# Key Takeaways from Action Lab on Strategic Financing for a Comprehensive Substance Use Disorder Continuum of Care

## TOPLINE TAKEAWAYS ON SUD CONTINUUM OF CARE FINANCING

1. Establish a Clear Vision to Address SUD.

2. Establish a Clear Governance Strategy.

3. Include Budget and Finance Leaders in Planning Processes.

4. Map and Analyze Current Spending on SUD Across All of Government.

5. Utilize Braided Funding to Integrate the Approach to SUD Services and Care Across Government.

6. Center State Policies Around the Individual, their Family and their Community.

7. Be Intentional in Creating Equity.

8. Prioritize Data Collection and Management to Drive Success.

9. Optimize Federal Funding.

10. Actively Collaborate with the Federal Government to Ease Administrative Burdens.

11. Consider Adopting a Regional Approach.

12. Infuse Recovery in the Response to the Overdose Epidemic.

# INTRODUCTION

Aligning and coordinating funding to support a comprehensive system of substance use disorder (SUD) services is a priority for states. On July 23, 2024, the National Governors Association Center for Best Practices (NGA Center) convened a meeting with six states and one territory: Delaware, Maryland, Minnesota, New Mexico, Ohio, Rhode Island and the Commonwealth of the Northern Mariana Islands to discuss best practices around financing a SUD system.

This first of its kind event brought together government leaders to develop and ultimately launch a whole of government approach to addressing SUD through aligning and coordinating funding. The meeting was hosted in collaboration with the Center on Addiction and Public Policy at the O'Neill Institute for National and Global Health Law at Georgetown University Law Center.

The reach of SUD extends far beyond the 48.5 million Americans with SUD. Approximately 100,000 Americans lose their life to overdose each year, with an additional 178,000 deaths attributed to alcohol use. More than forty percent of Americans have personally known someone lost to overdose. Since 2011, more than 320,000 children have lost a parent to overdose. It is estimated that the opioid crisis results in an annual loss of $92 billion in economic productivity in addition to billions in health care and criminal-justice system costs.

Despite this wide-ranging impact, the nation's approach to SUD is siloed and fragmented, and governments continue to grapple with how to provide effective, timely and comprehensive SUD treatment and support across the continuum of care.

State governments are in a better position than ever before to advance a new vision for addressing SUD. Public and private funding to states to address the overdose epidemic are at historic levels, and opioid litigation settlement dollars represent an 18-year, more than $50 billion investment in solutions. However, to be effective, a fiscal strategy that aligns and braids funding streams across government agencies to create a cohesive approach, and that is responsive to the needs of individuals with SUD and their families, is critical.

States have taken important steps forward to build systems that address SUD and the overdose epidemic. The meeting sought to build on those efforts through the following activities:

- Fostering new partnerships and collaboration among states;
- Identifying best practices around resource mapping and braiding of federal, state and opioid settlement funds to establish sustainable systems;
- Understanding best practices around data sharing and outcomes measures;
- Incorporating equity principles;
- Using cutting-edge research in policy making and
- Determining next steps for better alignment of funding across state government agencies.

# KEY TAKEAWAYS FOR GOVERNORS' OFFICES AND STATE LEADERS

## 1. Establish a Clear Vision to Address SUD.

A comprehensive approach to aligned SUD funding starts with a clear vision that considers and applies to all systems and agencies across government that may touch on this issue. The siloing of systems often means agencies that serve the same populations - and sometimes even work in the same building - do not communicate or coordinate effectively. In many states, there is significant activity happening on these issues within each "silo of excellence," as one participant described. This can result in a constellation of strategies and plans but no overall cohesive state plan.

States can work towards reaching a consensus around a "North Star" that begins with a shared vision, but also includes shared goals, outcomes, success measures, integrated strategies and commitment to equity. A defined, cross-sector strategy will accelerate progress.

For example, the Maryland Medicaid Administration initiated a pilot strategic financing study to better understand access to and use of services and supports by high-risk children and pregnant women. One lesson learned and shared is that effectively aligning outcomes and funding across government requires intentional and front-loaded agreement on what partners envision for the future. A clear vision that defines the scope and target population, identifies the biggest challenges faced by the initiative and engages relevant stakeholders, including the Governor's Office, is the first step in a successful mapping strategy.

## 2. <u>**Establish a Clear Governance Strategy.**</u>

To oversee and manage services to address SUD effectively, high-level officials should be involved and support engagement within and across agencies, to help foster collaboration and optimize funding. Some states have an existing body and/or task force to address the opioid or overdose epidemic, but cross-agency collaboration remains out of reach. Clear and shared goals set by leadership can foster collaboration, not competition.

