



Funding SUD Treatment Capacity Expansion

Accessing and Leveraging Resources to Optimize Capacity

This brief is intended to aid local planning groups, community leaders, and their partners in collaborative efforts to expand community-based substance use treatment and related service capacity. It presents a framework for categorizing funding needs, offers critical questions to inform funding discussions, and provides information about funding opportunities and innovative funding solutions.

Individuals with substance use disorders (SUD) often face an array of barriers to identifying and accessing treatment services. In response to these challenges, and to rising rates of opioid use and overdose, communities across the country are taking action to expand access to treatment and recovery support services to meet the demand. This work is all the more critical in communities facing constricting resources and competing priorities.

Expanding treatment capacity involves first maximizing use of that which currently exists. This can be accomplished by realigning resources to meet demand for services and streamlining access to them. This may involve tapping into existing funding streams to cover current costs that do not already have financing attached.

Categorizing Funding Needs

At the start of any effort to expand treatment capacity, it may be helpful to organize funding needs into distinct categories—even before beginning funding conversations—to help determine the resources and strategies best suited for a community’s array of specific needs.

Funding Infrastructure vs. Services

Communities should sort out needs related to network or provider infrastructure development as distinct from those related to client or patient service growth. Network/provider infrastructure needs often emerge when developing new capacity (for example, added compliance requirements or information technology modifications), though they may arise through efforts to enhance existing capacity (for example, as administrative costs required to add a new clinician at an existing treatment provider). Client/patient service funding needs usually relate to the direct costs of service delivery for existing or future capacity.

Network / Provider Infrastructure Needs

- Initial up-front investments to develop physical space/facilities, workforce, and administrative and information technology infrastructure.
- Ongoing indirect costs to maintain infrastructure and service delivery, such as those previously mentioned, and administrative, billing, and other support services—many of which are not billable to insurance or are insufficiently reimbursed.
- Sources may include government or private foundation grants as well as braided funding, which leverages a combination of funding streams.

Client / Patient Service Needs

- Direct costs for eligible services.
- Sourced through (for eligible services) Medicaid, Medicare, commercial insurance, private/self pay, government grants (federal, state, local), private foundation grants, Veteran’s Affairs benefits, or braided funding that leverages a combination of funding streams.
- Non-medical services not billable to insurance, such as case management or vocational training, which require other funding sources similar to those used to support provider infrastructure and indirect costs.

Short-term vs. Long-Term Funding Needs and Strategies

It is also important to distinguish between immediate or upfront funding needs (such as construction) compared with ongoing funding needs for sustainability (such as information technology or utilization review support), so that strategies to address both can be developed and implemented.

Strategies to Address <u>Short-term</u> Needs	Strategies to Address <u>Long-term</u> Needs
<ul style="list-style-type: none"> ● Work with available funds to begin realigning treatment capacity to community needs while also exploring federal, state, local, and private funding opportunities. ● Consider piloting special projects designed to expand access to care on a smaller scale prior to scaling up, which can help validate program models and refine needs before long-term investments are made. ● Explore private foundation funding and short-term public contracts that could support one-time investments, such as pilot programs or short-term staff expansion. ● Identify underutilized physical plants that could facilitate expanded capacity without incurring expenses related to infrastructure growth (e.g., hospitals, residential treatment facilities). 	<ul style="list-style-type: none"> ● Begin planning for sustainability as early in the capacity expansion process as possible. ● Explore and leverage all funding streams that can support ongoing infrastructure requirements and service delivery. ● In the long-term, advocate for policy changes that support capacity expansion such as benefit eligibility, prioritizing beneficiaries, shifting service mixes, rate increases, adequate workforces, and other models that support/improve service delivery.

