Purpose of the 1115 Demonstration Program

1115 demonstrations allow states flexibility in designing Medicaid programs by waiving certain requirements and/or providing Medicaid matching funds to test new and innovative approaches likely to promote the objectives of Medicaid.

Examples include:

- Physical and Behavioral Health Integration
- Substance Use Disorder Treatment
- Delivery System Reform
An 1115 demonstration may include waivers and/or expenditure authorities.

- Section 1115(a)(1) allows the Secretary to waive compliance with provisions in section 1902 of the Social Security Act. Section 1902 pertains to eligibility, coverage and benefits in Medicaid.

- Section 1115(a)(2) authorizes the Secretary to approve expenditures under an 1115 demonstration not allowed under a Medicaid State Plan and allow the state to receive federal match for those expenditures.
1115 Demonstrations have to be Budget Neutral

- Demonstrations cannot be projected to cost the Federal government more than it would cost without the demonstration
  - With demonstration expenditures \( \leq \) Without demonstration expenditures
  - For CMS approval, the estimated costs of the demonstration have to be less than the projected costs of coverage and services in the absence of the demonstration

- States also have to be able to demonstrate that they can provide up the state match for costs. Examples of appropriate funding sources are:
  - General state revenue
  - Intergovernmental transfer (IGT)
  - Budget neutrality savings from previous demonstration periods

- Budget neutrality is enforced over the life of the demonstration, not each year.
• Transparency requirements are set forth in 42 CFR 431.408 and 42 CFR 431.416
  – 42 CFR 431.408 is related to the state process for public notice. Some of the requirements include:
    • Provide at least a 30 day public notice and comment period of the intended application and must include information such as the hypotheses and goals of the demonstration; the expected impact on enrollment; the specific waivers and expenditure authorities the state believes that it needs.
    • Tribal Consultation
    • Public Hearing

  – 42 CFR 431.416 is related to the federal process for public notice. Some of the requirements include:
    • Notifying the state if the application is complete within 15 days of receipt
    • Publishing the application on the public website for at least 30 days for public comment
A Shared CMS/State Agreement

• Programmatic and funding terms and conditions are codified in agreement documents including:
  – Approval letter
  – Waivers and Expenditure Authorities
  – Special Terms and Conditions
  – Operational Protocols, usually approved after the demonstration approval

• States must adhere to all federal statutes, regulations, and policy letters that have not been waived under the demonstration agreement.
Other 1115 Actions

• States may request amendments to the approved demonstrations at any time
  – Amendments follow the same basic process outlined in the previous slides
• States may request a renewal of the approved demonstration with or without changes
  – Without changes and for demonstrations that do not have complex policy areas, states may request an expedited approval process known as 1115(e) or 1115(f)
Section 1115 Demonstrations are Subject to Robust Monitoring and Evaluation

• **Monitoring Protocol** — regarding state reporting on performance measures and other information
  – developed in consultation with CMS
  – after approval of the demonstration

• **Three quarterly reports and 1 annual report** - every year

• **Mid-Point Assessment** - performed between years 2 and 3 on state progress regarding milestones and performance measure targets

• **Independent Evaluation** – based on design approved by CMS with rigorous research-based methods and analysis of findings
States use Section 1115 authority to achieve a wide range of innovations

• Delivery system reform
• Eligibility and coverage
• Benefit design
• Service integration
• Alternative payment models
Community Engagement Demonstrations

• State Medicaid Director Letter (18-002) issued on January 11, 2018

• Opportunity to use Section 1115 demonstration to test community engagement as a condition of eligibility

• Non-elderly, non-pregnant adults, not eligible based on disability
Community Engagement Demonstrations

Goals of Community Engagement Demonstrations

• Assist beneficiaries in obtaining sustainable employment or other productive community engagement

• Support and facilitate improved health outcomes
Community Engagement Demonstrations

