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**Centers for Medicare & Medicaid Services**  
**Serious Mental Illness (SMI) and Serious Emotional Disturbance (SED)**  
**Demonstration Opportunity**  
**Technical Assistance Questions and Answers**

**May 17, 2019**

As stated in the [State Medicaid Director Letter](#) in November 2018, improving care for beneficiaries with SMI or SED is a top priority for the Centers for Medicare & Medicaid Services (CMS). These technical assistance questions and answers are related to the SMI/SED section 1115 demonstration opportunity. The technical assistance questions and answers cover the implementation plan, monitoring and evaluation, general terms, and 1115 demonstration application processing. CMS hopes to enhance our work with states to improve care for Medicaid beneficiaries with serious mental health conditions.

These technical assistance questions and answers have been organized in the following order:

- I. Application
- II. Implementation Plan
- III. Monitoring and Evaluation
- IV. General Terms
- V. 1115 Demonstration Application Processing

**I. Application**

**Q1: What does a state need to submit in order to apply for an SMI/SED demonstration?**

**A1:** Per the State Medicaid Director Letter (SMDL) describing this opportunity (referred to as the “SMI/SED SMDL”) (available at: <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18011.pdf>), states should commit to ongoing maintenance of effort (MOE) on funding outpatient community-based mental health services and are encouraged to provide an assessment of current availability of mental health services throughout the state. In addition, states must comply with the applicable requirements in 42 CFR Part 431 Subpart G. MOE and the assessment of current availability of mental health services are described in QAs 2 and 3 below. CMS notes that it may request additional information from a state when reviewing an individual application.

**Q2: What, specifically, should a state submit to show commitment to ongoing MOE for outpatient community-based mental health services in its application?**

**A2:** On page 14 of the SMI/SED SMDL, CMS states: “CMS will consider a state’s commitment to ongoing maintenance of effort on funding outpatient community-based mental health services as demonstrated in their application when determining whether to approve a state’s proposed demonstration project to ensure that resources are not disproportionately drawn into increasing access to treatment in inpatient and residential settings at the expense of community-based services.”

This means that states will be expected to maintain a level of state appropriations and local funding for outpatient community-based mental health services for Medicaid beneficiaries for the duration of this demonstration that is no less than the amount of funding provided at the beginning of the demonstration. The MOE expectation for states applying for an SMI/SED demonstration is not the same as the MOE states must demonstrate for the Community Mental Health Services Block Grant administered by the Substance Abuse and Mental Health Services Administration (SAMHSA).

As part of their SMI/SED demonstration application, states should describe the state appropriations and local funding for outpatient community-based mental health services provided to Medicaid beneficiaries. MOE for SMI/SED demonstrations will be based on the level of state appropriations and local funding for outpatient community-based mental health services for the most recently completed state fiscal year as of the date the state submits its SMI/SED demonstration application.

**Q3: What should a state submit to show it conducted a thorough assessment of the current availability of mental health services in the state?**

**A3:** The SMI/SED SMDL includes the following statement on page 14: “CMS strongly encourages states to include in their application a thorough assessment of current availability of mental health services throughout the state, particularly crisis stabilization services.” In their applications, states should submit an initial assessment of the current availability of mental health services throughout the state. Availability of mental health services means whether different types of mental health providers offer mental health care at all, whether they offer mental health care to Medicaid beneficiaries, and whether they are accepting new Medicaid patients in different regions of the state. CMS intends to provide additional guidance regarding the specific types of providers and measures of availability that states should include.

States should submit a narrative describing the current availability of mental health services in the state “across the continuum of care” ranging from early intervention and crisis stabilization services to inpatient hospitalization. States should work with their State Mental Health Planning Councils and other mental health authorities in the state to develop this assessment of the current availability of mental health services in their state. States could draw from their most recent application materials, needs assessments, and other information submitted to SAMHSA with regard to the Community Mental Health Services Block Grant as a starting point.<sup>1</sup>

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<sup>1</sup> <https://www.samhsa.gov/grants/block-grants/mhbg>

The initial assessment should be included in the SMI/SED demonstration application and should identify the availability of mental health providers (e.g., outpatient, community mental health centers, intensive outpatient/partial hospitalization, outpatient case management, residential, inpatient, and crisis stabilization providers) in the state as well as information on the prevalence of SMI/SED among Medicaid beneficiaries. CMS will use this data submitted by the state to set baseline numbers that will be monitored over the course of the demonstration.