Critical Questions: Funding Treatment Capacity and Service Delivery

Next, communities seeking to expand treatment capacity should consider convening funding conversations—early and ongoing—with relevant stakeholders and decision-makers, with a goal of understanding the current state of the system. Care should be taken to include a broad array of participants, such as treatment providers, hospitals and Federally Qualified Health Centers (FQHCs), local and state policymakers and oversight agencies (such as the single state agency [SSA],¹ state department of insurance, or state administering agency [SAA]²), and community members, including individuals with lived experience.

The following questions are intended to help spur discussions that yield and highlight important information regarding a community’s current treatment capacity, treatment network/infrastructure, and service delivery, as they relate to funding. Depending on how far along a community is in a capacity expansion planning or implementation process, any specific question may merit more or less attention.

1. SUD Treatment Capacity: Treatment capacity is the totality of accessible, person-centered, interconnected community-based SUD services across a range of service domains, measured both by the quantity and quality of services. (See companion brief: “Substance Use Treatment Capacity Expansion.”)
 - (a) What and how much treatment capacity exists in the community?
 - (b) Are existing services person-centered, high-quality, effective, and responsive to individual needs?
 - (c) Who is served by providers and agencies, and who is not (e.g., accepted forms of insurance, geographic area, and special populations such as individuals who are transgender, criminal justice-involved, or homeless)?
 - (d) Which services are at capacity?
 - (e) Which services have underutilized capacity or unused capacity?

2. Network and Infrastructure:

- (a) How does the community currently fund network/infrastructure expansion to fill identified gaps in the service network?
- (b) How does the community currently fund network/infrastructure maintenance?
- (c) What funds exist that are not currently being accessed, and what are the barriers to accessing these funds?

3. Service Delivery:

- (a) How does the community currently fund service delivery?
- (b) What is the current payer mix for treatment services—including public and private insurance and benefits, as well as state and local contracts, grants, and client fees?
- (c) How do providers currently fund administrative functions and infrastructure?
- (d) Are resources flowing to the hardest hit communities (identified via epidemiological data)?

Leveraging Funding Opportunities to Support Treatment Capacity

With an understanding of current community capacity and of the funding needed for expansion, communities can seek to leverage a broad array of untapped funding opportunities to meet their various short- and long-term needs. No one-size-fits-all solution for funding capacity expansion and service delivery will meet every community's needs, as each has its own unique circumstances and opportunities.

Funding strategies may include combining a variety of public and private resources. Besides the potential to increase overall support, diversifying in this manner can offer enhanced stability should any particular funding stream become unavailable or expire. Diverse financing may also create opportunities to provide services to specific populations or in certain geographic areas. For example, a federal U.S. Bureau of Justice Assistance (BJA) grant might allow for services specifically targeted towards a criminal justice population, whereas a U.S. Department of Agriculture grant might support capacity expansion in rural communities. If feasible, capacity expansion initiatives may decide to train or hire staff with grant-writing competencies to pursue and manage grant funding.

Funding Streams to Consider

As communities work to expand treatment capacity, they should consider exploring whether one or more of the following funding streams may be available, applicable, and accessible:

1. Grants from Federal Agencies. Federal government agencies such as those that follow—including several that are likely unfamiliar to treatment programs—may offer grant opportunities that support behavioral health, many in response to the opioid crisis. Some of these funding options only support program development and not direct service delivery. Grants.gov is a searchable database of available federal grants. Searches can utilize key words, such as “opioids,” “substance use treatment,” “substance use prevention,” or “mental health” to discover potential funding opportunities. Examples of previous and ongoing funding opportunities include the following (see endnotes for links to more information):

- (a) *Substance Abuse and Mental Health Services Administration (SAMHSA)*, a division of the U.S. Department of Health and Human Services (HHS), offers a variety of grants related to SUD service delivery. Grants have included the State Targeted Response (STR) grant, a block grant disseminated to single state agencies (SSAs) that offers flexible funding to support OUD prevention and response programming, and the State Opioid Response (SOR) grant, a block grant that funds projects to expand access to SUD treatment and medications and reduce overdose deaths.^{3,4}

