

1115 SUD IMD Waiver

Overview

Federal Medicaid policy restricts the use of federal financial participation for enrollees over age 21 and under age 65 residing in facilities with more than 16 beds where more than 50% of their patients are admitted for treatment of psychiatric disorders. Such facilities are termed Institutions for Mental Disease (IMDs).

In 2017 The Centers for Medicare & Medicaid services (CMS) released guidance letters providing opportunities for states to purchase IMD services using federal funds participation under 1115 demonstration waivers in order to provide states with additional tools to combat the opiate epidemic.

Demonstration waivers offer states greater flexibility in designing and implementing Medicaid programs conditioned upon meeting specific requirements. The milestones of the 1115 SUD Waiver require active reporting and system changes for six milestones:

- Access to critical levels of care for OUD and other SUDs;
- Widespread use of evidence-based, SUD-specific patient placement criteria;
- Use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications;
- Sufficient provider capacity at each level of care;
- Implementation of comprehensive treatment and prevention strategies to address opioid abuse and OUD; and
- Improved care coordination and transitions between levels of care.

ESSB 6032 (2018) required HCA to apply for an IMD rule waiver for both mental health and SUD treatment, CMS informed the state that the 1115

IMD waiver only applied to SUD treatment. For this reason, HCA only included SUD IMD facilities in the waiver application submitted to CMS on March 2, 2018. The 1115 MH IMD waiver was later sought and approved on November 6, 2020.

The 1115 SUD waiver amendment, Initiative 4 of the Medicaid Transformation Project (MTP), received approval in July of 2018. Its end date follows other initiatives of the MTP. A five-year renewal period commenced on July 1, 2023, and continues through June 30, 2028.

Eligibility requirements

Adults aged 21-65 years of age residing in participating SUD IMDs.

Authority

42 CFR 431.408
42 CFR 431.412
ESSB 6032

Budget for SFY 25

Inpatient SUD services are a covered service under Medicaid and are authorized based on determination that the individual meets medical necessity criteria. State dollar funding is used for services when FFP is not available.

Partners

Managed care organizations (MCOs) providing integrated medical care (IMC) and Behavioral Health Services (BH-SO) services only, behavioral health administrative services organizations (BH-ASOs), behavioral health agencies, and hospitals.

Oversight

The providers impacted by the 1115 SUD Waiver fall under the oversight of the Department of Health and HCA's contracted managed care plans. Additionally, CMS actively monitors via quarterly reporting and third-party evaluators.

For more information

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