# Nevada's Treatment of Opioid Use Disorders (OUDs) and Substance Use Disorders (SUDs) Transformation Project

## 1115 Demonstration Waiver Amendment

**Project Number** *Placeholder*

**November 3, 2025**

# Table of Contents

## Section I. Introduction:

On June 13, 2022, the State of Nevada submitted a federal Section 1115 Demonstration Waiver known as Nevada's Treatment of Opioid Use Disorders (OUDs) and Substance Use Disorders (SUDs) Transformation (project: 11-W-00409/9). This application was approved by the Centers for Medicare & Medicaid Services (CMS) on December 29th, 2022.

Nevada is requesting federal authorization to amend this waiver to require all Medicaid-eligible children in the care and custody of Nevada, those receiving adoption subsidy assistance, and other children and youth who meet defined clinical or risk-based criteria to enroll in a single specialty managed care plan. Mandatory eligibility groups will include Medicaid eligible children and youth ages 0-21 or up to age 26 if aged out of foster care in Nevada at age 18 and who meet additional criteria as defined further in Section III. Background.

This amendment does not impact the current OUD and SUD demonstration, nor would it impact the November 2024 pending amendment request to receive federal Medicaid matching funds for Serious Mental Illness or Severe Emotional Disturbance treatment provided in an Institution for Mental Disease. Rather, Nevada seeks to amend the current demonstration to support the design of a new managed care program with a single managed care organization (MCO) that would operate under concurrent 1115 and 1915(b) federal authorities.

This proposal is aligned with the Administration's priorities to increase state flexibility in Medicaid, improve cost efficiency, strengthen managed care models, and expand access to community-based alternatives to institutional care. Nevada is committed to reducing federal and state Medicaid expenditures by shifting services away from costly institutional settings and investing in care models that provide accountability, care coordination, and improved outcomes. The single specialty health plan will provide quality, comprehensive, family-integrated care targeted to eligible children and youth.

The Division aims to make this new delivery system available to children and families no later than January 1, 2027.

## Section II. Goals and Objectives:

Nevada is proposing a single, specialized MCO for this targeted program for a focus population with unique and complex needs. The expenditure authority requested in this 1115 amendment would permit only a single statewide MCO for the specialty managed care program. Absent this authority, at least two MCOs would need to operate in urban areas of the State. Nevada will request approval of a 1915(b) waiver for the specialty managed care program by 2026.

This plan would cover all Medicaid-covered services currently available to children in Nevada Medicaid with the addition of intensive care coordination/High-Fidelity Wraparound, family and youth peer supports, respite, and supported employment. The additional benefits will be authorized through other federal authorities (e.g., State Plan or Medicaid managed care regulatory pathways). Nevada intends to select a single managed care organization (MCO) to operate this program and require mandatory enrollment for all eligible children that can be subject to mandatory enrollment per federal law. This care delivery model aligns with the requirements outlined in Section II.X and Item 110 in the settlement

agreement between the State of Nevada and the Department of Justice, effective January 2nd, 2025.

A single specialty MCO will be well-positioned to meet the accountability framework for this critical initiative to transform Nevada's child and youth behavioral health infrastructure. Key considerations and objectives for this amendment are described below.

Accountability for the Population: The needs of the focus population require specialized and integrated medical services and support systems, and these evidence-based & trauma-informed service models may be delivered by providers unaccustomed to interacting with Medicaid managed care plans. The provision of an enhanced benefit package under a single MCO supports continuity of care, transitions between settings of care, and educes provider burden by streamlining service authorization procedures for more timely service delivery. With this system of care, Nevada hopes to reduce institutional placements, as well as drive efficiency by increasing the use of lower levels of care. The MCO must have experience with multi-system involved children and youth and ensure key staff, case managers, and member/provider support systems have the requisite knowledge and expertise. The rationale for a single MCO is further supported by the decision in other Medicaid programs to use a single, specialized health plan for children in foster care and/or children with behavioral health diagnoses (e.g., Missouri, New Mexico, Ohio, West Virginia).

