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SECTION 1115 WAIVER IMPLEMENTATION OF SELECT STATES

This memorandum provides information regarding the status of select state's implementation of Medicaid Section 1115 waivers.

REQUIREMENTS

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services of the United States Department of Health and Human Services (HHS) the authority to approve experimental, pilot, or demonstration projects that are found by the Secretary to be likely to assist in promoting the objectives of the Medicaid program. The purpose of the projects, which give states additional flexibility to design and improve state programs, is to demonstrate and evaluate state-specific policy approaches to better serving Medicaid populations.

The Centers for Medicare and Medicaid Services (CMS) of HHS performs a case-by-case review of each proposed project to determine whether its stated objectives are aligned with those of Medicaid. The Centers for Medicare and Medicaid Services evaluates whether the proposed waiver and expenditures are appropriate and consistent with federal policies, including the degree to which they supplant state-only costs for existing programs or services and can and should be supported through other federal and nonfederal funding sources. Proposed projects must be budget neutral to the federal government, meaning federal Medicaid expenditures will not be more than federal spending during the project compared to without the project.

Section 1115 projects are generally approved for an initial 5-year period and can be extended for up to an additional 3-to-5 years, depending on the populations served. States commonly request and receive additional 5-year extension approvals.

STATE APPLICATION WAIVER STATUS

As of September 2021, 49 states, as well as the District of Columbia and Puerto Rico, have applied for at least one Medicaid Section 1115 waiver, resulting in a total of 153 waiver applications. Of these states, 36 states have had a waiver application approved by the Secretary of HHS that is currently active. Connecticut and Ohio had waiver applications denied. The remaining states have submitted applications that are in pending, expired, or withdrawn status. North Dakota has not submitted a Section 1115 waiver application. A summary of each state's Section 1115 waiver application status is as follows:

Approved	Pending	Denied	Expired	Withdrawn
Alabama	Alabama	Connecticut	Alabama	Alabama
Alaska	Arizona	Ohio	Arkansas	Connecticut
Arkansas	California		Colorado	Florida
Colorado	Colorado		District of Columbia	Illinois
Delaware	Connecticut		Florida	Indiana
District of Columbia	Georgia		Idaho	Maine
Florida	Idaho		Illinois	Michigan
Georgia	Indiana		Iowa	Missouri
Hawaii	Kansas		Kentucky	Nevada
Idaho	Louisiana		Louisiana	New York
Illinois	Maryland		Maine	Ohio
Indiana	Massachusetts		Michigan	Oklahoma
Iowa	Michigan		Minnesota	South Carolina
Kentucky	Minnesota		Missouri	
Louisiana	Mississippi		Nebraska	
Maine	Montana		Nevada	
Massachusetts	New Jersey		New Hampshire	
Michigan	New York		New Jersey	
Minnesota	Oklahoma		New Mexico	
Mississippi	Oregon		New York	

Missouri Montana Nebraska New Hampshire North Carolina Ohio Oklahoma Oregon Pennsylvania Rhode Island South Carolina South Dakota Virginia Washington West Virginia Wyoming	South Carolina South Dakota Tennessee Texas Utah Vermont Virginia Washington Wisconsin Wyoming		North Carolina Ohio Pennsylvania Puerto Rico Texas Vermont Virginia Washington West Virginia Wisconsin	

SUMMARY OF SELECT STATE'S WAIVER APPLICATIONS
Approved and Pending Applications

Minnesota

The State of Minnesota has submitted six Section 1115 waiver applications to CMS, of which two applications have been approved, three applications are pending, and one application was approved but has expired.

Minnesota applied to CMS in February 2012 for a Minnesota Reform 2020 program that includes several smaller programs and is designed to achieve better health outcomes, increase and support independence and recovery, increase community integration, reduce reliance on institutional care, and simplify the administration and access to Medicaid programs. The program includes an alternative care program that provides a home and community services benefit to people age 65 and older who need nursing facility level of care and have combined adjusted income and assets above the medical assistance standards. The goal of the program is to allow individuals to receive services without moving to a nursing home. The application was approved in October 2013. Extensions have been granted until January 2025.

Minnesota applied to CMS in March 2018 for a Minnesota substance use disorder system reform program to request Medicaid matching funds for residential programs that have been determined as institutions for mental disease to ensure continued access to this level of care for individuals with the most intensive treatment needs. The project is part of the state's larger reform effort to address the opioid crisis and to transform the health care delivery system for Medicaid enrollees seeking substance use disorder treatment and services. The application was approved in June 2019 and expires in June 2024.

The pending applications relate to:

- A Minnesota Urban Indian Health Board 1115 program to improve access to coverage and care for American Indians residing in the Twin Cities metropolitan area. The application was submitted in January 2017.
- A Minnesota spousal impoverishment program. Information on this application is not available. The application was submitted in July 2014.
- A Minnesota prepaid medical assistance project plus program to expand coverage to adults without children ages 21 to 64 with family income above 75 percent and at or below 250 percent of the federal poverty level, provide MinnesotaCare adults without children program recipients a limited benefit package, allow copayments for MinnesotaCare adults without children program recipients that exceed the amounts allowed under the Minnesota Medicaid state plan, charge premiums on a sliding scale for the MinnesotaCare adults without children program, eliminate the state's ability to provide continued eligibility for children and family income below 275 percent of the federal poverty level whose parents do not return completed renewal forms while the state uses other available methods to verify family income, and other purposes. The waiver application for the original project was approved in April 1995 and has been extended and amended multiple times. The project is scheduled to expire in December 2021 but a request to extend the waiver is pending.

Montana

The State of Montana has submitted three Section 1115 waiver applications to CMS, of which one application was approved in May 2012, and two applications are in pending status.