State Flexibility in Program Design

- Alignment with other programs
- Populations
- Range of activities
- Beneficiary supports
Community Engagement Demonstrations

State operational considerations

- Definition and scope of requirement
- Populations
- Consequences
- Supports / communications/beneficiary education and outreach
- Systems enhancements
- Data collection, analysis, and reporting
Substance Use Disorder (SUD) Demonstrations

- State Medicaid Director Letter (17-003) released on November 1, 2017
- Federal funding for short term residential SUD treatment in Institutions for Mental Diseases (IMD)
- Contingent on plan to develop comprehensive, coordinated continuum of care.
Overarching Goals of Section 1115 SUD Demonstration Initiative

• Increased rates of identification, initiation, and engagement in treatment;
• Increased adherence to and retention in treatment;
• Reductions in overdose deaths, particularly due to opioids;
• Reduced utilization of emergency departments and inpatient hospital settings through improved access to continuum of care;
• Fewer readmissions to the same or higher level of care for opioid use disorder (OUD) and other SUD treatment; and
• Improved care coordination for co-morbid conditions.
Six Milestones for 1115 SUD Demonstrations

• Elements of an SUD service delivery system that will help achieve the demonstration goals:
  – Access to critical levels of care;
  – Evidence-based, SUD-specific patient placement;
  – SUD-specific program standards for residential treatment;
  – Sufficient provider capacity at critical levels of care, including medication assisted treatment (MAT);
  – Comprehensive opioid prevention and treatment strategies; and
  – Improved care coordination and care transitions

• Implementation Plan Addressing Milestones
  – Once approved, federal Medicaid match for services in specialty inpatient and residential treatment settings becomes available
Addressing Serious Mental Illness (SMI) thru 1115 Demonstrations

- State Medicaid Director Letter (18-001) released on November 13, 2018
- Federal funding for treatment during short-term stays in IMD
- Contingent upon commitment to improve community-based mental health services in state
SMI/SED Demonstration Opportunity
Parameters

• States are expected to achieve statewide average length of stay in IMDs of 30 days and comply with other Medicaid laws, regulations, and Special Terms and Conditions for these 1115 demonstrations

• Budget Neutrality is required

• Exclusions:
  – Room and board in residential treatment settings unless they qualify as inpatient facilities under section 1905(a) of the Act;
  – Nursing homes;
  – Inmates receiving treatment in a psychiatric facility or unit where oversight of the individual is under the jurisdiction of the criminal justice system

• For beneficiaries aged 21 and under, existing exception to IMD exclusion and rules for that exception continue to apply
Overarching Goals of SMI/SED Sec. 1115 Demonstration Initiative

• Participating states expected to take a number of actions and report information regarding progress on the following set of goals:

1. Reduced utilization and lengths of stay in emergency departments (EDs) while awaiting access to specialized mental health treatment;

2. Reduced preventable readmissions to acute care hospitals and residential settings;

3. Improved availability of crisis stabilization services;

4. Improved access to community-based services to address the chronic mental health care needs; and

5. Improved care coordination, especially continuity of care in community following hospital and residential treatment stays
Four Milestone Categories for SMI/SED 1115 Demonstrations

• Participating states expected to achieve specific milestones in the following categories:

1. Ensuring good quality of care in psychiatric hospitals and residential settings:

2. Improving care coordination and connections to community-based care;

3. Increasing access to a continuum of care including crisis stabilization services; and

4. Earlier identification and engagement in treatment including through integration

• Implementation Plan required for federal financial participation (FFP) to be available to IMDs
Questions
For Further Information

- Further information on Section 1115 demonstrations can be found here [https://www.medicaid.gov/medicaid/section-1115-demo/index.html](https://www.medicaid.gov/medicaid/section-1115-demo/index.html)

- For states that have an approved section 1115 demonstration, please contact your CMS project officer.

- For states that do not have an approved demonstration, please e-mail 1115demorequests@cms.hhs.gov
