

Closing the Gap in Care Transitions from Hospital to Community—Strategies for States with Medicaid Section 1115 SUD and SMI Demonstrations

With approval from the Centers for Medicare & Medicaid Services (CMS), states may use their section 1115 demonstrations to test new approaches to administering Medicaid that further the program’s objectives. For states with substance use disorder (SUD) and/or serious mental illness (SMI) demonstrations, these efforts include strengthening access, quality, and coordination across the behavioral health continuum of care, particularly as people move from inpatient settings to community-based care. Ongoing collaboration between states and CMS is key to this work. **In fall 2026, CMS spoke with Massachusetts and Kentucky about their efforts to improve care transitions for beneficiaries with SUD and/or SMI.** The discussions highlighted strategies to build partnerships across agencies, align incentives and goals across care settings, maintain data quality, and track progress through key metrics.



SMI Spotlight: Massachusetts

- The Massachusetts SMI demonstration and Behavioral Health Roadmap are closely connected pieces of the commonwealth’s behavioral health strategy. The Roadmap grew out of **feedback from over 700 individuals, families, providers, and other stakeholders** and is creating a **stronger community-based continuum with many access points and levels of care**. Community Behavioral Health Centers provide a physical front door to routine, urgent, and crisis behavioral health services across Massachusetts, and the Behavioral Health Help Line provides a 24/7 virtual front door to help residents connect with the behavioral health services they need.
- Massachusetts encourages stakeholders to coordinate through **aligning quality and payment incentives, engaging organizations around performance goals, and using technology to strengthen relationships**.
- Massachusetts treats data review as an active improvement tool. Partnering with an external evaluation entity, data undergo technical review to validate new and past data and nontechnical review to consider clinical and program context to **support monitoring and continuous improvement**. When data errors are identified, MassHealth and its partner use root-cause analysis to understand why they occurred and translate those findings into concrete process improvements.



SUD Spotlight: Kentucky

- Through the SUD demonstration, Kentucky **expanded access to addiction services and covered settings**, which ensures beneficiaries can transition to appropriate levels of care following emergency department visits.
- Kentucky **works closely with state partners to ensure access to a full continuum of services and supports, no matter where a person might be in the treatment and recovery process**. State partners include the Department for Behavioral Health, Developmental, and Intellectual Disabilities and the Office of Drug Control Policy. The partners use **braided and blended funding** to support prevention and long-term support services and programs that Medicaid typically cannot cover.
- Kentucky uses KASPER, a Prescription Drug Monitoring Program, to enhance clinical decision making and program integrity while curbing prescription drug abuse. KASPER enables the commonwealth to **monitor trends in the use of controlled substances and inform response efforts** across Kentucky. KASPER data is also used to support broader surveillance efforts, giving health departments, community organizations, and policymakers access to near-real-time SUD data for every county in Kentucky.



Lessons Learned

- **Partners at all levels are key to success in strengthening care transitions.** Successful transitions depend on communication, trusted relationships, and the ability to solve problems together across organizational boundaries. Strong partnerships build a foundation toward a seamless continuum of care.
- **States should keep the full continuum of care in focus and understand where the gaps are.** From organizational to individual levels, consider how beneficiaries move between levels of care. Use available resources to fill gaps within each level and work as a team, relying on partners’ strengths.
- **Quality data are vital to broader program integrity efforts, effective monitoring, and continuous improvement.** Reliable, comprehensive monitoring data shed light on where care transitions are succeeding and where gaps remain.