Aligning funding effectively requires agencies to coordinate the way they oversee their programs. This infrastructure allows states to re-imagine SUD strategies across the continuum of care to address the challenges of today and prepare for emerging issues, with investments in sustainability, equity, community needs and whole-person outcomes. This "ecosystem" approach to SUD and overdose addresses intersecting social determinants of health that may drive chaotic substance use or prevent recovery while identifying barriers and opportunities for collaboration across the government.

This re-imagined framework comprises both short-term and long-term initiatives that allow states to address the challenges of today, as well as prevent and prepare for the emerging threats of tomorrow, with long-term investments in sustainability, equity, community needs and whole-person outcomes. Examples of such investments include increased capacity to identify emerging drug threats or changes to the drug supply rapidly, increased availability of naloxone, building a recovery-oriented system of care and prioritizing the needs of underserved populations.

Rhode Island established the cross-agency Overdose Task Force, enabling the state to champion innovative solutions to the opioid crisis, quickly deploy funds and maintain focus. The Overdose Task Force included people with lived experience, community members and providers.

To continue actions in the face of political changes, state governments can establish or empower a cross-sector entity to guide the state or territory through strategic financing of SUD services and supports. This is best achieved with a dedicated governance structure that promotes cross-sector coordination and ongoing monitoring, evaluation and adjustment as needed. This requires clear and sufficient authority, clarity in mission and goals, and sufficient resources and staff required to implement and sustain reforms.

A successful governance strategy is nimble enough to respond to shifts in community needs, emerging threats (such as rapid identification and response to new drugs), and ongoing monitoring, evaluation and adjustment of the strategy. Creating a culture of continuous quality improvement includes engaging communities to determine the metrics of success, monitoring these metrics regularly and pivoting in response to change when necessary. Instituting a feedback loop, where experiences and opinions from providers, service recipients, and community members are incorporated into actionable reforms, can optimize service delivery, drive efficiency, and improve whole-person and whole-community outcomes. Similarly, keeping up to date on emerging research and aligning services and supports accordingly creates a system that embraces an evolving evidence-base.

## 3. Include Budget and Finance Leaders in Planning Processes.

A truly comprehensive, whole-person approach to providing services across the SUD continuum of care requires the participation and engagement of multiple strategic partners, both internal (such as government agencies, task forces, budget office, counsel, public relations, law enforcement and leadership) and external (such as providers, service recipients, advocates, managed care organizations, trade organizations, researchers and consultants). Including a variety of strategic partners will allow for different strengths and perspectives. States should also consider including data access, community representation and lived experience as part of the consultation process.

A key to a successful strategic financing strategy is to include and engage budget directors and fiscal officers. State government agencies receive and manage funding from a wide range of funding streams, with each stream requiring its own reporting requirements, deadlines, restrictions on usage and spending metrics. Knowledge of different funding streams, including federal, state, opioid settlement and private/philanthropic, is essential to comprehensive strategic financing. These strategic partners should also have access to data related to spend.



## 4. Map and Analyze Current Spending on SUD Across All of Government.

A critical yet daunting task is for state leaders to understand all SUD-related or SUD-adjacent state government funding streams, as well as the limitations and opportunities of these various streams of funding. A fiscal map is an inventory of all funding streams that support programs, services and supports for a particular population across government. By documenting and analyzing SUD funding streams, states can identify the main area of spend and critical areas of need across SUD-associated systems. These areas of need can include populations with the greatest risk of overdose, inefficiencies in existing systems, systems ripe for innovation and more. A fiscal map is critical to drive investments toward a sustainable, whole-person approach and coordinate services and support focused around shared metrics and outcomes. This process will also reveal current initiative and services that will benefit most from fiscal alignment strategies, such as braided funding.

Those mapping this funding should include state dollars allocated to addressing SUD, Medicaid and a wide range of federal grant dollars, but states may also include a portion of economic development dollars, funds supporting workforce initiatives, school funding or other non-traditional sources of funding that are designed to help address the addiction, opioid and overdose epidemic. Recent influxes in funding in the form of opioid settlement dollars - more than $50 billion over 18 years - have provided states with additional opportunities to expand the response to substance use disorder. Ultimately, states need a clear picture of how much funding exists, how much funding is being spent, what it is being spent on, and where there are gaps or duplication in spending.

Fiscal mapping has been used by government entities and providers in parallel systems, primarily in child-serving systems. Examples include resources from the Children's Funding Project, a non-profit social impact organization committed to expanding equitable opportunities for children and youth through strategic financing. Similarly, Colorado's Department of Health and Human Services Office of Behavioral Health undertook a comprehensive fiscal and programmatic mapping of its 6 child-serving agencies and discovered inefficiencies and gaps in data collection, resource allocation and agency coordination of services. Financial and programmatic alignment can improve service delivery and ultimately outcomes.