Accountability as a Risk-Based Entity: The projected size of the target population is 20,000, combined with the costs of intensive services and specialized operations suggests a single MCO can remain financially viable as a risk-based entity and be held to financial obligations (e.g., meeting a minimum medical loss ratio based on credible experience).

Accountability for Outcomes: A primary objective for this initiative is to transform Nevada's child and youth behavioral health infrastructure. To evaluate the MCO's performance according to established performance measures, the MCO needs sufficient utilization and stable enrollment to calculate valid outcomes. Furthermore, a single MCO will better support Nevada's oversight and monitoring across operational domains (e.g., network adequacy and accessibility of services, grievance and appeals, financial performance, and program integrity).

This demonstration seeks to achieve the following objectives:

**Objective 1: Provide child and family centered care coordination practices for each member enrolled**

Members will have access to a care coordination model that takes into consideration the unique needs of each child and family to address individualized issues. This includes enhanced cross-system partnerships and trauma informed care across child-serving systems in alignment with requirements outlined in the DOJ Settlement Agreement, including the development of individualized care plans, assignment of care coordinators, and cross-agency team-based planning to strengthen coordination and improve the well-being of children, youth, and families who are often involved in multiple child-serving systems.

**Objective 2: Drive system efficiencies by reducing utilization of higher levels of care**

While members will be able to have freedom of choice of providers within the specialty health plan network, the care coordination model will reduce institutional placements, provide effective access to lower levels of care, establish a comprehensive physical and behavioral health provider network that is trauma-informed and specializes in the targeted population, and reduces over-utilization of services.

## Section III. Background:

The State of Nevada recently reached a five-year Settlement Agreement with the U.S. Department of Justice (DOJ), following a two-year investigation that identified the urgent need for the state to expand state-funded community-based services for children with significant behavioral health needs and reduce reliance on institutional and congregate care. This includes the expansion of certain community-based services and new investments in Medicaid reimbursement for qualified providers.

The DOJ found that Nevada's Medicaid State Plan includes many of the necessary services for an effective community-based service system, but that the state must:

- Implement a Specialty Managed Care Plan (SMCP) for Medicaid eligible children with behavioral health needs
- Expand service availability by supporting and managing the state's provider network to increase quality and access to care
- Assess children and divert them to community-based services to avoid institutional care where possible, and
- Engage children who are in residential and inpatient facilities in discharge planning to facilitate their safe return home quickly and successfully.

The intent is for this new managed care program to be a single, statewide plan that integrates both medical and behavioral health services for eligible children. The Division will conduct a competitive procurement for the MCO and aims to make this new delivery system available to children and families no later than January 1, 2027. The state has an expectation of 20,000 youth who will be positively impacted by this SMCP. The state will not impose any cost sharing for populations eligible to enroll in the SMCP.

Mandatory eligibility groups will include children and youth ages 0-21 or up to age 26 if aged out of foster care at age 18 who meet at least one of the following criteria:

- Have a Serious Emotional Disturbance (SED) designation or Serious Mental Illness (SMI) diagnosis or substance use disorder
- Are involved with the foster care system.

Voluntary eligibility groups include children and youth that are determined to be at high risk of developing SED or SMI based on a variety of factors and Native American children and youth that otherwise meet the criteria for mandatory enrollment categories.

Nevada will automatically enroll these children into the specialty health plan and these members will remain enrolled in the specialty health plan until any of the following occur:

- The member qualifies for Supplemental Security Income (SSI) and the member or member's guardian chooses to disenroll from managed care
- The member meets the qualifications described in Section 501 (a)(1)(D) of the Act and chooses to disenroll from managed care
- The member meets the qualifications described in Section 1902 (e)(3) of the Act and chooses to disenroll from managed care
- The member no longer meets the criteria for the mandatory population as described in Section III (e.g., no longer in foster care, adoption subsidy, or clinically eligible), and is automatically disenrolled and is automatically disenrolled from the specialty health plan

## Section IV. Projected Waiver Impact:

Per STC 7.c., the State is required to provide a data analysis that identifies the specific "with waiver" impact of the proposed amendment on the current budget neutrality agreement.

