

CMS releases long-awaited guidance on SDOH – have you seen it?

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On January 7, 2021, the Centers for Medicare & Medicaid Services (CMS) released a State Health Official (SHO) letter outlining opportunities under current Medicaid and the Children’s Health Insurance Program (CHIP) to address social determinants of health (SDOH). The guidance does not identify new opportunities or authorities under Medicaid and CHIP to address SDOH.

Key Points

- 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 describes how states can view existing federal authorities through an 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 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.



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What Medicaid and CHIP authorities can states use to address SDOH?

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 their quality strategy or quality assessment and performance improvement requirements to address SDOH within their managed care programs.

HCBS Options

Home and community-based services (HCBS) authorities can be used to provide services that address SDOH for the targeted populations that are eligible for these programs (for example, older adults, people with intellectual or developmental disabilities, physical disabilities, mental illnesses).

Under the 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. 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, 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 refer an individual to community and social support services.

Section 1905(a) State Plan Authority

- 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 coworkers.
- Rural Health Clinics and Federally Qualified Health Centers 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.

Key Takeaways

With this dedicated guidance that maps existing SDOH opportunities under Medicaid and CHIP, CMS recognizes the impact of SDOH on health care outcomes, costs, and disparities. The Biden Administration's focus on health disparities may bring additional opportunities for states to bridge gaps, including by addressing SDOH.

For More Information

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