The initial assessment of current availability of mental health services submitted by the state as part of the SMI/SED demonstration is directly related to the milestone regarding annual assessments of the availability of mental health services because the assessment of current availability will be used as a baseline against which CMS will measure progress on increasing availability of mental health services. The state will need to provide a baseline assessment, and it would help expedite CMS review of the state's application if this baseline assessment is provided when the state submits its SMI/SED demonstration application. This baseline assessment should be based on information collected within the past two years from the date the state submits its application to be considered current. CMS encourages states to share information or research they may have about barriers to mental health providers enrolling in Medicaid and state initiatives to encourage mental health providers to enroll in Medicaid.

States should identify the availability of mental health providers in the state and the prevalence of SMI/SED, including the geographic distribution of mental health providers, and beneficiaries with an SMI/SED diagnosis. CMS is developing an Excel workbook that will assist states in capturing the data points for the initial assessment. Please contact your CMS project officer for a copy of the Excel workbook and s/he will share it as soon as it is available.

**Q4: What data sources could a state consult to develop the initial assessment of the availability of mental health services?**

**A4:** In addition to using the state's own data sets, provider licensing/certification and Medicaid claims data, additional sources of data that may be helpful for states to draw from include:

- National Survey on Drug Use and Health, e.g., prevalence of [SMI by state](#) and by [sub-state region](#));
- Mental Health Client Level Data;
- The National Facilities Surveys on Drug Abuse and Mental Health Services (e.g., [National Mental Health Services Survey](#) providing mental health services provider data); and
- The Uniform Reporting System.<sup>2</sup>

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<sup>2</sup> <https://www.samhsa.gov/data/data-we-collect>

**Q5: How is the initial assessment connected to the implementation plan and ongoing monitoring efforts?**

**A5:** Please see the flow chart below that describes the relationship between the initial assessment, provided at application, as well as the implementation plan and annual reassessments.

INITIAL ASSESSMENT

The initial assessment, which should be *provided to CMS as part of the state’s SMI/SED demonstration application*, should identify the availability of mental health providers (e.g., individual practitioners, Community Mental Health Centers (CMHCs), intensive outpatient/partial hospitalization, residential, inpatient, and crisis stabilization providers) in the state and prevalence of SMI/SED.



IMPLEMENTATION PLAN

The implementation plan, which includes the state’s financing plan, should describe how the state plans to increase access to community-based mental health services over the course of the demonstration. States should analyze the initial assessment and additional measures and sources as needed to identify gaps in the availability of mental health services that will be addressed as part of the implementation plan. The implementation plan can be submitted before or after the demonstration approval. States will need to receive CMS approval of the implementation plan before they can claim federal financial participation (FFP).



MONITORING REPORTS

The state’s monitoring reports, *which the state will need to submit quarterly and annually after demonstration approval*, will include qualitative and quantitative data about the state’s progress implementing the demonstration. The annual monitoring report will also include an annual reassessment of availability of mental health providers and settings in the state, identify state efforts to implement improvements in the availability of mental health providers (e.g., outpatient, CMHCs, partial hospitalization/day treatment, residential, inpatient, and crisis stabilization providers) in the state, including a geographic analysis. States will also provide an update on the financing plan in the monitoring reports. Quarterly and annual monitoring reports will also include reporting on other performance and quality measures that are included in the monitoring protocol. The annual reassessment of the availability of mental health services will help measure progress on the state’s implementation plan.

**II. Implementation Plan**

**Q6: What type of information should a state include in its implementation plan?**

**A6:** CMS has developed a draft implementation plan template. The implementation plan is designed to help states ensure demonstration implementation plans meet the goals and milestones identified in the SMI/SED SMDL. Please contact your CMS project officer to receive a copy of the draft Implementation Plan template.