- (b) *Bureau of Justice Assistance (BJA)*, a division of the U.S. Department of Justice (DOJ), offers a variety of grants. Grants have included the Justice and Mental Health Collaborative Program (JMHC), which supports cross-system collaboration for individuals with mental illnesses or co-occurring mental health and substance abuse disorders who come into contact with the justice system, and the Comprehensive Opioid Abuse Program (COAP), which supports a range of local and state opioid response and prevention projects, such as overdose outreach and front-end criminal justice diversion.^{5,6,7}
 - (c) *Health Resources and Services Administration (HRSA)*, a division of HHS, offers a range of opioid-specific grants. Grants have included the Rural Opioid Overdose Reversal Program to support development of emergency response to prevent fatal overdose, and the Rural Communities Opioid Response Program to focus on SUD treatment and prevention.^{8,9}
 - (d) *U.S. Department of Housing and Urban Development (HUD)* offers funding opportunities related to housing, economic infrastructure, and community development. Grants have included the Community Development Block Grant Program, which provides flexible funding to communities with a majority of funding allocated to support lower income residents.¹⁰
 - (e) *U.S. Department of Agriculture (USDA)* has offered grants directed at rural areas specifically marked for opioid response, such as Rural Development (RD) funding of programs like the Community and Distance Learning and Telemedicine Grant Program Facilities Grant Program, and grants to address other health-related needs, including Rural Health and Safety Education (RHSE) grants.^{11,12,13}
 - (f) *The Administration for Children and Families (ACF)*, a division of HHS with a designated focus on children, families, and communities, has offered grants to government agencies, non-profits, and specific populations such as Native Americans, refugees, and victims of trafficking, such as Regional Partnership Grants designed to increase the well-being of and to improve the permanency outcomes for children and families affected by opioids and other substance abuse.¹⁴
2. **Private Foundation Grants.** Grant funding from national, regional, or local foundations or donors may facilitate inventive, individualized, and adaptive use of funds in response to specific needs of a grantee. Sometimes offering more flexibility than federal grants, foundation grants may be a good source for one-time investment, innovations, other program/service developments, and ongoing service delivery. Communities can learn more by attending funder forums or joining mailing lists to become acquainted with funders and grant opportunities.
 3. **Medicaid Expansion.** Medicaid is a joint state-federal health insurance program that historically covered special populations. The Affordable Care Act (ACA) authorized states to expand their Medicaid programs to cover childless adults living in poverty, many of whom were previously excluded from coverage.¹⁵ Communities in states that have expanded Medicaid under the ACA can include efforts to enroll all eligible individuals in their capacity expansion efforts. Communities in states that have elected not to expand Medicaid eligibility can actively advocate expansion.

Innovative Strategies to Fund Treatment Capacity Expansion

The following strategies and case studies offer examples of unique approaches to funding treatment capacity expansion.

1. **Create a Local Tax Increment.** Tax increment financing (passed by public vote) creates an opportunity to earmark funds for a specific causes such as opioid use treatment, pre-arrest diversion, or behavioral health care coordination. Even small increments may yield considerable revenue.
 - **Gross Receipts Tax (GRT), Bernalillo County, NM (Albuquerque)**^{16,17}

In response to a greatly deteriorated behavioral health care infrastructure largely related to a state Medicaid audit that disrupted operations and service delivery, Bernalillo County (Albuquerque) was not well-positioned to leverage Medicaid expansion to support service

provision to individuals with SUD. As such, the county collaborated with local and national partners to develop a Behavioral Health Business Plan detailing the challenges and opportunities of the behavioral health service landscape. The plan has guided the targeting of dedicated revenue from a voter-approved gross receipts tax, generating approximately \$18 million a, towards the development and support of behavioral health services across the county. To date, initiatives implemented or in development using GRT revenue include a jail reentry center, mobile crisis teams, supportive housing, a LEAD program and a crisis stabilization center, along with other projects.

