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CMS Guidance to Address SDOH in Medicaid and CHIP

CMS Releases Guidance on Opportunities in Medicaid and CHIP to Address Social Determinants of Health (SDOH)

On January 7, the Centers for Medicare & Medicaid Services (CMS) released a State Health Official (SHO) letter outlining opportunities under Medicaid and the Children's Health Insurance Program (CHIP) to address social determinants of health (SDOH). The guidance outlines the federal authorities available under current law that states can use to address SDOH. **The guidance does not identify new opportunities or authorities under Medicaid and CHIP to address SDOH.**

Key takeaways

- In this long-awaited guidance, CMS acknowledges the impact of SDOH on health care outcomes, costs, and health disparities. CMS also recognizes that the shift

towards alternative payment models and value-based care has accelerated interest in addressing SDOH.

- This is the first guidance that CMS has issued dedicated to SDOH. Previous guidance has touched on these topics but not in a comprehensive way across SDOH domains and federal authorities.
- The SHO provides helpful guidance on how states can view existing federal authorities through a SDOH lens and can work within these parameters to implement benefits, services, or programs to impact SDOH. The document also includes CMS-approved examples of state initiatives to address SDOH.
- The guidance focuses on evidence-based interventions that have been demonstrated to improve quality of care, improve outcomes, and/or lower costs for Medicaid and CHIP beneficiaries as well as strong monitoring and evaluation of program impacts.
- The Biden administration has made addressing health disparities a top priority. SDOH strategies will be key to closing equity gaps. Biden has signed executive orders aimed at addressing health disparities and has identified SDOH initiatives as important strategies to improve health equity. At a minimum, it appears that the Biden administration will continue to support Medicaid efforts in this area and may expand opportunities for states in the future.

What are the overarching principles that states should use in designing SDOH initiatives

The guidance outlines the following overarching principles from a CMS' perspective that states should use in designing SDOH approaches under Medicaid and CHIP:

- Services must be provided to Medicaid beneficiaries based on individual assessments of need, rather than a one-size-fits-all approach.
- Medicaid is frequently, but not always, the payer of last resort.
- States should ensure that services provided to address SDOH are limited to those expected to meet the beneficiary's needs in the most economic and efficient manner possible and are of high quality.

- Each Medicaid service must be sufficient in amount, duration, and scope to reasonably achieve its purpose.

In addition to these overarching principles, the guidance encourages state Medicaid programs to:

- Work with other state agencies and leverage all sources of federal funding.
- Develop a strong monitoring and evaluation plan for SDOH initiatives.

What authorities can be used to address SDOH under Medicaid and CHIP?

Section 1905(a) State Plan Authority

States can use state plan authority to cover services to address SDOH through the rehabilitative services benefit, Rural Health Clinics (RHCs) and Federally Qualified Health Center (FQHC) services, as well as case management and targeted case management.

- Rehabilitative services may include services to help eligible members regain life skills that may help individuals find housing or employment, fill out paperwork, pay bills and interact with neighbors or co-workers.
- RHCs and FQHCs could be reimbursed under Medicaid to screen individuals to identify social needs, collect and analyze SDOH data to inform interventions and co-locate social services.
- States may elect to cover case management services, which can include a comprehensive medical, educational and social assessment, as well as creating a plan of care.

Home and Community-based Service (HCBS) Options

HCBS authorities can be used to provide services that address SDOH for the targeted populations that are eligible for these programs (e.g., older adults, people with intellectual or developmental disabilities, physical disabilities, mental illnesses). CMS notes that HCBS services can be particularly effective in coordinating medical and non-medical services.

- Under authority of a 1915(c) waiver, states may offer long-term services and supports (LTSS) that address SDOH while supporting individuals to achieve community integration goals and maximize independence and safety in the home. Examples include home accessibility adaptations, one-time community transition costs, home delivered meals, employment services and case management.
- The guidance also describes opportunities under the 1915(i) State Plan Benefit, 1915(j) Optional Self-Directed Personal Assistance services, and 1915(k) Community First Choice Optional State Plan Benefit.

1115 Demonstration

Through section 1115 authority, states have the opportunity to test innovative approaches, including alternative payment methodologies, to address SDOH. As with all 1115 demonstration requests, states are expected to propose a plan for independent and robust evaluations of the demonstration's impact on quantitative and qualitative outcomes. In considering whether to approve a section 1115 demonstration, the guidance states that CMS will examine whether the demonstration is likely to promote the objectives of Medicaid or CHIP, with a focus on whether the demonstration is likely to improve the sustainability of the safety net.

Section 1945 Health Homes

States have opportunities through health homes to address SDOH for individuals with chronic conditions by providing comprehensive case management services that help coordinate an individual's physical health care, behavioral health care and LTSS. These case management services can include an assessment to identify the need for assistance with SDOH and subsequently refer an individual to community and social support services.

Managed Care Program

States may develop and implement specific managed care plan procurement and contracting strategies to incentivize activities that address SDOH. Within the managed care framework, states may use state directed payments to direct payment models that incentivize providers to engage in activities that address SDOH.

- Incentive payments can also be made to managed care plans to recognize investments or improvements in SDOH tied to performance targets.
- Managed care plans also have opportunities through in-lieu-of services and value-added services to address SDOH.
- States may also leverage quality requirements such as the state's Quality Strategy or quality assessment and performance improvement (QAPI) requirements to address SDOH within their managed care programs.

Other Authorities to Address SDOH

The document also outlines other opportunities to address SDOH under Medicaid and CHIP including through the Program of All-Inclusive Care for the Elderly (PACE), Integrated Care Models, CHIP Health Services Initiatives, Medicare Savings Programs, and the Money Follows the Person Demonstration.

The guidance also describes Federal matching funds available for administrative activities such as:

- Coordination with community-based programs.
- Integrating data systems and sharing information across state agencies.
- Pursuing strategies to streamline enrollment in Medicaid and other benefits that can address SDOH such as the Supplemental Nutrition Assistance Program (SNAP), Head Start, the Women, Infant, and Children's program (WIC), among others.

If you are interested in more details on this guidance or have specific questions for your state, please email us at **mercer.government@mercer.com**

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