Montana applied to CMS in November 2010 for a Montana plan first family planning program to provide family planning and family planning-related services to women losing Medicaid pregnancy coverage at the conclusion of a 60-day postpartum period and to women ages 19 through 44 who have family incomes at or below 200 percent of the federal poverty level, who are not otherwise eligible for Medicaid, and do not have any other health insurance coverage that provides family planning services. The Centers for Medicare and Medicaid Services approved Montana's waiver application in May 2012. Montana has submitted extension requests and received approval to continue the program through December 2028.

In January 2004, CMS approved an application for a Montana basic Medicaid for able bodied adults program, which has been renamed the Montana additional services and populations program. The program provides physical and mental health coverage to vulnerable individuals with incomes at or below 47 percent of the federal poverty level, are age 18 or older, and have specific diseases or disorders. The program has been extended and amended multiple times. The project is scheduled to expire in December 2022 but a request to extend the waiver is pending.

Montana applied to CMS in September 2015 for a Montana Section 1115 health and economic livelihood partnership program to expand access to health care and improve economic well-being in Montana for more than 70,000 adults with incomes up to 138 percent of the federal poverty level. The program is designed to increase the availability of high-quality health care to Montanans, provide greater value for the tax dollars spent on the Montana Medicaid program, reduce health care costs, provide incentives that encourage Montanans to take greater responsibility for their personal health, boost Montana's economy, and reduce the costs of uncompensated care and the resulting cost-shifting to patients with health insurance. The application was approved in November 2015, effective January 2016. The program expires in December 2021, but Montana has submitted an extension application, which is currently pending.

South Dakota

The State of South Dakota has submitted three Section 1115 waiver applications to CMS, of which one application was approved in April 2018 and two are in pending status.

South Dakota applied to CMS in January 2018 for a former foster care youth program to provide Medicaid coverage for individuals who aged out of foster care in a different state and now reside in South Dakota. The purpose of the program is to provide coverage to South Dakota residents who are former foster care youth under age 26 who were in foster care under the responsibility of another state when they turned 18 and were enrolled in Medicaid at that time or at some point while in foster care. South Dakota would maintain coverage of these former foster care youth. The Centers for Medicare and Medicaid Services approved South Dakota's waiver application in April 2018. The program expires in May 2023.

The pending applications relate to:

- A South Dakota career connector program for adult Medicaid recipients who are parents age 19 to 59, are enrolled in the parent and other caretaker relative's eligibility group, and live in Minnehaha County or Pennington County. The program would provide intensive employment and training services and skill building opportunities through the South Dakota Department of Labor and offer recipients to actively participate and maintain health care coverage. The application was submitted in August 2018.
- An improving American Indian health in South Dakota program to develop an alternative service delivery model to target access to primary care services for American Indians. The program would deliver health care through existing facilities in population centers that serve high percentage of American Indians and provide culturally competent services to American Indians to improve primary care health outcomes. The application was submitted in April 2019.

Denied Applications

Connecticut and Ohio are the only states that have had a Section 1115 waiver application denied by CMS. Information related to these applications is provided below.

Connecticut

The State of Connecticut has submitted three Section 1115 waiver applications to CMS, of which one application was denied in March 2013, one application was withdrawn in June 2020, and one application was submitted in August 2021 and is in pending status.

The denied application was submitted to CMS in August 2012 to make changes to the Medicaid for low-income adults program. Connecticut had concerns that significant and unanticipated demand for the program and related expenditures were unsustainable. The waiver application would have required the state to evaluate the income and

assets of parents of an individual age 26 or younger when the individual resides with one or both parents or when the individual is claimed by one or both parents as a tax dependent. The application proposed flexibility in counting parental income by establishing a financial hardship exception and disregarding parents' earnings below 185 percent of the federal poverty level.

The state believed the waiver would offer an insight into the income and assets that may be available to individuals and their use of nursing facility benefits while providing opportunities to better understand the cost, benefit, and access barriers for private insurance coverage, which may have encouraged families to seek Medicaid coverage rather than private coverage.

The Centers for Medicare and Medicaid Services denied Connecticut's waiver application in March 2013 because the proposed waiver plan would likely not promote the objects of Title XIX of the Social Security Act related to grants to states for medical assistance programs, as the waiver, if approved, would have eliminated coverage for as many as 13,381 low-income individuals for approximately 1 year.

Ohio

The State of Ohio has submitted four Section 1115 waiver applications to CMS, of which one application was approved in 2013 and has expired, one application was denied in September 2016, one application was approved in 2020, and one application was approved in March 2019 but withdrawn in August 2021.

The denied application was submitted to CMS in June 2016 for a Health Ohio program to incentivize members to take responsibility for their health, introduce members to commercial market options to ease the transition out of public assistance, and establish a program to support employment and encourage private market coverage. The program targeted all non-disabled, Medicaid-eligible adults age 18 and older. The state believed by providing incentives for individuals to utilize the health care delivery system in a cost-conscious manner and have the opportunity to earn rewards for the completion of preventive care and targeted health behaviors, the result would be increased enrollment, improved health outcomes for members, and an overall reduction in program costs.

The Centers for Medicare and Medicaid Services denied Ohio's application in September 2016 due to concerns about the state's request to charge premiums, regardless of income, to the 600,000 individuals in Ohio's new adult group, as well as hundreds of thousands of low-income parents, foster care youth, and beneficiaries with breast and cervical cancer. The Centers for Medicare and Medicaid Services was concerned these premiums would undermine access to coverage and the affordability of care, and do not support the objectives of the Medicaid program.

The application was also denied because the proposal would have excluded individuals from coverage indefinitely until they pay all arrears, a policy that has not been authorized in any state. This practice would not support the objectives of the Medicaid program, because it could lead to more than 125,000 individuals being without access to affordable coverage.