



DEC 15 2016

Cynthia B. Jones
Medicaid Director
Virginia Department of Medical Assistance Services
Suite 1300
600 East Broad Street
Richmond, VA 23219

Dear Ms. Jones:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to amend Virginia's section 1115 demonstration, "The Virginia Governor's Access Plan" (Project No. 11-W-00297/3), which has been renamed "The Virginia Governor's Access Plan (GAP) and Addiction and Recovery Treatment Services (ARTS) Delivery System Transformation." This approval is effective through December 31, 2019. This amendment authorizes the state to strengthen Virginia's substance use disorder (SUD) delivery system to improve the care and health outcomes for Virginia Medicaid beneficiaries with SUD consistent with the CMS guidance issued in the July 27, 2015 State Medicaid Director letter on new service delivery opportunities for individuals with SUD (see SMD # 15-003). These changes are effective as of the date of the approval letter.

This amendment to Virginia's current section 1115 GAP demonstration authorizes Virginia to implement a new SUD benefit and delivery system. The ARTS demonstration, which contributes to a comprehensive statewide strategy to combat prescription drug abuse and opioid use disorders, seeks to expand the SUD benefits package to cover the full continuum of SUD treatment including short-term residential and inpatient services to all Medicaid eligible members. In addition, Virginia will add coverage for peer support services under the state plan to support long term recovery.

In implementing the ARTS demonstration, Virginia is integrating SUD services into comprehensive managed care plans and introducing new program, provider and managed care requirements to improve quality of the care delivered to Virginia Medicaid beneficiaries and to ensure that SUD treatment services are delivered consistent with national treatment guidelines established in the American Society of Addiction Medicine (ASAM) Criteria. In addition, Virginia is taking steps to improve access to care for Virginia Medicaid beneficiaries with SUD, such as removing service authorization requirements for medication-assisted treatment and increasing payment rates for SUD providers to ensure a sufficient provider network.

Concurrent to and throughout this demonstration, the Virginia Department of Medical Assistance and sister state agencies will implement measures to prevent opioid-related harms, including introducing pharmacy benefit management strategies to ensure appropriate opioid pain medication utilization, improving the availability and quality of evidence-based treatment including medication assisted treatment, and increasing the provision of naloxone to reverse opioid overdose and reduce overdose deaths.

Virginia is the third section 1115 demonstration project approved under CMS' guidance on a new opportunity under section 1115 demonstration authority to develop a full continuum of care for individuals with SUD, including coverage for short-term residential treatment services not otherwise covered by Medicaid. The section 1115 SUD demonstration opportunity is geared to support states engaged in benefit, practice and delivery system reforms that foster improved care and health outcomes for individuals with SUD. Virginia's ARTS demonstration meets the standards set forth in the letter, including an evidence-based benefit design covering the full continuum of care, requiring providers to meet industry standards of care, integrating SUD services into a comprehensive managed care environment, reporting specific quality measures, ensuring there are the necessary program integrity safeguards and a streamlined benefit management strategy, in addition to the other programmatic expectations described in the letter. Importantly, the state will assess short-term residential treatment providers as delivering care consistent with the ASAM Criteria prior to their participating in the program. We support Virginia's efforts to improve the care and outcomes for individuals with SUD, and we look forward to working with more states committed to broad and deep SUD reforms through this new 1115 SUD initiative.

CMS approval of this section 1115 demonstration amendment is subject to the limitations specified in the approved waiver authorities and compliance with the enclosed Special Terms and Conditions (STCs) defining the nature, character, and extent of federal involvement in this project. The state may deviate from the Medicaid state plan requirements only to the extent those requirements have been waived or specifically listed as not applicable to the expenditure authority. The approval is subject to CMS receiving your written acknowledgment of the award and acceptance of these STCs within 30 days of the date of this letter. A copy of the revised STCs and expenditure authorities are enclosed.

Please send your written acceptance and any communications or official correspondence concerning the demonstration to your project officer, Mr. Felix Milburn. Mr. Milburn can be reached at (410) 786-1315, Felix.Milburn@cms.hhs.gov or at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
Mail Stop: S2-01-16
7500 Security Boulevard
Baltimore, MD 21244-1850

Please send official communications regarding program matters simultaneously to Mr. Milburn and to Mr. Francis McCullough, Associate Regional Administrator for the Division of Medicaid and Children's Health Operations in our Philadelphia Regional Office. Mr. McCullough's contact information is:

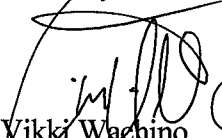
Mr. Francis McCullough
Associate Regional Administrator
Division of Medicaid and Children's Health Operations Program
Suite 216, The Public Ledger Building
150 South Independence Mall West
Philadelphia, PA 19106

If you have questions regarding this approval, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Center for Medicaid & CHIP Services, at (410) 786-9686.

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We look forward to continuing to work with you and your staff.

Sincerely,



Vikki Wachino
Director

The signature is a cursive scribble. To the right of the signature is a small circle containing the letters "SW".

Enclosures

cc: Francis McCullough, Associate Regional Administrator, CMS Region III