

Adapting to evolving standards: Updating state policies and reimbursement rates to align with the latest ASAM Criteria

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The American Society of Addiction Medicine (ASAM) Criteria is the widely acknowledged standard for addiction treatment across the United States. ASAM released an updated edition of the Criteria for addiction treatment services in late 2023. This paper explores considerations for state agencies (e.g., Medicaid, Health, Insurance) considering the updated ASAM Criteria and potential future updates.

The updated placement Criteria for addiction services, released by ASAM in fall 2023, marks the first significant update to the ASAM Criteria in 10 years. The Centers for Medicare and Medicaid Services (CMS) has long required state Medicaid agencies expanding substance use disorder (SUD) services to align with the ASAM Criteria. Consequently, state agencies will need to review potential impacts to their policies and procedures to ensure alignment with the latest edition, including possible budgetary implications due to provider reimbursement rate adjustments.

States should consider a comprehensive review of statutes, regulations, administrative codes, Medicaid waivers, and other policies that incorporate or reference the ASAM Criteria. The goal is to ensure state policies and protocols remain consistent with the updated ASAM Criteria and reflect current best practices for SUD and addiction treatment. Additionally, states might consider evaluating whether changes in SUD reimbursement rates are necessary to align with policy changes (including increased staffing requirements). This white paper provides a high-level overview of key changes to the ASAM Criteria, notes potential implications for

state agencies, and discusses strategies state agencies might use to proactively address possible challenges as they navigate current and forthcoming updates to the Criteria. We anticipate many states will need to revise their current policies and procedures to ensure alignment with the updated ASAM Criteria, as well as update the corresponding reimbursement rates associated with each ASAM level of care to reflect new provider staffing and service requirements. Further, as additional updates to the ASAM Criteria are expected to be released in the coming years, states may find it beneficial to develop a strategic framework and process for regularly reviewing and updating SUD and addiction treatment policies and provider reimbursement rates.¹

History of ASAM and adoption as best practice

The American Society of Addiction Medicine is a private nonprofit professional association that represents healthcare professionals working in addiction medicine.² In 1991, the organization introduced the influential ASAM Criteria, a set of guidelines for addiction treatment placement that emphasizes

1. On September 30, 2024, the American Society of Addiction Medicine (ASAM) announced it is seeking public comment for the Adolescent and Transition Age Youth Volume of The ASAM Criteria. More information, including both the draft document and comment submission form, can be found online: <https://www.research.net/r/G6BX3XN?asam.org>

2. ASAM. Our History. Retrieved September 26, 2024, from <https://www.asam.org/about-us/our-history>.

the importance of treatment plans specifically tailored to the needs of individual patients.³ Since its introduction, the ASAM Criteria has been adopted by over 30 states and endorsed by CMS.⁴ The ASAM Criteria's status as an industry standard was further signaled by CMS when that organization required alignment with ASAM for states seeking approval of SUD Medicaid 1115 demonstration waivers to provide services in institutions for mental disease (IMDs) and the "use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications."^{5,6}

ASAM Criteria updates

The fourth edition of the ASAM Criteria, released in late fall 2023, represents the first major revision since the third edition's release in 2013—more than a decade ago. Updates to the Criteria include major changes in assessment and treatment planning standards and service requirements across the continuum of care, with other minor updates addressed.⁷

THE ASAM CRITERIA ASSESSMENT AND TREATMENT PLANNING STANDARDS

A fundamental component of the ASAM Criteria is the multidimensional assessment used to guide level of care recommendations and treatment plan development. Updates to the Criteria include separation of standards for the ASAM Criteria level of care assessment (to determine a recommended level of care) and the ASAM Criteria treatment planning assessment (to develop a comprehensive treatment plan). The standards have been separated as it has been noted that a full biopsychosocial assessment is not necessary for determining the level of care recommendation but is required for the treatment planning assessment. Through this separation, the initial assessment may be more streamlined and reduce the amount of time needed to identify a level of care recommendation. Although the standards are now separated, both assessments will continue to be multidimensional and consider the patient's biological, psychological, and sociocultural environment.

