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SUPPORT Act Section 1003 Demonstration Project Post-Planning Period: Notice of Funding Opportunity Technical Supplement

Purpose

The purpose of this document is to describe the methodology for implementing the payment provision of the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act (SUPPORT Act) section 1003 Demonstration Project. This methodology includes an approach for calculating expenditures attributable to substance use disorder (SUD) treatment or recovery services claimed by SUPPORT Act section 1003 demonstration states in federal fiscal year 2018 (FY 2018) (baseline SUD expenditures). This document also describes a process for calculating the amount of SUD service expenditures that exceed one-fourth of baseline SUD expenditures on a quarterly basis throughout the 36-month section 1003 demonstration. This amount (the *qualified sum*) is eligible for Federal Financial Participation (FFP) with a Federal Medical Assistance Percentage (FMAP) of 80 percent each quarter throughout the demonstration.

Background

The SUPPORT Act section 1003 Demonstration Project is intended to build SUD treatment and recovery services provider capacity. Fifteen states were awarded planning grants in amounts ranging from \$5 million to less than \$1 million in September 2019. The planning grant period is followed by a 36-month demonstration period with up to five of the fifteen planning grant states. The post-planning states are eligible to receive an enhanced FMAP for increased SUD expenditures incurred during the 36-month demonstration period that exceed 25% of their FY 2018 SUD expenditures.

Overview

The Centers for Medicare & Medicaid Services (CMS) will implement the payment provision as described in section B1 and Appendix VII of the *SUPPORT Act Section 1003 Demonstration Project to Increase Substance Use Provider Capacity Post-Planning Period Notice of Funding Opportunity*:

1. Define, for each state, what services are considered SUD services.
2. Determine the state expenditures for those SUD services for FY 2018.
3. Calculate 25 percent of the FY 2018 SUD expenditures.
4. For each quarter in the 36-month demonstration, determine whether the state spent at least 25 percent of the FY 2018 expenditures on SUD services. If yes, subtract 25 percent of FY 2018 expenditures from the amount spent in the demonstration quarter. That difference is the qualified sum.
5. Pay the state 80 percent of the qualified sum.

Additional details regarding each of these steps are provided in the following sections.

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Step #1: Define, for each state, what services are considered SUD services.

SUD services are identified for SUPPORT Act section 1003 Post-Planning States using a series of value sets found in two tools for identifying SUD services:

Attachment A: T-MSIS Data Book Code Lists



Attachment A T-MSIS
Data Book Code Lists.

Attachment B: Code Sets for Substance Use Disorder Analytic Tool



Attachment B Code
Sets for Substance Us

The value sets include a series of diagnosis codes, procedure codes, and revenue codes, and are used in conjunction with the criteria listed in Exhibit 1 to identify SUD services.

Exhibit 1. Criteria for Identifying SUD Expenditures

No.	Criteria
1	Claims with a SUD diagnosis code for diagnosis code 1 (primary diagnosis) or diagnosis code 2 (secondary diagnosis).
2	Claims with a SUD-specific procedure code, revenue code, or place of service code. A SUD diagnosis is not required.
3	A National Drug Code that indicates a SUD-specific medication.

Abbreviation: SUD, substance use disorder.

The value sets and criteria described above are used to identify SUD services regardless of whether a state uses a fee-for-service (FFS) delivery system, a managed care delivery system, or both.

Step #2: Determine the state expenditures for SUD services for FY 2018.

The process for determining state expenditures attributed to SUD services varies based on whether the respective services were delivered in an FFS or managed care environment.

Fee for Service

For services delivered in an FFS environment, states have two options:

1. States may use the value sets and criteria in step #1 (i.e., Attachments A and B and Exhibit 1, respectively) and their own claims data to identify their SUD expenditures paid



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in FY 2018. Programming specifications for implementing step #2 are provided in Attachment D, described later in this technical supplement.

2. States may opt to have CMS and its contractor use the value sets and criteria to identify SUD expenditures paid in the state in FY 2018 using state-submitted claims data from the Transformed Medicaid Statistical Information System (T-MSIS) Analytic Files (TAF).

CMS Method for SUD Expenditure Calculation

TAF, which includes state-submitted data, will be used to calculate state SUD expenditures in FY 2018. CMS will use the value sets and criteria from step #1 to identify SUD claims and sum the associated expenditures to determine unadjusted baseline SUD expenditures for FY 2018. To address TAF data-quality and completeness concerns in FY 2018 that vary by state, CMS will maximize the accuracy of SUD expenditure calculations by adjusting TAF data according to their alignment with Form CMS-64 data submitted by states to the Medicaid Budget and Expenditure System (MBES). This process is performed as follows.