## 5. <u>Utilize Braided Funding to Integrate the Approach to SUD Services and Care Across Government.</u>

To attain efficiency and sustainability, state leaders will want to coordinate funding and integrate its services and supports and reflect a whole person, whole-of-government approach. Braided Funding involves coordinating funds from different funding streams to support a shared outcome or goal, while maintaining the identity and reporting requirements for each individual stream. However, with blended or layered funding sources, the sources lose their individual, award-specific identity and are commingled into a single pot with its own unique set of reporting and other requirements. While all of these strategies are designed to ease administrative burdens and optimize resource allocation, braided funding allows better tracking which can be key as individual funding streams may be subject to specific reporting requirements.

A 2024 report from the Substance Abuse and Mental Health Services Administration (SAMHSA), entitled "Examining the Use of Braided Funding for Substance Use Disorder Services," explains both the benefits and mechanisms of braiding funding streams for SUD services, emphasizing the need for cohesive administrative structures within state governments to manage these funds effectively, as well as the importance of needs assessment in targeting gaps within the SUD space. Best practices for braiding funds include identifying areas of need, crafting a consensus on success measures across government, integrating data systems, and streamlining application and reporting requirements for braided funding opportunities. Providing technical assistance and training for providers on best practices in braiding is key to the ongoing coordination and strategic management of these funding streams.

The report also highlights case studies from eight states that have incorporated braided funding at the state, local or provider level. For example, New Mexico established the Behavioral Health Collaborative, a state-sponsored entity composed of 17 agencies and the Governor's office working together to manage the state's non-Medicaid behavioral

health funding. The Collaborative developed expenditure rules to help braid funding and maximize federal grant dollars before spending state funds. Agencies within the Collaborative apply for and receive funding from state, federal or other sources these awards are then deposited with the Collaborative. The Collaborative distributes funding based on shared vision and priorities, while maintaining the individual requirements of each funding source.

## 6. Center State Policies Around the Individual, their Family and their Community.

A comprehensive fiscal map enables policymakers and government leaders to craft a forward-looking strategy and budget from a person-centered perspective rather than a provider- or agency-centered perspective. When designing a holistic system, policies and programs should be designed for people with SUD as well as friends, family and community members. Rural communities and communities of color have been particularly impacted by the overdose epidemic, and policies and systems that are responsive to their particular needs are required for healing and recovery.

There are lessons to be learned from Olmstead v. L.C., a 1999 Supreme Court decision requiring states to provide services to persons with disabilities in the most integrated setting appropriate to their needs. In this ruling, the Court said that each state can have an Olmstead Plan, describing how the state will transition from institutional settings to a system that supports people with disabilities to live independently, participate in the workforce and engage in activities of their choosing. The Americans with Disabilities Act affords protections to individuals with SUD, and states can adopt a cross-sector strategy for integrated SUD services and support to improve whole-person outcomes, akin to an Olmstead Plan.

This system change requires the voices of those with lived experience, those that represent the community and those who advocate for access to evidence-based SUD care across the continuum. SUD is a complex, life-long condition, requiring a collaborative approach to prevention, harm reduction, treatment and recovery. Because of SUD's broad reach, states are working toward expanding and deepening stakeholder engagement, with a focus on meeting people where they are.

## 7. Be Intentional in Creating Equity.

Communities of color have been disproportionately impacted by the SUD crisis. The overdose death rate among Black men has risen 213% since 2015 - an increase far greater than all other racial or ethnic groups. Despite this alarming rate of fatal overdoses, only about 10 percent of Black individuals with a SUD diagnosis receive any treatment. The American Indian/Native American community has the highest rate of fatal overdose, which increased 15% between 2021 and 2022, the largest increase of any racial/ethnic group. In addition, minoritized groups are underrepresented in the SUD workforce. Only 11% of addiction counselors and 2% of psychiatrists are Black.

Current SUD systems assume there is equitable access to healthcare. However, even basic access to care varies widely based on race, ethnicity, socioeconomic status, age, sex, disability status, LGBTQ+ identity and geography. Spending SUD funding in an equitable way, including opioid settlement dollars, requires a multi-faceted and

community-centered approach that facilitates collaboration among siloed sectors through investments in healthcare, education, economic opportunities and mental health support. In re-designing the system, policymakers can engage impacted and vulnerable communities to address the barriers faced and restructure systems to instill solutions that "culturally fit."

