

# CLOSING MEDICARE'S COVERAGE GAP FOR RESIDENTIAL SUBSTANCE USE DISORDER SERVICES

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## First-of-its-kind Legislation Would Establish New Medicare Coverage For Residential Addiction Treatment Programs Meeting Nationally Recognized Standards

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### The Problem

Medicare, a major public insurance program, covers [approximately 65.7 million Americans](#) aged 65 and older and those with certain disabilities. However, its coverage for substance use disorder (SUD) services is outdated. **Unlike other payers, Medicare does not cover non-hospital-based residential addiction treatment programs; this creates a deadly coverage gap for some among the [1.7 million Medicare beneficiaries with SUD](#).** To the extent these Medicare beneficiaries require 24-hour addiction care in the context of a safe and stable living environment, they largely do not have affordable access to the medically necessary setting that best meets their needs.

Turning 65 or having a certain disability is no reason to lack health insurance coverage for residential addiction treatment. A [recent report](#) demonstrates that a modest federal investment would provide this life-saving coverage for an estimated 75,637 residential treatment episodes per year under Medicare - averting unnecessary hospitalizations, supporting more opportunities for recovery, saving more lives, and reducing costs to the Medicare program.

### The Emergence of Updated Residential Treatment Program Standards

In October 2023, the American Society of Addiction Medicine (ASAM) released the [Adult Volume of The ASAM Criteria, Fourth Edition](#). This edition describes essential standards for residential addiction treatment programs, aiming to connect patients with the right level of care and enhance payers' understanding of the medical capacity of residential addiction treatment programs nationwide. These standards include updates that will improve the quality of residential care, including an expectation that all medically managed residential programs (i.e., Level 3.7) can initiate addiction medications. Less intensive residential levels of care (i.e., Levels 3.1 and 3.5) must be able to support the continuation of all addiction medications. **[These updated program standards are critical to ensuring that more Americans, including Medicare enrollees, receive evidence-based medications to treat their SUD, including opioid use disorder.](#)**

### The Solution

**[H.R. 9232 / S. 4860](#) - the Residential Recovery for Seniors Act - would create a new Medicare Part A benefit for residential addiction treatment programs (i.e., ASAM Level 3) meeting nationally recognized standards.** Eligible programs must offer a planned and structured regimen of twenty-four-hour care. Specifically, the new benefit would cover the following adult patient programs: Level 3.1: Clinically Managed Low-intensity Residential Treatment; Level 3.5: Clinically Managed High-intensity Residential Treatment, and Level 3.7: Medically Managed Residential Treatment. Additionally, the legislation would establish a new prospective payment system, ensuring that reimbursement for covered residential addiction treatment services is based on a predetermined, fixed amount.

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# ENDORISING ORGANIZATIONS

American Foundation for Suicide Prevention

American Osteopathic Academy of Addiction Medicine

American Society of Addiction Medicine

A New PATH (Parents for Addiction Treatment & Healing)

HIV Alliance

Illinois Association for Behavioral Health

Legal Action Center

Mental Health America

National Association for Behavioral Healthcare

National Association of Addiction Treatment Providers

National Association of Social Workers

National Council for Mental Wellbeing

SMART Recovery

Treatment Communities of America

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