September 2026 Medical Services Fund Advisory Council: Draft State Plan Amendment (SPA) 26-0004, Value Based Payments for Substance Use Disorder Providers

Context: Per Senate Bill (SB) 231, WV BMS is required to submit a SPA to align with Senate Bill (SB) 231, WV BMS is submitting a SPA.

SB 231 also requires BMS to develop a set of outcome-based performance measures for each level of care within the addiction treatment and recovery services continuum in consultation with the required stakeholder group. These measures were developed and finalized on July 1, 2026.

Overview of Changes: Value Based Payments for SUD Providers

- BMS will implement a set of outcome-based performance measures which will evaluate both individual recovery outcomes and provider performance.
- BMS will require its contracted Managed Care Organizations (MCOs) to implement value-based payment strategies for SUD provider reimbursement that promote quality, outcomes, and efficiency rather than the volume of services delivered.

Timing: BMS plans to submit this SPA to the Centers for Medicare and Medicaid Services (CMS) on or before **October 1, 2026,** for an effective date of **July 1, 2027**.

Fiscal Impacts: This SPA is not expected to have a fiscal impact, as this will not add new Medicaid services or expand eligibility, therefore, not increasing Medicaid expenditure

4.19 Payments for Medical and Remedial Care Services

Value-Based Payments for Substance Use Disorder (SUD) Providers

The Bureau for Medical Services (BMS) will require its contracted Managed Care Organizations (MCOs) to implement value-based payment strategies for SUD provider reimbursement that promote quality, outcomes, and efficiency rather than the volume of services delivered. BMS will implement a set of outcome-based performance measures for each level of care within the addiction treatment and recovery services continuum. These measures will evaluate both individual recovery outcomes and provider performance, while promoting accountability, quality improvement, and the effective use of resources. The value-based measures utilized under value-based programs shall include, but not be limited to, the following indicators:

- Housing Stability
- Sobriety
- Criminal Justice and Child Welfare Avoidance
- Self-Sufficiency
- Provider Transition Plan

The BMS will update the Managed Care contract to include the following.

1. A value-based payment model that affords enhanced payments to providers for meeting or exceeding the performance measures and reduces payments to providers who fail to meet performance measures.
2. Specific state identified performance measures.
3. A baseline year when data is collected to establish a baseline and communicated to providers to allow notice of performance.
4. An annual review of performance measures to identify potential changes and to address quality outcomes.
5. Provisions for a provider to be de-certified, to have specific code blocked, to be terminated, or otherwise be excluded from the Medicaid program when the provider fails to meet the established performance measures for three consecutive quarters.
6. SUD system level outcomes that the value-based model shall produce with return-on-health investment measures that can be used to compare the investments in specific system of care relative to outcomes.
7. Contract amendments to require that incentive payment methodologies be actuarially sound, clearly define performance expectations and payment criteria, and comply with all applicable Medicaid managed care rate-setting requirements.