NOTICE OF PUBLIC COMMENT PERIOD FOR IMD DEMONSTRATION: May 16, 2025; Updated May 23, 2025

Pursuant to Section 431.408 of Title 42 of the Code of Federal Regulations, the Oklahoma Health Care Authority (OHCA) is required to provide public notice of its intent to request the renewal of its current 1115(a) Demonstration to reimburse for short-term residential treatment or inpatient stabilization services in an Institution for Mental Disease (IMD) for beneficiaries with a Substance Use Disorder (SUD), Serious Mental Illness (SMI) or Serious Emotional Disturbance (SED). The renewal is requested for a five-year period, January 1, 2026 – December 31, 2030. The OHCA will submit the renewal request to the Centers for Medicare & Medicaid Services (CMS) on or before June 30, 2025.

This notice provides details about the submission to CMS and serves to open the 30-day public comment period, which closes on June 15, 2025. In addition to the 30-day public comment period, during which the public will be able to provide written comments to the OHCA, the agency will host two public hearings.

VIRTUAL PUBLIC HEARING
May 21, 2025, at 9:30 a.m.
Register for Public Hearing: https://www.zoomgov.com/j/1601846886

VIRTUAL PUBLIC HEARING
May 23, 2025, at 10:00 a.m.
Oklahoma Health Care Authority
4345 N Lincoln Blvd.
Oklahoma City, OK 73105
Register for Public Hearing: https://www.zoomgov.com/s/1613088585

Prior to finalizing the renewal request, the OHCA will consider all written and verbal public comments received. The comments will be summarized and addressed in the final version to be submitted to CMS.

SUMMARY OF THE SMI/SUD IMD DEMONSTRATION RENEWAL REQUEST AND OBJECTIVES

The Oklahoma Institutions for Mental Diseases (IMD) for Serious Mental Illness and Substance Use Disorder Section 1115(a) Demonstration was approved by the Centers for Medicare and Medicaid Services (CMS) on December 22, 2020, effective that same date. Prior to the Demonstration, the OHCA was prohibited from using Medicaid to fund SUD and psychiatric treatment in certain residential and inpatient programs larger than 16 beds that meet the CMS definition of an IMD. The Demonstration was implemented to ensure that beneficiaries have access to a full array of SUD and psychiatric treatment services, including inpatient and residential treatment, by allowing Medicaid coverage and reimbursement for services provided to eligible beneficiaries within an IMD.

The Demonstration provides the State with authority to provide medically necessary residential

treatment, facility-based crisis stabilization, and inpatient treatment services within qualified IMDs for Medicaid beneficiaries with SMI, SED, and/or SUD diagnoses. The current Medicaid authority also includes coverage for Qualified Residential Treatment Programs (QRTPs) that meet the definition of an IMD for beneficiaries under age 21. However, there are no QRTP IMD programs in Oklahoma. The OHCA is not requesting renewal of the QRTP IMD authority.

A mid-point assessment of progress was submitted to CMS in March of 2024. Overall, the independent evaluator found that the State is meeting the goals and objectives of the Demonstration and making progress in all areas of the SUD and SMI Implementation Plans. For both SUD and psychiatric populations, the average length of stay in an IMD was less than the 30-day threshold set by CMS. Relative to the SUD and SMI Implementation Plans, the majority of proposed activities were completed within the timelines approved by CMS. The State seeks to maintain progress on all the current CMS-defined goals for SUD and psychiatric treatment, as outlined below.

SUD-related Demonstration Goals:

1. Increased rates of identification, initiation, and engagement in treatment for SUD;
2. Increased adherence to and retention in treatment;
3. Reductions in overdose deaths, particularly those due to opioids;
4. Reduced utilization of emergency departments and inpatient hospital settings for treatment, where the utilization is preventable or medically inappropriate, through improved access to other continuum of care services;
5. Fewer readmissions to the same or higher level of care, where the readmission is preventable or medically inappropriate; and
6. Improved access to care for physical health conditions among beneficiaries with SUD.

SMI-related Demonstration Goals:

1. Reduced utilization and lengths of stay in EDs among beneficiaries with SMI or SED while awaiting mental health treatment in specialized settings;
2. Reduced preventable readmissions to acute care hospitals and residential settings;
3. Improved availability of crisis stabilization services including services made available through call centers and mobile crisis units, intensive outpatient services, as well as services provided during acute short-term stays in residential crisis stabilization programs, psychiatric hospitals and residential treatment settings throughout the state;
4. Improved access to community-based services to address the chronic mental health care needs or beneficiaries with SMI, including through increased integration of primary and behavioral health care; and
5. Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.

ELIGIBILITY

All enrollees eligible under the State Plan for full Medicaid coverage, and between the ages of 21-64, are eligible for services under the renewal request.

