

Transforming the approach to substance use disorder care

Mercer Government
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States are experiencing an unprecedented demand for substance use disorder (SUD) services and, as a result, are actively seeking new opportunities and innovative approaches to optimize resources. The national opioid epidemic has resulted in aggressive efforts at both the federal and state levels to prevent addiction to prescription opiate pain medications, limit access to synthetic fentanyl, prevent death from unintentional overdoses and reduce the prevalence of neonatal abstinence syndrome.

Progress has been made in reducing opioid prescriptions across the country,¹ but there is still a significant problem with overdose-related deaths in the US. Although there has been a 44% decrease in prescriptions for pain treatment among Medicaid enrollees from 2016 to 2019², opioid-related overdoses continue to be a leading cause of fatalities. In fact, there were over 107,000 drug overdose deaths nationally, with opioids being involved in more than 75% of these cases.^{3,4}

Although the opioid epidemic draws national attention, states experience the impacts of other disabling and dangerous substance use as well:

- **Fentanyl** is driving the synthetic opioid-involved death rates, including illicitly manufactured fentanyl. Although oxycodone death rates decreased by 21% from 2016 to 2021, fentanyl overdose death rates increased by 279%.⁵
- **Methamphetamine** overdose death rates more than quadrupled from 2016 through 2021, and cocaine overdose death rates more than doubled during this period.⁵
- **Cigarette smoking** has decreased over the last 50 years for adults,⁶ and although cigarette smoking for high school youth has decreased significantly over the last few decades,⁷ teen vaping has sharply increased. Recent data reveals that approximately 20% of high school students have reported using e-cigarettes within the past 30 days, which puts these young individuals at risk of developing a lifelong addiction.⁸
- **Alcohol-related deaths** are the fourth leading preventable cause of death in the United States, claiming the lives of approximately 178,000 individuals annually.⁹

For over 40 years, we have worked with 45 US states and territories. We bring the right mix of battle-tested experts and multi-disciplinary practitioners to the table to shape real-world solutions and face the toughest issues.



1 <https://www.cdc.gov/drugoverdose/deaths/prescription/practices.html>

2 <https://www.kff.org/medicaid/issue-brief/a-look-at-changes-in-opioid-prescribing-patterns-in-medicare-from-2016-to-2019/>

3 <https://www.cdc.gov/nchs/data/databriefs/db491.pdf>

4 <https://www.cdc.gov/opioids/basics/epidemic.html>

5 <https://blogs.cdc.gov/nchs/2023/05/03/7338/>

6 <https://www.lung.org/research/trends-in-lung-disease/tobacco-trends-brief/data-tables/ad-cig-smoke-rate-sex-race-age>

7 <https://www.lung.org/research/trends-in-lung-disease/tobacco-trends-brief/data-tables/hs-cig-smoking-rate-sex-race>

8 https://www.cdc.gov/tobacco/basic_information/e-cigarettes/pdfs/OSH-E-Cigarettes-and-Youth-What-HCPs-Need-to-Know-508.pdf

9 <https://www.niaaa.nih.gov/publications/brochures-and-fact-sheets/understanding-alcohol-adverse-impact-health#:~:text=The%20Alcohol%2DRelated%20Disease%20Impact,United%20States%2C%20behind%20tobacco%2C%20poor>

It is important to note that almost half of the drug overdose deaths in 2019 were a result of polysubstance use.¹⁰ Additionally, illicitly manufactured fentanyl is frequently found in combination with other substances like heroin, counterfeit pills, and cocaine.¹¹

The complexity and ever-changing nature of the drug landscape emphasizes the need for comprehensive strategies to address the challenges posed by these substances. States face the critical challenge of establishing a cost-effective and responsive healthcare system that effectively identifies and treats individuals with SUDs. Without such a system, individuals can find themselves trapped in a cycle of repeated admissions for detoxification/withdrawal management, emergency department visits, involvement with the criminal justice system, and unstable employment, housing, and family relationships.

At Mercer, we understand the urgent need for states to address these challenges while considering cost-effectiveness, program sustainability, network development, and quality of care. Additionally, we help states navigate the complex landscape of financing these services while ensuring compliance with regulatory requirements, including the Mental Health Parity and Addiction Equity Act and the Medicaid Managed Care final rule.

We encourage collaboration with a broad array of stakeholders, including public health, public safety, criminal justice, child systems of care, and others. We offer a comprehensive suite of services designed to empower your state in building a more effective and efficient SUD treatment system:

- **SUD program design:** We collaborate with your team to design evidence-based SUD programs tailored to your specific needs and populations, including adoption of American Society of Addiction Medicine criteria and expansion of medication for addiction treatment services.
- **Federal dtate Plan Amendments and Centers for Medicare & Medicaid Services (CMS) Waivers:** We navigate the intricacies of federal regulations to craft state plan amendments and secure CMS waivers that maximize funding and flexibility for your SUD programs.
- **Procurement activities:** We guide you through the procurement process to select qualified MCOs for optimal service delivery.
- **Actuarial rate setting and analysis:** Our actuaries ensure fair and sustainable reimbursement rates for SUD services within your fee-for service and/or managed care program.
- **SUD chart reviews:** Our clinical chart reviews ensure quality and medically appropriate services are being provided to your members and support compliance monitoring for the Substance Use Prevention, Treatment, and Recovery Services Block Grant.
- **Managed care contracting:** We draft comprehensive contracts with MCOs, guaranteeing accountability and high-quality care for your beneficiaries.
- **Value-based purchasing:** We implement value-based purchasing strategies that incentivize managed care organizations (MCOs) to deliver cost-effective, high-quality SUD treatment.
- **Staff training and development:** We equip your staff with the knowledge and skills necessary to effectively monitor MCOs, keep abreast of CMS regulations, and implement programs.
- **Conversion from fee-for-service to managed care:** We help you provide a smooth and efficient transition from the traditional fee-for-service model to a value-driven managed care system.
- **1115 waiver design, implementation, and evaluation:** We guide you through the entire process of designing, implementing, and evaluating 1115 waivers focused on treatment for SUD or serious mental illness, as well as others such as helping states provide pre-release and re-entry support for Medicaid-eligible individuals with SUD in custody to facilitate engagement in SUD services.
- **Opioid settlement fund assessments and processes:** We support states in effectively utilizing opioid settlement funds to strengthen SUD treatment infrastructure.
- **Parity compliance analyses:** We ensure your SUD programs comply with parity laws governing mental health and SUD coverage.

Our expertise spans the entire spectrum of SUD program development and management, ensuring a seamless transition from the current system to a future-oriented, managed care approach. Together, we can make a positive impact on the lives of individuals struggling with SUDs.

¹⁰ https://www.cdc.gov/stopoverdose/polysubstance-use/pdf/Polysubstance-Use-Fact-Sheet_508.pdf

¹¹ <https://www.cdc.gov/stopoverdose/fentanyl/index.html>

For more information

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