In the implementation plan, states will need to describe the various timelines and activities the state will undertake to achieve the milestones. This includes a financing plan as described in Q7 and a Health IT Plan (“HIT Plan”) that describes the state’s ability to leverage health IT, advance health information exchange(s), and ensure health IT interoperability in support of the demonstration’s goals. The HIT Plan should address electronic care plan sharing, care coordination, and behavioral health-physical health integration.

The state should also submit a copy of its Memorandum of Understanding (MOU) or other formal agreement regarding coordination with the state mental health authority, if the mental health authority is not a part of the single state Medicaid agency, as an attachment to the implementation plan.

**Q7: What is the financing plan?**

**A7:** As stated on page 16 of the SMI/SED SMDL, states are expected to provide a “financing plan approved by CMS to be implemented by the end of the demonstration to increase availability of non-hospital, non-residential crisis stabilization services, as well as on-going community-based services.” The financing plan is to be included in the implementation plan, and states should detail plans to support improved availability of non-hospital, non-residential mental health services including crisis stabilization and ongoing community-based care. The financing plan should describe state efforts to increase access to mental health providers throughout the state, including changes to reimbursement and financing policy for the state’s mental health systems that address gaps in access to community-based providers identified in the state’s assessment of current availability of mental health services included in the state’s application.

Reporting on the status of the financing plan will be integrated into the state’s quarterly and annual monitoring reports.

**III. Monitoring and Evaluation**

**Q8: What information will states need for monitoring?**

**A8:** States will need to submit quarterly and annual monitoring reports, including progress on the milestones. CMS is preparing a monitoring protocol and will share with interested states as soon as it becomes available. We note that, as a part of the state’s regular annual monitoring report on qualitative and quantitative information of progress of implementation, states will need to submit annual assessments of the availability of mental health services that build upon the assessment of the availability of mental health services submitted with the initial application, as well as provide updates on the financing plan. CMS intends to provide additional guidance on annual assessments as part of the monitoring protocol.

**Q9: What information will states need for evaluation?**

**A9:** The state will conduct independent and robust interim and summative evaluations that will draw on the data collected for the milestones and performance measures, as well as other data and information needed to support the evaluation that will describe the effectiveness and impact

of the demonstration using quantitative and qualitative outcomes and a cost analysis, including the goals outlined in the SMI/SED SDML. CMS intends to prepare evaluation guidance specific to the SMI/SED demonstration opportunity and share that guidance with interested states as soon as it becomes available. The state will need to submit an evaluation design within 180 days of the demonstration/demonstration amendment approval. The evaluation design will include hypotheses and evaluation questions, data sources, measures, collection and analysis approaches, and reporting details, and will be subject to CMS review and approval. The state will need to submit an interim evaluation one year before expiration of the demonstration or when the state submits a proposal to renew the demonstration. The state will need to submit the summative evaluation 18 months after the demonstration period ends.

#### **IV. General Terms**

**Q10: Will residential settings need to be accredited by a nationally recognized accreditation entity prior to the state receiving FFP for services provided to beneficiaries residing in these facilities that qualify as IMDs?**

**A10:** Yes, as referenced on page 14 of the SMI/SED SMDL, participating residential settings will need to be licensed or otherwise authorized by the state to primarily provide treatment for mental illnesses and will need to be accredited by a nationally recognized accreditation entity, such as the Joint Commission or the Commission on Accreditation of Rehabilitation Facilities prior to the state claiming FFP for services provided to beneficiaries residing in those facilities that meet the definition of an IMD.

**Q11: Will participating hospitals need to be accredited by a nationally recognized accreditation entity prior to the state receiving FFP for services provided to beneficiaries residing in these facilities that meet the definition of an IMD?**

**A11:** Hospitals will need to be licensed or approved as meeting standards for licensing established by the agency of the state or locality responsible for licensing hospitals. In addition, hospitals must be in compliance with the conditions of participation in 42 CFR Part 482 and be certified by the state agency as being in compliance with those conditions through a state agency survey or have deemed status to participate in Medicare as a hospital through accreditation by a national accrediting organization whose psychiatric hospital accreditation program or acute hospital accreditation program has been approved by CMS. Therefore, accreditation is not a requirement for hospitals as long as the hospital is certified by the state as meeting the Medicare conditions of participation.