Identify Form CMS-64 service lines on which SUD expenditures are claimed. To identify service lines on which SUD expenditures are claimed, CMS will map TAF SUD claims to the appropriate Form CMS-64 service line using TAF variables and codes that can link a SUD claim to the service line on which the state claims FFP.

TAF variables and the priority order in which they will be used to map claims to Form CMS-64 service lines are shown in Exhibit 2.

Exhibit 2. Variable Priority for Mapping TAF Claims to Form CMS-64

Priority	Variable (if not missing)	Label
1	XIX_SRVC_CTGRY_CD	Form CMS-64 Category of Service for the Paid Claim
2	BNFT_TYPE_CD	Benefit Type Code
3	TOS_CD	Type of Service Code

Abbreviations: CMS, Centers for Medicare & Medicaid Services; Transformed Medicaid Statistical Information System (T-MSIS) Analytic Files (TAF).

The variables in Exhibit 2 and their respective codes, as well as additional variables, have been used to create a key that can map TAF variables to Form CMS-64 service lines. A sample of that key is shown in Exhibit 3.



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Exhibit 3. Sample Form CMS-64 Mapping Key

Form CMS-64 Service Line	Mapped Value	Variable	Code	Description
Physician and Surgical Services - Regular Payments	005A	XIX_SRVC_CTGRY_CD	005A	Physician & Surgical Services - Reg. Payments
Physician and Surgical Services - Regular Payments	005A	BNFT_TYPE_CD	010	Physicians' Services
Physician and Surgical Services - Regular Payments	005A	TOS_CD	012	Physicians' Services
Physician and Surgical Services - Regular Payments	005A	TOS_CD	013	Medical and Surgical Services of a Dentist

Abbreviation: CMS, Centers for Medicare & Medicaid Services.

In the event any SUD claims in TAF do not map to a Form CMS-64 service line using the variables in Exhibit 3, CMS will stratify unmapped SUD claims using additional TAF variables including those in Exhibit 4. This secondary process ensures that all TAF claims are ultimately mapped to the appropriate Form CMS-64 service line.

Exhibit 4. Supplemental Variables for Mapping TAF Claims to Form CMS-64

Variable (if not missing)	Label
LINE_PRCR_CD	Line Procedure Code
POS_CD	Place of Service Code
BLG_PRVDR_TYPE_CD	Billing Provider Type Code
HCBS_SRVC_CD	Home- and Community-Based Services Service Code

Abbreviations: CMS, Centers for Medicare & Medicaid Services; Transformed Medicaid Statistical Information System (T-MSIS) Analytic Files (TAF).

Determine TAF alignment with Form CMS-64 at the service line level. To adjust SUPPORT Act section 1003 post-planning state baseline expenditures, CMS will determine the level of alignment between TAF expenditures and expenditures claimed on the respective state's Form CMS-64. Alignment is measured by individual Form CMS-64 service line, and CMS performs calculations for each Form CMS-64 service line that includes SUD expenditures.

Alignment between TAF and Form CMS-64 is calculated by service line for two reasons:

1. To ensure that service lines with relatively high proportions of SUD expenditures (e.g., Service Line 40: "Rehabilitative Services") are not disproportionately affected by the



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alignment level of those service lines with a relatively low proportion of SUD expenditures (e.g., Service Line 3A: “Nursing Facility Services”)

- To ensure that the determination of unduplicated enhanced FMAP (i.e., 80 percent) properly accounts for the varying FMAP applied to certain service types (e.g., Service Line 2C: “Certified Community Behavioral Health Clinic Payments”)

Once service lines containing SUD expenditures have been identified, alignment is calculated between total medical assistance expenditures claimed on each service line of Form CMS-64 and the respective expenditures reported in TAF. The same key used to map SUD expenditures is used to map all TAF Medicaid claims to their corresponding Form CMS-64 service lines and to assign the appropriate value. Once mapping is complete, TAF Medicaid claims are filtered to include only claims with a value corresponding to a Form CMS-64 service line that contains SUD expenditures (e.g., TAF claims mapped to Service Line 33: “Prosthetic Devices, Dentures, Eyeglasses” will likely be removed from each post-planning state’s dataset in this step).

Once all TAF Medicaid claims have been mapped and filtered, expenditures mapped to the remaining Form CMS-64 service lines are summed by individual service line. Alignment with actual expenditures claimed can then be determined using the following equation:

$$(\text{TAF Expenditures/Form CMS-64 Expenditures}) * 100 = \text{Percent Alignment}$$

Exhibit 5 provides an example of how this equation would apply to an individual service line.

Exhibit 5. Sample TAF Expenditure Alignment Calculation

Form CMS-64 Service Line	Form CMS-64 Service Category	FY 2018 TAF Expenditures	FY 2018 Form CMS-64 Expenditures	Alignment
001A	Inpatient Services – Regular Payments	\$4,000,000	\$5,000,000	80%

Abbreviations: CMS, Centers for Medicare & Medicaid Services; Transformed Medicaid Statistical Information System (T-MSIS) Analytic Files (TAF).