ENROLLMENT AND FISCAL PROJECTIONS

There are no Demonstration -specific eligibility criteria, the SMI/SUD IMD Demonstration will have no impact on Medicaid eligibility. The Demonstration renewal is expected to be budget neutral. The State is in the process of modifying previously reported enrollment and expenditures under the Demonstration. Current expenditure and enrollment data and projections for the renewal period are provided on the following pages.

Budget Neutrality Summary: Demonstration Years 1 - 5

	DEMONSTRATION YEAR (DY) AND CALENDAR YEAR (CY)					TOTAL
	DY1 (CY21)	DY2 (CY22)	DY3 (CY23)	DY4 (CY24)	DY5 (CY25) *Projected*	
PMPM Limits, per STCs						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$10,452	$11,037	$11,655	$12,308	$12,997	
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$4,643	$4,903	$5,177	$5,467	$5,774	
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$4,299	$4,539	$4,793	$5,062	$5,345	
Enrollment: Actual and Projected						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	1,596	5,800	6,531	6,431	*6,817*	27,175
IMD Services MEG 2: SUD Adults, Ages 18 to 64	2,078	10,585	12,394	9,258	*9,813*	44,128
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	42	200	236	135	*143*	756
Total	3,716	16,585	19,161	15,824	16,773	72,059
Aggregate Spending Limit						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$16,681,153	$64,015,470	$76,120,307	$79,152,234	*$88,599,820*	$324,568,983
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$9,647,967	$51,897,302	$64,169,563	$50,617,282	*$56,658,912*	$232,991,026
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$180,540	$907,858	$1,131,264	$683,361	*$764,927*	$3,667,949
Total	**$26,509,660**	**$116,820,630**	**$141,421,134**	**$130,452,876**	***$146,023,659***	**$561,227,958**
Expenditures: Actual and Projected						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$6,989,354	$31,697,353	$35,316,871	$46,805,610	*$52,392,328*	$173,201,515
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$7,931,239	$31,031,393	$41,704,900	$30,706,870	*$34,372,042*	$145,746,445
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$691,294	$741,603	$978,916	$553,821	*$619,925*	$3,585,560
Total	**$15,611,888**	**$63,470,348**	**$78,000,687**	**$78,066,301**	***$87,384,295***	**$322,533,519**
Difference in Expenditures: Waiver Limit v. Actual						
Surplus (Deficit)	**$10,897,772**	**$53,350,282**	**$63,420,447**	**$52,386,575**	***$58,639,364***	**$238,694,439**
Cumulative Surplus (Deficit)	**$10,897,772**	**$64,248,054**	**$127,668,501**	**$180,055,075**	***$238,694,439***	**$238,694,439**

Budget Neutrality Summary: Demonstration Years 6-10

	DEMONSTRATION YEAR (DY) AND CALENDAR YEAR (CY)					TOTAL
	DY6 (CY26)	DY7 (CY27)	DY8 (CY28)	DY9 (CY29)	DY10 (CY30)	
PMPM Limits						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$13,725	$14,494	$15,305	$16,162	$17,067	
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$6,097	$6,438	$6,799	$7,180	$7,582	
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$5,645	$5,961	$6,295	$6,647	$7,019	
Enrollment: Projected						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	7,226	7,659	8,119	8,606	*9,122*	40,733
IMD Services MEG 2: SUD Adults, Ages 18 to 64	10,402	11,026	11,688	12,389	*13,133*	58,639
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	152	161	170	181	*192*	855
Total	17,780	18,847	19,977	21,176	22,447	100,227
Aggregate Spending Limit						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$99,175,095	$111,012,634	$124,263,102	$139,095,146	*$155,697,542*	$629,243,519
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$63,421,720	$70,991,736	$79,465,310	$88,950,289	*$99,567,395*	$402,396,450
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$856,228	$958,428	$1,072,826	$1,200,878	*$1,344,215*	$5,432,575
Total	**$163,453,043**	**$182,962,798**	**$204,801,237**	**$229,246,313**	***$256,609,153***	**$1,037,072,544**
With Waiver Expenditures: Projected						
IMD Services MEG 1: SMI Adults, Ages 21 to 64	$58,645,876	$65,645,848	$73,481,336	$82,252,068	*$92,069,675*	$372,094,803
IMD Services MEG 2: SUD Adults, Ages 18 to 64	$38,474,689	$43,067,028	$48,207,508	$53,961,557	*$60,402,408*	$244,113,190
IMD Services MEG 3: SUD Adolescents, Ages 17 and Under	$693,919	$776,746	$869,458	$973,237	*$1,089,402*	$4,402,762
Total	**$97,814,484**	**$109,489,621**	**$122,558,303**	**$137,186,862**	***$153,561,485***	**$620,610,755**
Difference in Expenditures: Waiver Limit v. Projected Expenditures						
Surplus Carryforward: Years 1 - 5	**$238,694,439**					
Annual Surplus (Deficit)	**$65,638,558**	**$73,473,176**	**$82,242,935**	**$92,059,451**	***$103,047,668***	**$416,461,788**
Cumulative Surplus (Deficit)	**$304,332,997**	**$377,806,173**	**$460,049,108**	**$552,108,560**	***$655,156,227***	**$655,156,227**

