

MEDICAID WAIVERS 101

PERTINENT DEFINITIONS

(Pam Pohly's Net Guide)

Medicaid (Title XIX) - Government entitlement program for the poor, blind, aged, disabled or members of families with dependent children. Each state has its own standards for qualification. A Federally aided, state-operated and administered program that provides medical benefits for certain indigent or low-income persons in need of health and medical care. The program, authorized in 1965 by Title XIX of the Social Security Act, is basically for the poor. It does not cover all of the poor, however, but only persons who meet specified eligibility criteria. Subject to broad Federal guidelines, states determine the benefits covered, program eligibility, rates of payment for providers, and methods of administering the program. All states but Arizona have Medicaid programs.

Waiver - Approval that the Centers for Medicare and Medicaid Services (CMS, formerly called HCFA), the federal agency that administers the Medicaid program, may grant to state Medicaid programs to exempt them from specific aspects of Title XIX, the federal Medicaid law. Most federal waivers involve loss of freedom of choice regarding which providers beneficiaries may use, exemption from requirements that all Medicaid programs be operated throughout an entire state, or exemption from requirements that any benefit must be available to all classes of beneficiaries (which enables states to experiment with programs only available to special populations).

There are various types of waivers that can be requested by the states, but this document will focus on the 1115 Waiver since that is the only one that pertains to the issues discussed by the Advisory Council.

1115 Waiver Research and Demonstration Projects (National Association of State Medicaid Directors)

Purpose

Section 1115 of the Social Security Act provides the Secretary of Health and Human Services with broad authority to authorize experimental, pilot, or demonstration project(s) which, in the judgment of the Secretary are likely to assist in promoting the objectives of the Medicaid program.

General Features

Flexibility under Section 1115 is sufficiently broad to allow States to test new ideas of policy merit. States commit to a policy experiment that will be evaluated. Section 1115 waivers should attempt to develop approaches that have not been demonstrated on a widespread basis. Specific findings will be drawn from the results of projects.

Eligibility/Additional Services

The authority under Section 1115 provides flexibility, under the Secretary's discretion, for the provision of services, which are not otherwise matchable under federal financial participation and, in some cases, allows for the expansion of eligibility for those who would otherwise not be eligible for the Medicaid program.

Evaluation/Reporting Requirements

CMS maintains the responsibility to evaluate particular projects. This includes but is not limited to: state specific and cross-state analyses of impact on utilization, insurance coverage, public and private expenditures, quality, access, and member satisfaction.

Time Period

States are given the opportunity to discuss potential demonstration project concepts with CMS early in the development process. Projects are generally approved to operate for a five-year period.

Health Care Reform Demonstrations

States may expand managed care to include HMOs, partially capitated systems, primary care case managers, or other approaches. In many cases, savings are achieved from managed care arrangements and, in turn, used to finance coverage to individuals previously ineligible for Medicaid.

Financial Considerations

The 1115 demonstration must be budget neutral over the life of the project (generally 5 years), and is subject to OMB, CMS, and Departmental approval. Demonstrations cannot be expected to cost the Federal government more than providing the same services would cost in the absence of the waiver.