Once alignment has been calculated for the individual Form CMS-64 service lines that contain SUD expenditures, adjusted baseline SUD expenditures can be calculated by dividing FY 2018 TAF SUD expenditures by percent alignment of the respective service line. See Exhibit 6 for a demonstration of how the process in Exhibit 5 is used to adjust TAF SUD expenditures.

Exhibit 6. Sample TAF Expenditure Adjustment Calculation

Form CMS-64 Service Line	Form CMS-64 Service Category	FY 2018 TAF SUD Expenditures	Alignment	Adjusted FY 2018 SUD Expenditures
001A	Inpatient Services – Regular Payments	\$1,000,000	80%	\$1,250,000

Abbreviations: CMS, Centers for Medicare & Medicaid Services; SUD, substance use disorder; Transformed Medicaid Statistical Information System (T-MSIS) Analytic Files (TAF).



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After service line SUD expenditures have been adjusted for all relevant lines on Form CMS-64, the results are summed to produce the final baseline SUD expenditures from FY 2018 that are used to complete steps #3–5 of the expenditure methodology.

Managed Care

The approach to determining SUD expenditures in FY 2018 for managed care differs from the described FFS approach.

Managed care expenditures claimed on Form CMS-64 are not tied to specific service utilization; rather, they are based on actuarially sound capitation payments made by states to managed care plans. SUPPORT Act section 1003 post-planning states must use the method for defining SUD expenditures described in step #1 to identify SUD services in the relevant baseline data. Post-planning states should report expenditures eligible for the unduplicated 80% FMAP on Form CMS-64. The portion of the capitation rate that is attributable to SUD services and upon which an increased match may be claimed should be determined with the data utilized to develop the applicable capitation rates. The use of this claiming methodology is solely for FFP claiming purposes and does not negate the requirements that Medicaid capitation rates be actuarially sound and must be developed in compliance with federal requirements under 42 C.F.R. part 438.

Step #3: Calculate 25 percent of the FY 2018 SUD expenditures.

Once FY 2018 expenditures attributable to SUD have been calculated and aggregated, for both FFS and managed care, that amount is multiplied by .25 to determine 25 percent of FY 2018 SUD expenditures.

Step #4: For each quarter in the 36-month demonstration, determine whether the state spent at least 25 percent of the FY 2018 expenditures on SUD services. If yes, subtract 25 percent of FY 2018 expenditures from the amount spent in the demonstration quarter. That difference is the qualified sum.

Throughout the 36-month SUPPORT Act section 1003 demonstration period, post-planning states will be able to report quarterly expenditures attributable to SUD through a supplemental form in their Form CMS-64 financial reporting.

CMS is working to modify Form CMS-64 to enable state entry of SUD expenditures at the increased FMAP and application of such FMAP to the qualified sum.

The qualified sum is determined by subtracting 25 percent of FY 2018 SUD expenditures (as calculated in step #3) from the aggregate SUD expenditures paid in each quarter of the 36-month SUPPORT Act section 1003 demonstration period (see Exhibit 7 for a hypothetical example).

Exhibit 7. Sample Qualified Sum Calculation

Total Computable Quarterly SUD Expenditures	25% FY 2018 Baseline SUD Expenditures	Qualified Sum
\$10,000,000	\$7,000,000	\$3,000,000

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Abbreviation: SUD, substance use disorder.

Although the qualified sum is calculated by subtracting 25 percent of baseline SUD expenditures from the aggregate quarterly SUD expenditures throughout the demonstration, Form CMS-64 requires that expenditures attributable to SUD be reported by individual service line and stratified by columns that apply varying FMAPs (e.g., for individuals in the Adult Group). States must report these stratified values each quarter. For states that opt to have CMS perform the FFS calculations using TAF, CMS will provide the appropriate values to states to report on their Form CMS-64. Exhibit 8 provides a hypothetical example of how SUD expenditures will be reported on Form CMS-64. The example in Exhibit 8 includes only three service categories, which correspond to service categories and the appropriate service lines in the Form CMS-64. For each service category, Exhibit 8 has a field for reporting “total computable” SUD expenditures, which are inclusive of overall SUD expenditures paid in the quarter, regardless of FMAP. “Total computable” SUD expenditures are then stratified by those SUD expenditures that are reimbursed by the example state’s standard FMAP, as well as those reimbursed at varying FMAP rates, again using individuals in the Adult Group as an example. A more complete demonstration can be found in Attachment C.