BENEFITS, COST SHARING, AND DELIVERY SYSTEM

Covered Benefits

This Demonstration seeks to enhance the continuum of care by continuing Medicaid coverage of inpatient, residential substance use disorder, and facility- based crisis stabilization services furnished at an IMD.

Cost Sharing

This Demonstration will not impact or add any cost sharing requirements.

Delivery System

This Demonstration will not change the Medicaid delivery system. The Oklahoma Health Care Authority (OHCA) and the Oklahoma Department of Mental Health and Substance Abuse Services (ODMHSAS) work collaboratively to provide a wide array of behavioral health services for Oklahomans. Medicaid compensable inpatient services are largely administered by the OHCA, while Medicaid compensable outpatient behavioral health services and other state-funded supports are largely administered by the ODMHSAS. A combined payer system consolidates eligibility determinations, claims, authorizations, and outcomes data for publicly funded services, including both Medicaid compensable and state-funded services.

The State of Oklahoma implemented a Medicaid managed care delivery system on April 1, 2024, known as "SoonerSelect". The managed care system focuses on care coordination, behavioral health integration, and value-based payment methodologies for providers to support healthy outcomes for beneficiaries. The State also operates a SoonerCare Choice 1115 Demonstration to provide services to eligible members who are not part of the SoonerSelect managed care program. The benefits under this SMI/SUD IMD Demonstration are available for all beneficiaries in SoonerSelect, SoonerCare Choice and traditional fee-for-service program members.

REQUESTED AUTHORITIES AND AUTHORITIES NO LONGER NEEDED

The State is not seeking any new Demonstration authorities. The State is requesting to continue the current Demonstration authority to provide medically necessary residential treatment, facility-based crisis stabilization, and inpatient treatment services within qualified Institutions for Mental Diseases (IMD).

The State has completed an assessment of its residential care treatment system for children and youth. There are no existing or planned Qualified Residential Treatment Programs (QRTP) for youth with an SED that are sixteen or more beds. The coverage authorities for QRTPs that meet the definition of an IMD for beneficiaries under age 21 were not enacted. The OHCA is requesting termination of this authority under the Demonstration.

Oklahoma seeks expenditure authority under Section 1115(a) for services provided to otherwise eligible adults (ages 21-64) residential substance use disorder that qualify as IMDs.

Additionally, the state seeks expenditure authority for enrollees ages 21-64 for short-term acute psychiatric stays, residential substance use disorder stays, and facility-based crisis stabilization stays in facilities that qualify as IMDs.

HYPOTHESIS AND EVALUATION

The SMI/SUD IMD Demonstration is subject to an independent evaluation. The State proposes to examine the current evaluation questions and hypotheses as part of its renewal (see tables on the following pages). In addition to the questions/hypotheses, the evaluators will conduct an exploratory analysis of costs over time (e.g., MH and SUD -related, total costs) and cost drivers (e.g., inpatient, ED, pharmacy, etc.). The exploratory expenditure analysis will employ an interrupted time series approach with quarterly observation points.

SUD Evaluation Questions and Hypotheses			
Evaluation Question and Hypotheses	**Data Source**	**Analytic Approach**	**Frequency**
Evaluation Question 1. Does the Demonstration maintain or improve identification, initiation, and engagement in treatment for SUD?			
Hypothesis 1. The Demonstration will maintain or increase utilization of SUD treatment services.	Claims	Interrupted Time Series	Quarterly
Hypothesis 2. The Demonstration will maintain or increase SUD provider availability.	Provider Enrollment	2-sample t-test	Annual
Hypothesis 3. The Demonstration will maintain or increase follow-up after ED visit for alcohol or other drug dependence.	Claims	Interrupted Time Series	Quarterly
Hypothesis 4. The Demonstration will maintain or increase initiation and engagement in treatment.			
Evaluation Question 2. Does the Demonstration maintain or increase adherence to and retention in treatment for alcohol or other drug use?			
Hypothesis 1. The Demonstration will maintain or increase continuity of pharmacotherapy	Claims	Interrupted Time Series	Quarterly
Evaluation Question 3. Does the Demonstration contain or reduce opioid prescribing patterns that may lead to misuse or OUD?			
Hypothesis 1. The Demonstration will contain or reduce the use of opioids at a high dosage.	Claims	Logistic Regression	Annual
Evaluation Question 4. Does the Demonstration contain or reduce ED visits and inpatient hospitalizations for individuals with an SUD?			
Hypothesis 1. The Demonstration will contain or reduce the rate of ED visits for individuals with an SUD.	Claims	Interrupted Time Series	Quarterly
Hypothesis 2. The Demonstration will contain or reduce inpatient admissions.			
Evaluation Question 5. Does the Demonstration contain or reduce readmissions to the same or higher levels of care?			
Hypothesis 1. The Demonstration will contain or reduce readmissions to the same or higher levels of care	Claims	Interrupted Time Series	Quarterly
Evaluation Question 6. Does the Demonstration maintain or improve access to care for physical health conditions?			
Hypothesis 1. The Demonstration will maintain or increase access to care for physical health conditions	Claims	Interrupted Time Series	Quarterly