**Q12: Will the state need to meet a statewide average length of stay of 30 days for beneficiaries residing in IMDs pursuant to this SMI/SED demonstration opportunity?**

**A12:** Yes, the state should achieve a benchmark of a statewide average length of stay of no more than 30 days for beneficiaries residing in IMDs pursuant to this SMI/SED demonstration opportunity. CMS intends to develop guidance regarding calculations of average length of stay at a later date.

**Q13: Can a state exclude an IMD when calculating the statewide average length of stay if the state does not claim FFP for any of the services provided to beneficiaries residing in the IMD?**

**A13:** Yes, the state may exclude an IMD from the statewide average if the state does not claim FFP for any of the beneficiaries receiving services in the excluded IMD.

**Q14: Is FFP limited with respect to the SMI/SED demonstration opportunity?**

**A14:** Yes, states will not be able to claim FFP for the following:

- Services provided in nursing homes that qualify as IMDs;
- Services in a psychiatric hospital or residential treatment facility for inmates who are involuntarily residing in the facility by operation of criminal law; and
- Room and board payments in residential treatment settings unless the setting qualifies as an inpatient facility under section 1905(a) of the Act.

**Q15: May the state claim for FFP for public IMDs?**

**A15:** Yes, this 1115 initiative includes both private and public IMDs.

## **V. 1115 Demonstration Application Processing**

**Q16: Who should states contact if they have questions regarding the SMI/SED demonstration opportunity?**

**A16:** States with approved 1115 demonstrations should contact their CMS demonstration project officer.

For states that do not currently have a CMS project officer, please send an e-mail to [1115demorequests@cms.hhs.gov](mailto:1115demorequests@cms.hhs.gov).

**Q17: If a state has a pending request for IMD authority for an SMI/SED demonstration that it submitted prior to the release of the SMI/SED SMDL, what else should that state send to CMS?**

**A17:** States with requests that were submitted prior to the release of the SMI/SED SMDL should send CMS a letter indicating they are interested in the SMI/SED opportunity as described in the SMI/SED SMDL. The letter should include the additional information discussed in the SMI/SED SMDL and this technical assistance questions and answers document, including maintenance of effort and the current assessment of mental health services.

States should indicate in the letter how the state met state public notice requirements, including tribal consultation, in the original application as required under 42 CFR Part 431 Subpart G. States will need to also provide the information specified in this SMI/SED technical assistance questions and answers document unless CMS indicates that only specific sections are needed due to other information previously provided by the state. CMS strongly recommends that states post the additional information for an additional 30-day state public comment period and inform the public about the opportunity to review and comment through the state comment period.

**Q18: If a state has an approved Substance Use Disorder (SUD) demonstration<sup>3</sup> and is interested in pursuing this SMI/SED demonstration opportunity, what does the state need to send to CMS?**

**A18:** States are invited to seek approval for an amendment to their existing SUD demonstrations to add this authority. We note that states must follow the amendment requirements as outlined in the approved Special Terms and Conditions (STCs) for that existing demonstration. States should provide the information for a SMI/SED demonstration as discussed in this technical assistance questions and answers document.

**Q19: If a state has a pending request for a SUD demonstration and would like to add authority related to this SMI/SED demonstration opportunity to that request, what should that state send to CMS?**

**A19:** If the state wants CMS to consider a request for SMI/SED authority along with its request for SUD authority, the state should conduct an additional 30 day public comment period for an SMI/SED request and send CMS the information discussed in this SMI/SED technical assistance questions and answers document while continuing to work with CMS on the pending SUD demonstration application. As an alternative, the state could continue to work with CMS on the SUD application only and, once the SUD demonstration is approved, request an amendment to request authority per the SMI/SED demonstration opportunity at a later date.

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<sup>3</sup> “SUD demonstration” refers to a demonstration approved based on the demonstration opportunity described in SMDL #17-003, “RE: Strategies to Address the Opioid Epidemic,” available at <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf>.