

State Demonstrations Group

June 18, 2025

John Connolly
Deputy Commissioner and State Medicaid Director
Minnesota Department of Human Services
540 Cedar Street
St. Paul, MN 55167-0983

Dear Deputy Commissioner Connolly:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved a temporary extension of the state's section 1115 demonstration, entitled "Minnesota Substance Use Disorder System Reform" (Project Number: 11-W-00320/5), in order to allow the state and CMS to continue negotiations on the state's extension application submitted on December 19, 2023. This demonstration will now expire September 30, 2025.

CMS's approval is conditioned upon the state's continued compliance with the special terms and conditions (STCs) defining the nature, character, and extent of anticipated federal involvement in the project. The current STCs and expenditure authorities will continue to apply during the temporary extension of this demonstration. The state's current budget neutrality agreement and per member per month amounts (as of Demonstration Year 5) will continue to apply as described in the STCs, until September 30, 2025, or until the demonstration is extended, whichever is sooner.

For this temporary extension period, the state must continue to monitor its demonstration as stipulated in the current STCs. In addition, the state is required to include this and the prior temporary extension period, approved on May 30, 2024 in its demonstration evaluation. The state may choose to include this and the prior temporary extension period within its summative evaluation for the demonstration approval period beginning July 1, 2019. In this case, the Summative Evaluation Report is due 18 months after the end of this new temporary extension period. Alternatively, if CMS approves an extension beyond September 30, 2025, the state may include this and the prior temporary extension period in the Evaluation Design and activities of the next full demonstration approval period.

Your CMS project officer for this demonstration is Jonathan Morancy. He is available to answer any questions concerning your section 1115 demonstration. Jonathan can be reached at Jonathan.Morancy@cms.hhs.gov. If you have questions regarding this communication, please contact me at Karen.LLanos@cms.hhs.gov.

Sincerely,



Karen LLanos
Acting Director

cc: Sandra Porter, State Monitoring Lead, Medicaid and CHIP Operations Group