



Department of Health

KATHY HOCHUL
Governor

MARY T. BASSETT, M.D., M.P.H.
Commissioner

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Acting Executive Deputy Commissioner

December 21, 2022

Ms. Judith Cash
Director
State Demonstrations Group
Center for Medicare and Medicaid Services
7500 Security Blvd, Mail Stop S2-25-26
Baltimore, MD 21244-1850

Dear Ms. Cash:

Pursuant to the terms of the New York State Medicaid Section 1115 Demonstration Medicaid Redesign Team (MRT) Waiver (11-W-00114/2), New York State (NYS or the State) is pleased to submit the enclosed waiver amendment proposal to the Centers for Medicare and Medicaid Services (CMS) for its approval.

New York State (NYS) is requesting approval from the Centers for Medicare and Medicaid Services (CMS) for an amendment to its Medicaid Redesign 1115 Demonstration to authorize federal Medicaid matching funds for reimbursement to Institutions for Mental Diseases (IMD) for inpatient, residential, and other services provided to Medicaid enrolled individuals with behavioral health diagnoses including serious mental illness (SMI), serious emotional disturbance (SED), and substance use disorder (SUD). This demonstration will allow the state to promote improved access to community-based behavioral health services and aid in the state's efforts to continue to transform the behavioral health service system.

The objective of the demonstration is to transform select state psychiatric inpatient facilities and substance use disorder residential treatment facilities by improving care transitions and access to community-based treatment and support services, and improving health and behavioral health outcomes in individuals with chronic and/or serious mental illnesses. These sites will focus on reducing the statewide average length of stay, increasing community investments, and promoting local engagement and community tenure. The IMD demonstration project will include the use of crisis services, respite, step down and short-term residential services, intensive community support services, crisis diversion centers, coordinated specialty care for first episode psychosis, and integrated community participation. These services, in concert with time-limited inpatient service capacity, focus on expert intermediate care treatment and provide a robust continuum of care designed to support the needs of New Yorkers with SMI and SUD.

Also as part of this demonstration, NYS is requesting authorization of Medicaid coverage for a targeted set of in-reach services up to 30 days prior to discharge from state-operated inpatient psychiatric centers including care management, clinical consultations, peer services, and pharmaceutical management. These in-reach services would be made available to individuals who do not fall into the 30-day average length of stay cohort outlined in this waiver.

This initiative will improve community reintegration for individuals at risk of avoidable readmissions or long-term hospitalization in such facilities.

This demonstration project serves three main purposes:

- Allows the state to further redesign and grow the behavioral health community system while reducing IMD admissions and lengths of stay.
- Permits the state to maximize the ability of state psychiatric facility campuses, which are centrally located in communities with underserved populations, to serve as enhanced service delivery systems for community integration and recovery in the community.
- Permits the state to fund a complete continuum of SUD services including reintegration, as well as the enhancement of services that are currently not Medicaid funded including the expansion of telehealth access, the creation of mobile MAT units, and allowing all outpatient programs to do methadone treatment, among other initiatives

The primary goal will be transformation with a focus on:

- Reduction of inpatient and transitional residential lengths of stays.
- Community integration and maintenance with a focus on recovery.
- Overall reduced costs of care.

New York State has fully complied with federal transparency requirements in preparation for formally submitting this waiver amendment proposal. The State transmitted tribal and public notices referencing the preliminary proposal draft (October 5, 2022), conducted virtual public hearings (October 26, 2022, and October 31, 2022), and received six verbal and written comments. The State's engagement with stakeholders informed the structure and substance of this submission and have been addressed in the attached waiver amendment application.

The State is submitting a draft of the IMD Transformation Demonstration Program Memorandum of Understanding between the Department of Health, Office of Mental Health, and Office of Addiction Supports and Services and will submit the final once the document has undergone the state's official approval process.

The partnership between CMS and New York State continues to be important to the success of the underlying 1115 Demonstration MRT Waiver and will also be critical to this amendment's success. We look forward to our continued collaboration. If you have any questions, please contact me at [REDACTED] or [REDACTED].

Sincerely,

[REDACTED]

Amir Bassiri
Medicaid Director
Office of Health Insurance Programs

cc: Jonathan Morancy, CMS
Julie Sharp, CMS
Sarah Sheets, CMS
Stephanie Vance, CMS
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