THE CONTINUUM OF CARE

The revised Criteria aims to streamline and align the continuum of care to what is available in communities across the country. As shown in Figure 1, this includes updating the levels of care currently included (i.e., expanding and separating a level into multiple levels and removing levels altogether), integrating withdrawal management into the continuum of care, updating levels to reflect residential settings, and promoting improved continuity of care along the continuum. Updates to the level of care criteria include separating and expanding levels in several ways, as highlighted below.

- **Early intervention:** The fourth edition of the ASAM Criteria reframes the terminology used around early intervention and prevention. While early intervention and prevention are still recognized as key components of responding to addiction, these activities typically occur outside of a treatment setting. Consequently, the fourth edition no longer uses Level 0.5, and these activities are discussed separately from the levels of care.
- **Outpatient level of care (LOC):** Long-term Remission Monitoring (Level 1.0) was expanded to include more detailed standards for the care that occurs at this level. The updated ASAM Criteria includes a new Level 1.5 that is consistent with the previous Level 1.0 but specifically tailored to outpatient counseling and psychotherapeutic services, and a new Level 1.7 dedicated to medically monitored outpatient care, including office-based opioid treatment, opioid treatment programs, and low-intensity, medically managed, ambulatory withdrawal management services.
- **Intensive outpatient LOC:** Level 2.7 was established as an outpatient level of care, including biomedically enhanced and withdrawal management services, for patients who require medical management and monitoring.

3. Ibid.

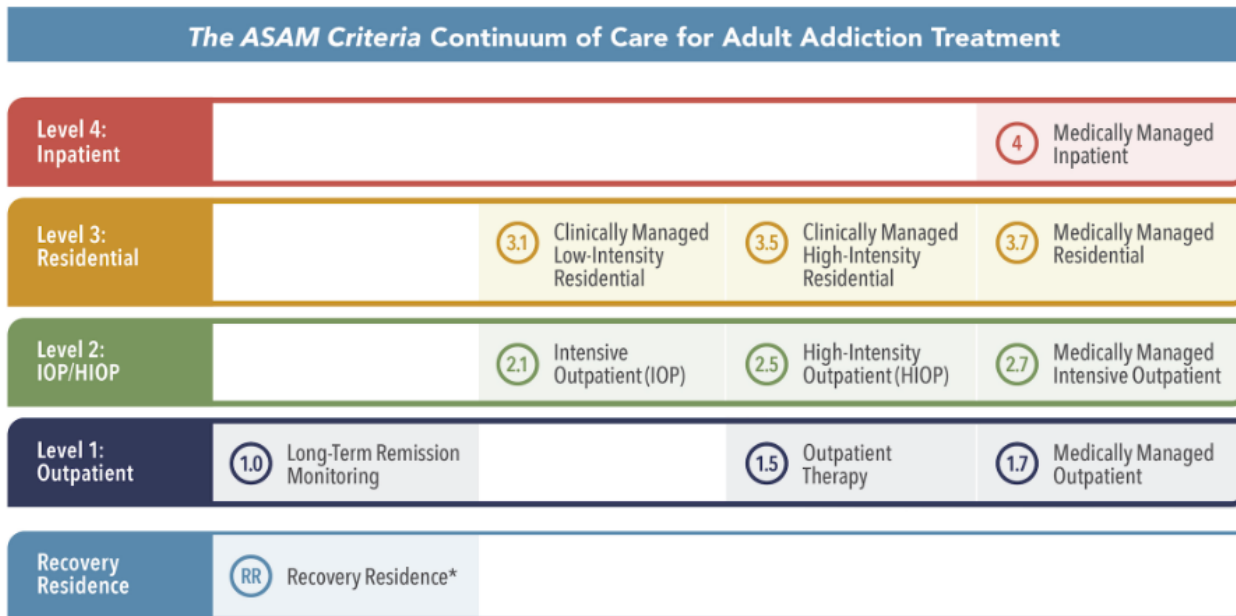
4. ASAM. State Implementation. Retrieved September 26, 2024, from <https://www.asam.org/asam-criteria/state-implementation>.

