiatric, freestanding psychiatric, rehabilitation, LTAC, children’s, etc.)
- Specialty rate types within the broader hospital types (acute, default psychiatric, distinct part psychiatric, nursery/boarder baby, neonatal intensive care unit, etc.)

Parity exists for ASAM 4-WM and inpatient psychiatric treatment per diem rates within the same hospital type as determined by Medicaid. Conversely, Medicaid has assigned different per diem rates between ASAM 4-WM and inpatient psychiatric treatment rates based on differing hospital types.

Residential psychiatric treatment for adult enrollees is not a Medicaid covered benefit, resulting in the inability to compare residential psychiatric and SUD services for adults.

Adolescent per diem rates are currently set at a minimum base rate (\$335.49), resulting in parity regardless of the type of psychiatric residential treatment facility (PRTF): PRTF, Specialized PRTF, or Specialized ASAM 3.7 PRTF.

Rate comparisons between hospital-inpatient settings and residential SUD treatment services are not comparable due to differences in staffing and medical technology resources needed for higher acuity conditions treated in hospitals and differing licensure standards.

Recommendations for Increasing Medicaid Residential SUD Service Rates

Medicaid is the health insurer for approximately 35-40% of Louisianans and residential SUD services are vital treatment options for some of our most vulnerable citizens. Furthermore, illicit fentanyl manufacture and distribution continues to worsen the ongoing opioid crisis and increases the concurrent need for all withdrawal management and treatment services.

Most Louisiana Medicaid residential SUD service rates have not increased in several years, and some rates have not risen in a decade. The comparative rates study above shows Louisiana Medicaid rates are significantly lower than other states for most levels of care. Funding increases in Medicaid residential SUD service rates would help ensure current providers remain fiscally viable to continue operations and encourages other providers to risk offering crucial services needed to serve Medicaid beneficiaries with substance use disorders.

Upcoming Medicaid Rate Review Timeline

Based upon Legislation, and as further supported by LDH's Business Plan, LDH developed an annual rate review process for all Medicaid provider types on a staggered three-year cycle. In FY24, this process will include a review of Medicaid's residential SUD service rates. OBH will provide research on rates in other states, as well as Medicare and commercial rates (if available), in order to inform a rate increase proposal, specific to both outpatient and residential substance use treatment services. The research and request will be vetted by Medicaid in collaboration with OBH. A comprehensive report will then be shared with the Governor's Office and the Legislature for consideration during the 2024 Legislative Session, and resulting FY25 Executive Budget.

List of Acronyms

Acronym	Meaning
ASAM	American Society of Addiction Medicine
CLASPP	Coalition of Addiction Services and Prevention Providers
COA	Children Of Alcoholics
CMS	Centers for Medicare and Medicaid Services
DCFS	Department of Child and Family Services
DPPU	Distinct Part Psychiatric Unit
HCR	House Concurrent Resolution
HSIC	Human Services Interagency Council
IMD	Institutions for Mental Disease
ICSED	Improving Care for the Substance-Exposed Dyad
IOP	Intensive Outpatient Program
LaPQC	Louisiana Perinatal Quality Collaborative
LATP	Louisiana Addiction Treatment Providers
LBHP	Louisiana Behavioral Health Partnership
LDH	Louisiana Department of Health
LGE	Local Governing Entity
MAT	Medication Assisted Treatment
MCO	Managed Care Organization
MOUD	Medications for Opioid Use Disorder
NAS	Neonatal Abstinence Syndrome
NOWS	Neonatal Opioid Withdrawal Syndrome
OBH	Office of Behavioral Health
OBOT	Office-Based Opioid Treatment
OTP	Opioid Treatment Program
ODU	Opioid Use Disorder
PRTF	Psychiatric Residential Treatment Facility
SMO	Statewide Management Organization
SUD	Substance Use Disorder
TANF	Temporary Assistance for Needy Families
TGH	Therapeutic Group Home
WM	Withdrawal Management

Footnotes

¹ **Louisiana** fee schedules:

[SBH_FS.pdf \(lamedicaid.com\)](#) (Effective 7/1/2022)

[SBH_FS_July2018.pdf \(lamedicaid.com\)](#) (Effective 7/1/2018)

[SBH_FS_2015.pdf \(lamedicaid.com\)](#) (Effective 12/1/2015)

<https://ldh.la.gov/page/538> (For rates effective 4/24/2015, click on LBHP Services Manual Codes - Version 8.1 - Updated 4/24/2015)

² **Colorado** initial authorizations minimums: [Ensuring Full Continuum SUD Benefits - Providers | Colorado Department of Health Care Policy & Financing](#)

³ **Delaware** 2016 fee schedule:

[ReimbursementManual.pdf \(delaware.gov\)](#)

³ **Delaware** rates effective 1/1/2023:

https://regulations.delaware.gov/register/september2022/general/SUD%20Rate%20Models%202022JUN22%20for%20Public%20Notice_PDF%208.4.2022.pdf

⁴ **Massachusetts** – Contact the Massachusetts Bureau of Substance Addiction Services for the most current Medicaid BSAS fee schedule: <https://www.mass.gov/orgs/bureau-of-substance-addiction-services>

⁵ **Maryland** Medicaid FY 2023 SUD fee schedule effective 1/1/2021 with OPTUM as the behavioral health Administrative Service Organization (ASO) for MD - see IMD Residential SUD for Adults

<https://maryland.optum.com/content/dam/ops-maryland/documents/provider/information/pbhs/fy2023-fee-schedules/SUD%20FY%202023%20PBHS%20Fee%20Schedule.pdf>

⁶ **Minnesota** fee schedule effective 1/1/2022: <https://edocs.dhs.state.mn.us/lfserver/Public/DHS-7612-ENG>

https://mn.gov/dhs/assets/res-value-codes-billing-direct-access_tcm1053-477386.pdf

MN has an additional level of services that 3.1s may provide if they do 15hrs of clinical/week, comparable to our co-occurring group home for adolescents. There is also a MAT add-on for residential SUD services.

