



August 26, 2016

HFS Releases Draft 1115 Waiver Proposal – Focus on Behavioral Health

The Illinois Department of Healthcare and Family Services (HFS) has released the state's draft of its federal health transformation Medicaid section 1115 waiver proposal, "Illinois' Behavioral Health Transformation." We applaud the state for identifying the numerous issues surrounding behavioral health and identifying a series of strategies to address these issues.

Overall waiver goals are:

- Rebalance the behavioral health ecosystem, reducing overreliance on institutional care and shifting to community-based care;
- Promote integrated delivery of behavioral and physical healthcare for behavioral health members with high needs;
- Promote integration of behavioral health and primary care for behavioral health members with lower needs;
- Support development of robust and sustainable behavioral health services that provide both core and preventative care to ensure that members receive the full complement of high-quality treatment they need;
- Invest in support services to address the larger needs of behavioral health members, such as housing and employment services; and
- Create an enabling environment to move behavioral health providers toward outcomes and value-based payments.

The waiver is based on benefit changes and target groups designed to strengthen physical and behavioral health integration:

- Supportive housing services: Individuals with serious mental illness (SMI) who are either at risk of institutionalization or homelessness or currently reside in permanent supportive housing;
- Supported employment services: Individuals aged 14 and older with serious and persistent mental illness (SPMI), substance use disorder (SUD) or serious emotional disturbance (SED) needing ongoing support to obtain and maintain a job;
- Services to ensure successful transitions for Illinois Department of Corrections (IDOC) and Cook County Jail justice-involved individuals: Medicaid-eligible IDOC-justice involved individuals within 30 days of release to the community; and Cook County detainees eligible for managed care not previously enrolled in CountyCare;
- Medicaid coverage for extended-release injectable naltrexone; medication assisted treatment (MAT) services for targeted individuals within 30 days pre-release: Medicaid-eligible individuals incarcerated at the IDOC appropriate for MAT therapy within 30 days of release to the community;
- Short-term residential treatment in an institution for mental diseases (IMD) treating substance use disorder: Individuals with SUD in need of short-term residential treatment as part of a continuum of care;
- Substance use disorder case management: Individuals with SUD receiving American Society of Addiction Medicine (ASAM) treatment level of care but not case management from other sources (e.g., Integrated Health Homes);
- Withdrawal management: Individuals with SUDs who meet the medical necessity ASAM criteria for withdrawal management;
- Recovery coaching for substance use disorder: Individuals who have already initiated recovery and are seeking support for long-term recovery;
- Short-term residential treatment in an IMD: Individuals with mental health disorders in need of short-term residential treatment as part of a continuum of care;

- Crisis beds: Individuals who require psychiatric treatment but without sufficiently high or acute needs to require inpatient stay;
- Intensive in-home services: Families and children with high behavioral health needs and/or SED at risk of transition to higher level of care; Limited to individuals ages 5-21; and
- Respite care: Families and children with high behavioral health needs and/or SED at risk of transition to higher level of care; Limited to individuals ages 5-21.

IHA advocated for many of the waiver's initiatives, including health homes, integration of behavioral health and physical health, crisis stabilization services, expanding community-based behavioral health services, expanding telehealth capacity and addressing critical behavioral health workforce shortages. In June, IHA submitted a [letter to HFS](#) with waiver recommendations developed by our Behavioral Health Advisory Forum. Most IHA recommendations have been included in the state's draft proposal. The waiver also includes initiatives such as housing supports and employment assistance for select populations.

The waiver application is predicated on the assumption that by implementing a multifaceted approach to address behavioral health needs and by enhancing the capacity of community behavioral health, the Medicaid program could save nearly \$2 billion over the waiver's five-year life. Projected savings would become the federal investment the state would receive to implement the waiver and transform the behavioral health system.

The state has identified the following sources of savings:

- Comprehensive management of members, particularly previously uninsured young adults, who experience SMI and SUD;
- Deflecting members with behavioral health conditions away from high-cost institutional services when unnecessary, ensuring proper management under community-based services;
- Stabilizing behavioral health conditions and co-morbid medical conditions to avoid long-term Medicaid eligibility for some individuals. For others, the outcome of early intervention will result in conditions that are easier to manage and less costly than disability-related Medicaid; and
- Designing a value-based payment and delivery system that ensures provider responsibility for delivering the right care, in the right place, at the right time, at the right cost.

IHA looks forward to working with the state and learning more about the proposal. See the [waiver proposal here](#) and an [HFS summary here](#).

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