Attachment C: Form CMS-64 Supplemental Workbook for SUPPORT Act Section 1003



Attachment C Form
CMS-64 Supplementa

Exhibit 8. Sample SUD Expenditures by Form CMS-64 Service Categories and Corresponding FMAP

Service Line	Service Category	Total Computable SUD	State FMAP SUD (e.g., at 50%)	Adult Group SUD (e.g., at 90% FMAP)
10	Clinic Services	\$100,000	\$75,000	\$25,000
11	Lab/Radiological	\$75,000	\$60,000	\$15,000
12	Home Health Services	\$100,000	\$100,000	\$0
Total		\$275,000	\$235,000	\$40,000

Abbreviation: CMS, Centers for Medicare & Medicaid Services; FMAP, Federal Medical Assistance Percentage; SUD, substance use disorder.

The process of stratifying SUD expenditures by service category and qualifying FMAP enables CMS to determine the weighted FMAP for SUD expenditures paid in each quarter. Exhibit 9 demonstrates how numbers from Exhibit 8 can be used to calculate the weighted FMAP.



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Exhibit 9. Sample Determination of Weighted FMAP for SUD Expenditure Reporting

Total Computable SUD	State FMAP SUD	Adult Group SUD	Federal Share of State FMAP SUD	Federal Share of New Adult Group SUD	Total Federal Share	Weighted FMAP (Total Federal Share/Total Computable)
\$275,000	\$235,000	\$40,000	\$117,500	\$36,000	\$153,500	55.82%

Abbreviation: FMAP, Federal Medical Assistance Percentage; SUD, substance use disorder.

The weighted FMAP is critical for completing step #5 in the expenditure methodology as described below.

Step #5: CMS pays the state 80 percent of the qualified sum.

Post-planning states are eligible to receive FFP representing 80 percent of the qualified sum calculated quarterly as described in step #4. However, this 80 percent cannot duplicate FFP received through standard FMAP claiming. To ensure that FFP is not duplicated, the following sub-steps are performed (see Attachment C for a demonstration):

1. SUD expenditures are stratified by service line and the appropriate columns.
2. Appropriate FFP is determined for each stratified cell (not including FFP associated with SUPPORT Act section 1003).
3. All FFP for quarterly SUD expenditures is summed.
4. Total FFP is divided by total computable SUD expenditures to determine the weighted FMAP for the quarter.
5. CMS pays the state FFP for the difference between 80 percent and the quarterly weighted FMAP (referred to in Exhibit 10 as the “incremental FMAP”).

Exhibit 10 builds off Exhibit 8 and Exhibit 9 but assumes FY 2018 baseline SUD expenditures for the sample service categories of \$200,000.

Exhibit 10. Example SUPPORT Act Section 1003 Payment Calculation

Total Computable SUD	25% FY 2018 Baseline SUD	Qualified Sum	Weighted FMAP	SUPPORT Act Section 1003 FMAP (Incremental FMAP)	SUPPORT Act Section 1003 Payment
\$275,000	\$200,000	\$75,000	55.82%	24.18%	\$18,136

Abbreviation: FMAP, Federal Medical Assistance Percentage; SUD, substance use disorder; Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities (SUPPORT).

Attachment C includes a more complete demonstration and also provides a detailed explanation of each cell and the corresponding arithmetic.

Timing of Payment

Preliminary TAF for each quarter are not available until after quarterly Form CMS-64 financial reporting is due from states. As a result, for those states that opt to have CMS calculate the FFS

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portion of their qualified sum, those numbers will not be available until the following quarter; therefore, SUPPORT Act section 1003 payments will be made through prior period adjustments in subsequent quarters of the demonstration.

Technical Specification for State Medicaid Agencies to Perform the FFS SUD Expenditure Calculation

Attachment D is a technical specification that includes detailed programming instructions for state programmers and data scientists to implement the FFS expenditure methodology for SUPPORT Act section 1003. This technical specification presents steps for states to use the value sets and criteria to identify SUD services and calculate and report associated SUD expenditures for both the base period (FY 2018) and each quarter during the post-planning period. It is expected that states that perform the expenditure calculation themselves utilize the same data source they rely on to report Medicaid expenditures in the MBES; therefore, no adjustment process is incorporated into the state method for calculating SUD expenditures. Attachment D is not dependent on a particular data source and is applicable for all SUPPORT Act section 1003 post-planning states.

Attachment D: SUD FFS Expenditures Programming Specification for State Medicaid Agencies



SUPPORT Act Section
1003 Demonstration I

Additional Information

CMS will host an informational webinar to provide an overview of the *SUPPORT Act Section 1003 Demonstration Project to Increase Substance Use Provider Capacity Post-Planning Period Notice of Funding Opportunity* and the SUD expenditure identification methodology technical supplement. Additional details regarding the webinar will be posted on Medicaid.gov: [Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities \(SUPPORT\) Act: Section 1003 | Medicaid.](#)