2. Secure County or State Designated Funding. Funding can be appropriated or otherwise allocated to support services by state and county policymakers. Communities may wish to contact policymakers for meetings to advocate funding for critical services, and to collaborate with other stakeholders to strengthen advocacy efforts. There may be other opportunities for advocacy of this type, such as public forums or budget hearings, at which communities can provide comments or testimony that describes the need for funding and offers recommendations and specific requests for support.
3. Arrange Bridge Funding to Support Gaps in Service Delivery. Designate short-term bridge funding from a variety of financing streams to cover services during the period following insurance enrollment prior to coverage, or in other critical instances during which another source is unavailable. Bridge funding is critical to support rapid connections to care and treatment engagement when client funding is pending or unavailable. Provider stakeholders may wish to examine their budgets to ensure effective use or rearrangement of resources to meet community demand.
4. Medicaid Demonstration Waivers. Section 1115 demonstration waivers are requested by states and granted by the federal Centers for Medicare and Medicaid Services (CMS). They allow states to pilot use of Medicaid funding for services that traditionally are not covered.
 - Illinois 1115 Demonstration Waiver¹⁸

Under the ACA, Illinois expanded Medicaid in 2013, giving 800,000 adults across the state who previously were ineligible for coverage an opportunity to access health services.¹⁹ In 2018, Illinois was approved for an 1115 demonstration waiver, in line with the state's Behavioral Health Transformation Plan that focused on improving access to care for individuals with behavioral health needs. Pilot projects approved in the 1115 Waiver include: 1) removal of the "IMD exclusion" to allow coverage of SUD services in certain residential or inpatient treatment settings; 2) intensive SUD case management for justice-involved individuals; and 3) supportive employment services for individuals with SUD.
5. Pool Resources. Communities may want to consider collectively exploring opportunities to jointly fund or pool resources to bridge gaps in services and service delivery. For example, communities could each dedicate a portion of staffing or services or jointly fund an employee.
6. Explore Justice Reinvestment Opportunities. Communities can consider assessing the state and local costs of incarceration compared to the potential costs saved if their jurisdiction were to provide a continuum of high-quality, effective community-based services, helping to reduce drug use, overdose, and recidivism. Savings from reduced incarceration can be reinvested in community-based services.

Conclusion

Expanding treatment capacity requires early and ongoing assessment of various funding needs, including start-up and ongoing infrastructure and service delivery costs. Diversifying funding allows for the broadest coverage and enhanced stability. Stakeholders can work toward their goals by focusing on sustainability, taking creative approaches, and persevering in these efforts.

About TASC's Center for Health and Justice

TASC, Inc. (Treatment Alternatives for Safe Communities) provides evidence-based services to reduce rearrests and facilitate recovery for people with substance use and mental health issues. Nationally and internationally, TASC's Center for Health and Justice (CHJ) offers consultation, training, and public policy solutions that save money, support public safety, and improve community health.

TASC's Treatment Capacity Expansion Series is designed to guide communities and concerned stakeholders in efforts to meet community demand for behavioral health services. The lead author of the series is Amanda Venables.

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For further information, or to learn about CHJ's consulting and training services, contact:
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Endnotes