5. CMS (November 1, 2017). SMD #17-003: Strategies to Address the Opioid Epidemic. Retrieved September 26, 2024, from <https://www.medicaid.gov/federal-policy-guidance/downloads/smd17003.pdf>.

6. States that provide IMD services through the in lieu of services (ILOS) option are not required to align with ASAM.

7. Waller, R.C., Boyle, M.P., Daviss, S.R. et al, eds. The Asam Criteria: Treatment Criteria for Addictive, Substance-Related, and Co-Occurring Conditions, Volume 1: Adults. 4th ed. Hazelden Publishing; 2023.

FIGURE 1: THE ASAM CRITERIA CONTINUUM FOR ADDICTION TREATMENT – ADULT



Source: American Society of Addiction Medicine (ASAM). The ASAM Criteria, 4th ed. See <https://www.asam.org/asam-criteria/asam-criteria-4th-edition>.

- **Residential LOC:** Clinically managed population-specific high-intensity residential (Level 3.3) level of care for individuals with severe cognitive impairments was removed, and a new chapter focused on addressing comorbid cognitive impairments was created within the updated ASAM Criteria.
- **Withdrawal management:** Withdrawal management (WM) services have been reintegrated into the continuum by removing the separate levels of care for withdrawal management. Specifically, WM services were integrated into two new levels of care (1.7 and 2.7), while the previous levels 3.2-WM and 3.7-WM were integrated into Levels 3.5 and 3.7, respectively. To encourage better continuity of care along the continuum, the updated ASAM continuum will include increased intensity of clinical services, alignment of standards within levels to allow facilities to deliver multiples levels of care within their programs (e.g., aligning standards for staffing between Levels x.1, x.5, and x.7), and the inclusion of recovery support services.

ADDITIONAL ASAM CRITERIA UPDATES

Other updates in the ASAM Criteria include revising language to reflect current and evolving terminology, incorporating care via telehealth, mobile treatment services, and digital therapies, promoting integration of co-occurring conditions and SUD treatment, and focusing on diversity, equity, and inclusion (DEI).

While the ASAM Criteria's fourth edition is focused on adults, it should be noted that ASAM is planning to release additional volumes for other populations in the coming years. Subsequent updates to the ASAM Criteria will include volumes for Adolescent and Transition Age Youth (anticipated 2024), Addiction Treatment Within Jails and Prisons (anticipated 2025), and Behavioral Addictions (anticipated 2026).⁸ In anticipation of the release of additional volumes in the future, states may find it beneficial to put the infrastructure in place now to enable future updates to be made in an efficient manner as updates are released. The considerations outlined in this white paper may be applicable to future volumes released by ASAM in the coming years.

Additional information about the specific changes in the ASAM Criteria can be found online at the following location: <https://www.asam.org/asam-criteria/asam-criteria-4th-edition>.

What should states consider following the ASAM Criteria updates?

Given the varied circumstances and contexts in which states have incorporated the ASAM Criteria into their behavioral health delivery systems, states will need to individually assess how the ASAM Criteria is specifically incorporated into their policies and determine whether policy adjustments may be necessary to

8. ASAM Criteria 4th Edition Development. Retrieved September 26, 2024, from <https://www.asam.org/asam-criteria/4th-edition-development>.

ensure alignment with the revised ASAM Criteria. Outlined below are items states may consider as they review their policies and regulations to align with both the new and forthcoming updates to the ASAM Criteria.