SMI Evaluation Questions and Hypotheses			
Evaluation Question and Hypotheses	**Data Source**	**Analytic Approach**	**Frequency**
Evaluation Question 1. Does the Demonstration result in reductions in emergency department utilization among members with an SMI?			
Hypothesis 1. Demonstration will contain or reduce mental health-related ED use for adults with an SMI	Claims	Interrupted Time Series	Quarterly
Evaluation Question 2. Does the Demonstration result in reductions in preventable readmissions to acute care hospitals or residential settings for members with an SMI?			
Hypothesis 1. Demonstration will contain or reduce readmissions to acute care hospitals or residential settings for adults with an SMI	Claims	Interrupted Time Series	Quarterly
Evaluation Question 3. Does the Demonstration result in increased treatment for comorbid SUD and physical health conditions after IMD discharge?			
Hypothesis 1. Demonstration will maintain or increase access to physical health and/or SUD treatment post-discharge for adults with an SMI	Claims	Interrupted Time Series	Quarterly
Evaluation Question 4. Does the Demonstration result in improved availability of crisis outreach and response services?			
Hypothesis 1. Demonstration will maintain or improve the availability of crisis outreach and response services throughout the state	Assessment of MH Availability	Descriptive	Annual
Evaluation Question 5. Does the Demonstration result in improved availability of non-residential, non-hospital crisis outreach and response services?			
Hypothesis 1. Demonstration will maintain or improve the availability of non-residential, non-hospital crisis outreach and response services	Assessment of MH Availability	Descriptive	Annual
Evaluation Question 6. Does the Demonstration result in improved availability of community-based services needed to comprehensively address the chronic mental health needs of beneficiaries?			
Hypothesis 1. Demonstration will maintain or improve the availability of community-based services needed to comprehensively address the chronic mental health needs of beneficiaries with SMI/SED	Assessment of MH Availability	Descriptive	Annual
Hypothesis 2. Expanding CCBHCs statewide will maintain or improve the availability of community-based services needed to comprehensively address the chronic mental health needs of beneficiaries with SMI/SED	Claims	Coarsened Exact Matching	Annual
Evaluation Question 7. Does the Demonstration improve the integration of primary and behavioral health care to address the chronic mental health care needs of members with SMI/SED?			
Hypothesis 1. expanding CCBHCs statewide will maintain or improve the integration of primary and behavioral health care to comprehensively address the chronic mental health needs of beneficiaries with SMI/SED	Claims	Coarsened Exact Matching	Annual
Evaluation Question 8. Does the Demonstration result in improved care coordination?			

SMI Evaluation Questions and Hypotheses			
Evaluation Question and Hypotheses	**Data Source**	**Analytic Approach**	**Frequency**
Hypothesis 1. Expanding CCBHCs statewide will maintain or improve care coordination for members with an SMI/SED	Claims	Coarsened Exact Matching	Annual

Interested persons may view the draft renewal application here: Section 1115(a) Institutions for Mental Diseases (IMD) Waiver for Serious Mental Illness and Substance Use Disorder Demonstration Waiver Renewal Application and visit www.okhca.org/PolicyBlog to view the public notice(s), location and times of public hearings, a link to provide public comments on the proposal, supplemental information, and updates. Persons wishing to present their views in writing or obtain copies of the proposed Demonstration may do so via mail by writing to: Oklahoma Health Care Authority, Health Policy Unit, 4345 N. Lincoln Blvd., Oklahoma City, Oklahoma 73105, or by email at federal.authorities@okhca.org.

Written comments or requests for copies of the proposed Demonstration will be accepted by contacting OHCA as indicated. Comments submitted through the OHCA policy blog will be available for review online at www.okhca.org/PolicyBlog. Other written comments are available upon request at federal.authorities@okhca.org. Comments will be accepted May 16 – June 15, 2025.