- ¹ Single state agencies (SSA) are responsible for planning, organizing, delivering, and monitoring substance use disorder services in the state, and administer block grant funds from the federal government. See SAMHSA's directory of SSAs: <https://www.samhsa.gov/sites/default/files/single-state-agencies-directory-08232019.pdf>.
- ² State administering agencies (SAA) are responsible for comprehensive criminal justice planning and policy development, and administer justice grant funds from the federal government. See the DOJ's list of SAAs: <https://oip.gov/saa/>.
- ³ See SAMHSA's grant announcements for information about STR grants: <https://www.samhsa.gov/grants/grant-announcements/ti-17-014> and <https://www.samhsa.gov/grants/grant-announcements/ti-18-020>. More information about STR grants is available at: <https://www.hhs.gov/about/news/2017/04/19/trump-administration-awards-grants-states-combat-opioid-crisis.html>.
- ⁴ See SAMHSA's grant announcement for Information about SOR grants at <https://www.samhsa.gov/grants/grant-announcements/ti-18-015>. More information about SOR grants is available at: <https://www.hhs.gov/about/news/2019/03/20/hhs-releases-additional-487-million-to-states-territories-to-expand-access-to-effective-opioid-treatment.html>.
- ⁵ See BJA for information about JMHCP at: https://www.bja.gov/ProgramDetails.aspx?Program_ID=66.
- ⁶ See BJA for information about COAP at: https://www.bja.gov/ProgramDetails.aspx?Program_ID=72.
- ⁷ Kelly, B. (2019). *House Appropriations Committee advances FY20 CJS funding bill*. Washington, D.C.: Addiction Policy Forum. Retrieved from <https://www.addictionpolicy.org/blog/house-appropriations-committee-advances-fy20-cjs-funding-bill>.
- ⁸ See HRSA for information about the Rural Opioid Overdose Reversal Grant Program at: <https://www.hrsa.gov/ruralhealth/programopportunities/fundingopportunities/?id=e80a781a-769e-4fcb-9372-4f5abb7998b>.
- ⁹ See HRSA for Information about the Rural Communities Opioid Response Program for Planning at <https://www.hrsa.gov/ruralhealth/programopportunities/fundingopportunities/?id=35ee358e-d42f-4c7a-ba6e-d71f228eb1a9>.
- ¹⁰ See HUD for information about the Community Development Block Grant Program at: https://www.hud.gov/program_offices/comm_planning/communitydevelopment/programs, and for general information about HUD grants at: https://www.hud.gov/program_offices/spm/gmomgmt/grantsinfo.
- ¹¹ See USDA for information about Rural Development grant programs at <https://www.rd.usda.gov/programs-services/community-facilities-direct-loan-grant-program> and <https://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>.
- ¹² See USDA for information about the Rural Health and Safety Education Grant Program is available at <https://nifa.usda.gov/funding-opportunity/rural-health-and-safety-education-competitive-grants-program-rhse>.
- ¹³ See USDA's *Federal Resources for Rural Communities to Help Address Substance Use Disorder and Opioid Misuse* for more information at: <https://www.rd.usda.gov/files/RuralResourceGuide.pdf>.
- ¹⁴ See ACF for information about Regional Partnership Grants at: <https://ami.grantsolutions.gov/index.cfm?switch=foa&fon=HHS-2019-ACF-ACYF-CU-1568>, and for information about general information about funding and grants at <https://www.acf.hhs.gov/grants>.
- ¹⁵ Medicaid and CHIP Payment and Access Commission. (n.d.). Medicaid expansion to the new adult group. Retrieved from <https://www.macpac.gov/subtopic/medicaid-expansion/>.
- ¹⁶ See Bernalillo County's website for information about its Behavioral Health Initiative at <https://www.bernco.gov/health-and-public-safety/behavioral-health.aspx>.

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- ¹⁷ U.S. News & World Report. (2018). *Bernalillo County Opens Center for Recently Released Inmates*. Albuquerque, N.M: Albuquerque Journal. Retrieved from <https://www.usnews.com/news/best-states/new-mexico/articles/2018-05-28/bernalillo-county-opens-center-for-recently-released-inmates>.
- ¹⁸ See the State of Illinois' website for information about the Behavioral Health Transformation at https://www.illinois.gov/hfs/SiteCollectionDocuments/1115_waiver_2page_overview.pdf.
- ¹⁹ Norris, L. (2018). *Illinois and the ACA's Medicaid expansion*. St. Louis Park, MN: HealthInsurance.org. Retrieved from <https://www.healthinsurance.org/illinois-medicaid/>.