The Black Faces Black Voices initiative proposes a community-centered opioid settlement framework to address the epidemic through investments in healthcare, education, economic opportunities and mental health support. This approach evaluates SUD services' positive outcomes, including community, finance, health and wellness, across targeted communities who prioritized long-term sustainability as the effective way of solving the crisis and meeting the unique needs of disproportionately affected racial and ethnic groups.



## 8. **Prioritize Data Collection and Management to Drive Success.**

There are long-standing challenges with public health data that limit the ability of policymakers to identify and correct gaps in quality SUD services that drive successful outcomes. The current data management infrastructure lacks cohesiveness in data collection, data storage and data reporting making it increasingly difficult to coalesce around a data-driven, evidence-based, comprehensive approach for community leaders, policymakers and healthcare providers.

Consistent, reliable data is critical in the SUD field, and current data should be continuously updated to ensure meaningful, data-driven policy reforms. Siloed systems should coordinate and align data collection efforts, including on what types of data are collected, how often it is collected, how demographic data is classified and what types

of success are measured. Data storage, access and integrity are also challenges among different government systems, so states should consider implementing a central entity that manages and monitors data across systems. Finally, the timeliness of data is integral to implementing actionable policy to improve outcomes, and the analysis and reporting of timely data across government allows for a coordinated response to emerging issues.

Fiscal mapping requires an ongoing commitment to update data as alignment strategies are implemented and to prioritize spending that improves whole-person outcomes. Recognizing the value of consistent and continuously updated data, the Children's Funding Project created and maintains databases cataloging the purposes and characteristics of hundreds of federal and state-level funding streams in the child- and family-serving systems. States may consider this approach as a model for how they might develop a similar system for programs in the SUD field.

Gathering and analyzing the level of data that a state will need requires time. Promoting state grants with extended durations -ideally three to five years - can provide stability for organizations implementing SUD and related programming and allow for more comprehensive planning and implementation, enabling organizations to develop and refine their strategies over time to better meet diverse needs. Program evaluations are necessary to assess the effectiveness, sustainability and impact of federally funded programs to inform policy decisions.  Examples of resources include a comprehensive review of evidence-based, SUD overdose prevention programs from the CDC and comprehensive legal mapping of state policies regarding naloxone saturation from ASTHO.

## 9. <u>**Optimize Federal Funding.**</u>

States can leverage federal funding for cross-agency initiatives aimed at improving outcomes for those with SUD and maximize flexibilities in the use of federal dollars such as through Medicaid waivers. The Drug Free Communities Support Program provides grants to communities to prevent youth substance use; states can leverage the community-building element of these grants to align prevention efforts across systems. Section 1115 demonstration waivers provide states the flexibility to test innovative Medicaid approaches to improve healthcare delivery, health outcomes and health-related social needs, such as housing, employment and social services. Some states have received "reentry waivers" to provide certain medical services, including MOUD, to individuals in jails and/or prisons during their last ninety days of incarceration. Medicaid also provides avenues for reimbursement for peer support, family support, contingency management and harm reduction services. An Overdose Prevention funding opportunity from the Office of National Drug Control Policy (ONDCP), supports pilot projects at the intersection of public health and public safety to prevent overdoses. Performance Partnership Pilots for Disconnected Youth (P3) promote collaborative funding across multiple federal agencies to support comprehensive and coordinated efforts to achieve better outcomes for target populations. The U.S. Department of Justice also provides funding through the Office of Juvenile Justice, Bureau of Justice Assistance, and the Community Oriented Policing Services (COPS) program and has myriad resources such BJA Programs that Support Behavioral Health and an Aligning Health and Safety State Policy Tool.

## 10. Actively Collaborate with the Federal Government to Ease Administrative Burdens.

Administrative burdens are a common challenge for states and territories. In general, grant awardees are legally required to report data such as expenses paid for with federal funds, compliance with federal regulations, and progress and/or community impact. However, reporting requirements can vary tremendously from agency to agency and even grant to grant. For example, the National Institute of Health requires grant recipients to submit yearly Research Performance Progress Reports (RPPRs) submitted through eRA Commons, while the Office of Justice Programs in the Department of Justice requires recipients to submit quarterly or semiannual progress reports submitted through JustGrants.

States and territories recognize the burden bureaucratic red tape has had on providers and grants administrators. Specific assistance requested by states from federal agencies could include seeking technical assistance from federal funding agencies, requesting aligned reporting requirements across federal agencies and resources to support modernized IT systems.