⁷ **Missouri** fee schedule effective 7/12/2022:

The Missouri fee schedule is available at this link under download and select C-STAR:

<https://apps.dss.mo.gov/fmsFeeSchedules/DLFiles.aspx>

⁸ **North Dakota** fee schedule:

[2022-sud-services.pdf \(nd.gov\)](#)

⁹ **Nebraska** fee schedule with rates effective 7/1/2022; select Mental Health and Substance Use:

https://dhhs.ne.gov/Pages/Medicaid-Provider-Rates-and-Fee-Schedules.aspx#InplviewHashd0c735e5-ed55-4b8e-b5e1-056e3fd349dd=Paged%3DTRUE-p_Fee_x0020_Schedule%3DInjectables-p_Effective_x0020_Date%3D20230101%252006%253a00%253a00-p_ID%3D498-FolderCTID%3D0x012001-PageFirstRow%3D241

ASAM levels 3.5 and 3.3 each have a base and co-occurring enhanced rates in Nebraska. The co-occurring ASAM 3.5 rate is 14% higher than the base rate and the co-occurring ASAM 3.3 rate is 11% higher than the base rate.

¹⁰ **Ohio** manual/fee schedule effective 6/14/2022: [BH Manual v 1_23.pdf \(ohio.gov\)](#)

¹¹ Washington SUD service definitions and fee schedule effective 6/29/2022:

<https://aspe.hhs.gov/sites/default/files/2021-08/StateBHCond-Washington.pdf>

<https://www.hca.wa.gov/billers-providers-partners/prior-authorization-claims-and-billing/provider-billing-guides-and-fee-schedules>

¹² **West Virginia** services/rates added with 1115 waiver:

<https://dhhr.wv.gov/bms/Programs/WaiverPrograms/SUDWaiver/Documents/Substance%20Use%20Disorder%20Waiver%20Services%20Reimbursement%20Rates%20Sheet.pdf>

¹³**Virginia** caps rates at 75% of the ceiling for those (3.7, 3.5, and 3.3) providers not completing audited cost reports:

<https://www.ecm.viriniamedicaid.dmas.virginia.gov/WorkplaceXT/getContent?impersonate=true&id={EA49A28A-2546-4753-BB6C-90FB7AC6E1FD}&vsId={D063B279-0000-CC14-B654-048E90156192}&objectType=document&objectStoreName=VAPRODOS1>

¹⁴ **Oregon** behavioral health fee schedule:

<https://www.oregon.gov/oha/HSD/OHP/DataReportsDocs/bh-fee-schedule0122.xlsx>

Oregon SUD reimbursement fact sheet with rates effective 1/1/2022:

<https://www.oregon.gov/oha/HSD/OHP/Tools/SUD-Reimbursement-Fact-Sheet.pdf>

¹⁵ **Michigan** rate development document (search page # 272 for ASAM 3.5 rate employee costs):
[Report template with corporate brand colors, styles, and formatting - US letter \(michigan.gov\)](#)

Michigan behavioral health rate development report:

https://www.michigan.gov/-/media/Project/Websites/mdhhs/Folder1/Folder89/BH_Comparison_Rate_Development_Report.pdf?rev=ee73960d1da54723b18204cb36015381

¹⁶ **Vermont** fee schedule effective 1/1/2022:

<https://www.healthvermont.gov/sites/default/files/documents/pdf/ADAPMedicaidRateSheet.pdf>

¹⁷**Alabama** - The Medicaid fee schedule may be found here under Rehabilitative Option Fee Schedule SA:

https://medicaid.alabama.gov/content/Gated/7.3G_Fee_Schedules.aspx

¹⁸ **Harvard Pilgrim Health Care:**

<https://www.harvardpilgrim.org/hapiguide/how-rising-healthcare-costs-are-affecting-american-consumers/>

¹⁹ **Department of Health and Human Services:**

<https://aspe.hhs.gov/sites/default/files/documents/9cc72124abd9ea25d58a22c7692dccb6/aspe-covid-workforce-report.pdf>

Other Sources

Kaiser Family Foundation 2018 State Health Facts SUD Services Report:

<https://www.kff.org/other/state-indicator/medicaid-behavioral-health-services-residential-rehabilitation/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D#>

New Mexico SUD Gap analysis report:

<https://www.nmhealth.org/publication/view/marketing/5596/>

Texas study on SUD services report:

<https://www.hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/2020/study-substance-abuse-treatment-services-nov-2020.pdf>

United States GAO report (January 2020) States' Medicaid Changes to Payment Rates for Substance Use Disorder Services: <https://www.gao.gov/assets/gao-20-260.pdf>

Louisiana Department of Health

628 North Fourth Street, Baton Rouge, Louisiana 70802

(225) 342-9500

www.ldh.la.gov



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