REVIEW WHERE AND HOW THE ASAM CRITERIA IS INCORPORATED INTO STATE POLICIES

Because CMS recognizes the ASAM Criteria as the standard of care for the treatment of SUD, many states have adopted the ASAM Criteria into their policies and regulations governing these services via incorporation by reference. As a doctrine of law, to incorporate something by reference means to integrate language from one document into another document. In relation to the ASAM Criteria, a state could either directly or indirectly incorporate the ASAM Criteria into policies by reference. As a result, states will need to review all SUD and addiction treatment policy and procedure documents to confirm where and how the ASAM Criteria has been incorporated. Documents that states may need to review include but are not limited to state statute(s), administrative codes or rules, federal authorities (waivers), Medicaid state plan amendments, managed care contracts, policy manuals, and communication materials.

After reviewing policy and procedure documents, states will need to analyze whether the ASAM Criteria is incorporated explicitly by direct reference or more broadly by indirect reference (i.e., by description). How a state has previously chosen to incorporate the ASAM Criteria into its policies will determine what needs to be done to align with the latest edition.

- **Incorporated by direct reference:** In states where the ASAM Criteria's third edition is directly referenced (e.g., state administrative code rule explicitly mandates "substance use disorder services to be provided in accordance with ASAM Criteria, 3rd ed."), it will likely be necessary to revise the policy in response to the release of the fourth edition. States may need to consider policy adjustments reflective of the updated version or removal of a version reference altogether.
- **Incorporated by indirect reference (i.e., via description):** States that integrate the ASAM Criteria into their policies through broader descriptions rather than direct reference to a specific edition (e.g., describing the characteristics of residential levels of care that otherwise align to the ASAM descriptions) must review the language in detail to determine whether the language in the state policy remains aligned with the updated ASAM Criteria. Regardless, states may consider providing additional details, adding clarifying language, or adding a specific reference to the ASAM Criteria moving forward to prevent future administrative burden of reviewing SUD treatment policy documents in depth.

Irrespective of the manner in which the ASAM Criteria is incorporated into state policies and procedures, states will need to complete a comprehensive review of SUD treatment policies to ensure alignment with revised ASAM Criteria and to determine their preferred approach for incorporating ASAM policies moving forward as the ASAM Criteria's fourth edition is one in a series of updates ASAM intends to make in the coming years.

REVISE POLICY DOCUMENTS TO ALIGN WITH ASAM REVISIONS

Where ASAM Criteria references are located and how they are incorporated into policies and procedures will determine what documents may need potential revision. As states evaluate their existing policies and regulations and develop plans for making operational updates, they may consider focusing on the following areas:

- **Services:** States will need to review their current service packages (including both state plan services and any optional or additional services offered through waiver authorities or via managed care organizations) and align them with the updated ASAM continuum of care. This includes adding new services, removing outdated or obsolete services, and amending any service that may have been revised in the latest edition of the ASAM Criteria.
- **Contracts:** Managed care organization contracts, fee-for-service Medicaid provider contracts, and managed care network provider contracts will need to be reviewed to ensure alignment with the updated ASAM Criteria. Contracts may reference the ASAM Criteria as it relates to provider requirements, quality improvement or utilization review requirements, or billing, and will need to be amended as necessary.
- **Communication materials:** States will need to review any previously released communication materials (e.g., frequently asked questions, newsletters, training materials, handouts) and either remove outdated references or otherwise revise them to reflect the updated ASAM Criteria. A thorough review of the state's public-facing website prior to the release of the updated editions to ensure all outdated information has been removed will minimize future issues with misaligned communications.
- **Member and/or provider materials:** In addition to any broad communication materials, states will need to review and revise all member and provider materials (including any materials that can only be accessed via secure portals) to align with the updated ASAM Criteria. This review should include, but not be limited to, materials such as billing manuals, member and provider handbooks or pamphlets, member and provider notices or letters, and any public-facing websites or secure portals.

- **State and federal authorities:** States will need to review state and federal authorities (e.g., Medicaid state plan, waivers, state codes) to ensure alignment with the updated ASAM Criteria. Updates made in any of the areas outlined above may in turn affect state and federal authorities. For example, services outlined in an 1115 waiver that are revised based on the updated ASAM Criteria requirements may subsequently necessitate revisions to the 1115 waiver itself.