Improvements in funding administration include the CDC's simplified Notice of Funding Opportunity (NOFO) initiative to streamline the application process and reduce administrative burdens. Joint solicitations from multiple agencies for a single funding opportunity can also simplify the application and reporting process and encourage more coordinated responses to complex issues. Finally, states and territories can collaborate with federal agencies to advocate for congressional language that reflects flexibility in funding, common risk factors and emerging threats related to SUD.

## 11. <u>Consider Adopting a Regional Approach.</u>

There is a need for facilitation of regional discussions and identification of regional leaders to support information sharing across states. A regional approach to the SUD crisis, as part of a community-centered collaboration, promotes sharing of practices, lessons learned, gaps and barriers, data, resources and innovations across geographically connected areas grappling with a common issue. Regional partners can grant reciprocity to providers in neighboring states within the region to allow cross-border SUD services to be delivered. Similarly, states within a region can join or form interstate compacts for counselors, social workers, and advanced practice registered nurses. States can also participate in the Medicare-Medicaid Data Sharing Program, which allows states and territories to access Medicare-Medicaid data to coordinate the care of dually eligible residents.

An example of a regional approach includes work happening in the Appalachian region, which comprises 13 states and is home to more than 26 million people. The Appalachian Regional Commission (ARC) was formed to innovate, partner and invest in community capacity building, economic growth and reducing disparities in the Appalachian region. Appalachia is an area that has been disproportionately impacted by SUD, with overdose death rates 72% higher than the rest of the nation. Recognizing the barriers Appalachians with SUD encounter, including transportation, housing, access to care, education and employment, ARC established the Investments Supporting Partnerships In Recovery Ecosystems (INSPIRE) Initiative to establish community-based recovery ecosystems to reduce overdoses. Other regions of the country, such as New England or the Southwest, can capitalize on proximity and shared values to expand services and supports to neighbors in adjacent states, thus increasing access to care.

## 12. <u>Infuse Recovery in the Response to the Overdose Epidemic.</u>

According to the CDC, approximately <u>75% of people with SUD eventually recover</u>, defined by <u>SAMHSA</u> as "a process of change through which individuals improve their health and wellness, live a self-directed life, and strive to reach their full potential." At its core, recovery means a safe and stable home and a purpose in life fostered by education, employment, family and community. A successful recovery infrastructure requires investment in long-term outcomes, community support and resilience networks to sustain long-term recovery. However, the focus in the current systems are predominantly oriented around addressing and investing in the "acute" treatment phase, rather than the <u>lifelong journey of recovery</u>.

States can organize services across agencies in a whole person, recovery-oriented system of care (ROSC) model to prioritize both an individual's immediate needs and their long-term goals. The <u>ROSC model</u> incorporates an integrated infrastructure of services that "encompasses a menu of individualized, person-centered, and strength-based services within a self-defined network." States should consider incorporating <u>recovery capital</u>, or the quantity and quality of internal and external resources that individuals have at their disposal to initiate and sustain recovery, into funding opportunities. For example, states can tether funding to a clear set of recovery-oriented outcome measures, incentivize providers to measure recovery capital across systems, and provide technical assistance to integrate recovery supports into individualized recovery plans. Tools such as the Recovery Capital Index and the <u>Recovery Data Platform</u> can help measure outcomes focused on wellbeing, recovery capital, and social determinants.

Re-imagining entire systems to prioritize recovery requires dedicated leadership, planning and resources. <u>Inclusive recovery cities</u> are those that are committed to promoting visible recovery, tackling stigma and discrimination, and championing multiple pathways to recovery to benefit the entire city. In 2024, <u>Richmond, Virgina</u> became the first American City to become an Inclusive Recovery City, following similar initiatives in <u>Leeds, United Kingdom; Alberta, British Columbia; and other European cities</u>.

# Conclusion

A <u>cohesive, whole-of-government approach</u> to SUD services and supports requires a clear vision, defined and coordinated governance with championing at the highest level, engagement of stakeholders throughout the process, and comprehensive fiscal mapping and alignment for guidance, accountability, and effectiveness across systems. However, these are merely the first steps to a reimagined system of SUD care that aligns spending with improved whole-person outcomes.

Some states have conducted fiscal mapping exercises, including in child-serving and other areas, only to have the information languish without further policy action. Developing a comprehensive approach that meets the needs of individuals and their communities requires a long-term data-driven commitment and investment. The voices of those with lived experience, communities disproportionately impacted by SUD, and providers of SUD services and supports are integral to designing a system that meets people where they are.

Ultimately, collaboration and coordination among different agencies - both vertically and horizontally - is crucial to ensuring that efforts are not duplicated, resources are used efficiently and a comprehensive approach to the SUD crisis is fostered.