



February 14, 2023

Chiquita Brooks-LaSure
Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Boulevard
Baltimore, Maryland 21244

Re: SMD#: 23-001, Additional Guidance on Use of In Lieu of Services and Setting in Medicaid Managed Care

Dear Administrator Brooks-LaSure,

On behalf of the National Alliance to Impact Social Determinants of Health (NASDOH), we thank you for providing additional guidance to State Medicaid Directors on addressing unmet health-related social needs (HRSNs) through the use of a service or setting that is provided to an enrollee in lieu of a service or setting (ILOS) covered under the state plan.¹ The guidance supports additional efforts for addressing social needs and will be of benefit to the individuals enrolled in Medicaid and improve outcomes in the Medicaid program.

NASDOH is a group of stakeholders working to systematically and pragmatically build a common understanding of the importance of addressing social needs as part of an overall approach to health improvement. NASDOH brings together health care, public health and social services expertise, local community experience, community-convening competence, business and financial insight, technology innovation, data and analytics competencies, and policy and advocacy acumen to assess and address current regulatory frameworks, funding environments and opportunities, and practical challenges to implementing and sustaining efforts to address social determinants of health (SDOH).

In a 2021 issue brief on addressing social needs in Medicaid, NASDOH encouraged to CMS to clarify and improve the ability of MCOs to cover non-traditional services by explicitly allowing for coverage of “in lieu-of” services in capitation rate setting and inclusion in the numerator of the Medical Loss Ratio (MLR). The issue brief specifically encouraged states to include “in-lieu-of” services and value-added services that address social needs directly in contracts with Medicaid MCOs and be specific about how social needs services are accounted for separate from medical encounters. The issue brief also encouraged state and federal regulations and guidance to permit inclusion of both care coordination and coordination with states and community organizations on services and programs that support the needs of health plan members in the numerator of the MLR.²

¹ <https://www.medicaid.gov/federal-policy-guidance/downloads/smd23001.pdf/>

² https://nasdoh.org/wp-content/uploads/2021/10/10-21-NASDOH-Medicaid-and-Social-Needs-Issue-Brief_FINAL.pdf

We are appreciative that CMS has provided guidance on ILOS that clarifies and highlights one pathway to address social needs through the Medicaid program that has not received as much public attention to date. NASDOH is particularly excited the ILOS guidance will spur new evidence around cost effectiveness and program effectiveness for these services and interventions, and we encourage CMS to make this information available more systemically to support additional states in their Medicaid planning. NASDOH also strongly encourages states to utilize the flexibilities that CMS has provided to tailor the program to the needs of beneficiaries served in each state.

NASDOH continues to be extremely appreciative of CMS's commitment to ensuring that social risks and needs are being identified and considered for enrollees across its programs and looks forward to advancing these efforts in 2023.

For more information on NASDOH and our members, please visit our website at www.nasdoh.org or contact Sara Singleton at Sara.Singleton@leavittpartners.com.

Sincerely,

Sara Singleton

Sara Singleton

Principal, Leavitt Partners and Advisor to NASDOH