After reviewing the various policy and program documents that reference the ASAM Criteria, states will need to revise the documents and, if necessary, prepare to submit them through the appropriate state and/or federal approval process. States that are required to update language in federal authorities due to the updated ASAM Criteria (e.g., waivers or the Medicaid state plan) will then need to subsequently submit those changes to CMS for approval. As the federal authority submission process has specific timelines and requirements for public comment, states should ensure this work is started and completed in a timely manner due to the release of the new ASAM Criteria. Similarly, states should consider the timeliness of required steps for revising state-level policies (i.e., administrative code rules) and ensure those timelines are taken into consideration when revising these documents so that policies are updated as close to the effective date of the ASAM Criteria changes as possible.

REVIEW AND REVISE SUD REIMBURSEMENT RATES TO REFLECT UPDATED PROVIDER REQUIREMENTS.

States will need to review their billing and reimbursement policies (e.g., fee schedules, service codes, approved modifiers, provider and/or facility licensure/certification requirements). Necessary updates may include, but are not limited to, adding new ASAM level of care requirements to specific billing codes, revising service names to align with new or revised ASAM requirements, and modifying provider certification or licensure requirements for specific services.

As policies and procedures are updated, states should also determine the extent to which adjustments to provider reimbursement rates may be needed to align with staffing or other requirements associated with the updated ASAM Criteria. Depending on when state SUD payment rates were last developed or updated, a comprehensive review of the following types of service delivery costs may be necessary to determine necessary payment rate updates:

- **Direct care staff and supervisor salaries and wages:** Typically comprise the largest component of reimbursement rates, and reflect direct and indirect staff time, paid time off, and time spent in training or conferences. These costs vary

based on employee type (e.g., licensed versus unlicensed staff) and shift differentials in a 24/7 care setting. Some levels of care across the ASAM continuum require increased clinical service hours and a review of these service rates may be warranted.

- **Employee-related expenses:** Include payroll-related taxes and fees (e.g., Federal Insurance Contributions Act) and employee benefit costs incurred by the employer (e.g., health insurance).
- **Transportation:** Reflect vehicle-related expenses required to provide SUD services (i.e., transporting clients).
- **Administration, program support, and overhead:** Includes all other business-related costs including program operating expenses such as management, accounting, legal, and information technology costs. Clear identification of room and board costs related to SUD residential care is needed as states are not allowed to use Medicaid funding for those costs.

As states evaluate rate adequacy in relation to policy updates, particular attention should be given to the below considerations that impact direct care staff and supervisor costs:

- **Practitioner time:** Certain levels of care or services may now have greater expected amounts of direct (i.e., face-to-face) time with patients.
- **Training requirements:** States may update training requirements for certain positions and/or services, which could result in more nonbillable time per employee.
- **Co-occurring MH and SUD treatment:** Treating patients with co-occurring mental health (MH) and SUD diagnoses may result in additional training or time per service (as described above). This also may cause certain services to require higher credentials of practitioner than under previous requirements.
- **Provider wage trends:** The public health emergency and preexisting behavioral health workforce shortages have contributed to notable wage pressure over time. There is a growing trend for states to more closely track wage trends to assess the extent to which additional payment rate updates are needed.

In some cases, payment rate adjustments to adequately reflect the costs of program requirements may require additional funding to implement, which may require state legislative action. States that dedicate additional funding to SUD reimbursement will need to identify any downstream implications, such as any related capitation rate updates and revisions to budget neutrality limits for 1115 waivers.

Conclusion

The release of the ASAM Criteria's fourth edition presents an opportunity for states to thoughtfully review their policies, regulations, and SUD reimbursement rates to ensure continued alignment with the evolving best practice standards. States may wish to examine various policy documents that have incorporated the ASAM Criteria either explicitly by reference or more broadly and ensure ongoing compliance with new or revised ASAM requirements. Milliman remains committed to supporting states in these efforts and is available to assist with both the development and execution of processes to review and revise documentation operationalizing the ASAM Criteria, as well as efforts to engage stakeholders throughout the review process.

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