This amendment is limited to an expenditure authority for a single managed care organization that will serve children with complex behavioral health needs and children in foster care and is not anticipated to have an impact on "with waiver" expenditures under the current budget neutrality agreement, which is a hypothetical test for SUD treatment provided in an IMD under managed care and fee-for-service delivery systems. The State has no expectation of this amendment impacting the annual aggregate expenditures or number of members who receive SUD treatment in an IMD under this demonstration. The requested expenditure authority does not authorize coverage of populations or services and would not create a new delivery system. If approved, this expenditure authority would operate concurrently with a 1915(b) waiver for the statewide specialty managed care program. Federal expenditures for this specialty managed care program will be evaluated in accordance with the cost effectiveness test applied to 1915(b) waiver authority. Therefore, the State believes a separate budget neutrality test is not applicable to this expenditure authority. This interpretation is supported by CMS's approval of the same expenditure authority with no budget neutrality test for Missouri and West Virginia, which have concurrent 1915(b) waivers to authorize a specialty managed care program.

The state has an expectation of 20,000-40,000 youth who will be positively impacted by this SMCP. Projected annual aggregate expenditures for the specialty managed care program will be provided in the 1915(b) waiver application via the required cost effectiveness test as this targeted 1115 amendment request to use a single MCO for the specialty managed care program does not have a quantifiable impact on projected annual aggregate expenditures. However, for purposes of the 1115 amendment application, the State estimates a range of projected annual aggregate expenditures of $XXX to $XXX.

## Section V. Evaluation:

Per the STCs, the amendment process may provide, if applicable, a description of how the evaluation

design will be modified to incorporate the amendment process. The changes proposed under this amendment are not anticipated to create any changes to the waiver's evaluation design. This amendment only proposes to authorize a single specialty managed care plan through expenditure authority and does not change the evaluation approach approved under the original 1115 demonstration. This change should not influence the originally approved Section 1115 Treatment of opioid use disorders (OUDs) and substance use disorders (SUDs) Transformation waiver demonstration. Evaluation requirements will be implemented through the 1915(b) waiver for the specialty managed care program.

## Section VI. Public Notice (*Public Workshop)*

In accordance with 42 CFR section 431.408, DHCFP published required public notices about the waiver amendment and conducted a thirty (30) day public notice and comment process from *September 17, 2025,* to *October 18, 2025*. This allowed the public and other interested parties the opportunity to review and provide feedback on the amendment. Public workshops were held *September 5, 2025, in Southern Nevada and September 17, 2025, in Northern Nevada. Tribal Notification was provided on Sept 2, 2025.*

1. Start and end dates of the state's public comment period.
2. Certification that the state provided public notice of the amendment which may include: a link to the state's web site, a notice in the state's Administrative Record, and the use of an electronic mailing list or similar mechanism to notify the public at least 30 days prior to submitting the amendment to CMS.
3. Comments received by the state during the 30-day public notice period.
4. Certification that the state conducted tribal consultation in accordance with the state's approved Medicaid state plan, or at least 60 days prior to submitting this Demonstration application if the Demonstration has or would have a direct effect of Indians, tribes, on Indian health programs, or on urban Indian health organizations, including dates and method of consultation

## Summary of Comments and State Response

The public notice period for comment of the 1115 Waiver Amendment was *Placeholder* to *Placeholder*. The public notice was listed on the State's website, *Placeholder* and a copy of the public notice is included in the submission to CMS. During the public notice period, the State did *Placeholder* receive any comments for this 1115 Waiver Amendment. (*Summary of public comments)*

## Demonstration Administration:

Contact information for Nevada's 1115 Demonstration Waiver is as follows: Name: Michael Gorden – Federal Waiver Director @Michael.Gorden@dhcfp.nv.gov