

ABSTRACT

The Impact of the Coronavirus Disease 2019 Pandemic on Section 1115 Demonstration Waivers



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Background

The coronavirus disease 2019 (COVID-19) pandemic changed the behavioral health (BH) care system and workforce, presenting a unique opportunity to improve BH delivery. In 2015, the Centers for Medicare and Medicaid Services (CMS) encouraged state Medicaid agencies to leverage service delivery models for the treatment of substance use disorders (SUDs) through the Section 1115 demonstration project. Through this mechanism, CMS grants waiver authority, which allows a state to implement delivery models and payment systems through the use of federal matching funds. In order to further understand the impact of COVID-19 on Medicaid policy, this study examined Medicaid policy changes on Section 1115 demonstration waivers as they apply to BH.

Methods

In March 2020, BH Workforce Research Center (BHWRC) researchers created a typology of BH components within Section 1115 demonstration waivers. BHWRC researchers expanded this typology using waivers approved on January 6, 2022. On January 6, 2022, researchers collected all Section 1115 waivers through the Medicaid.gov State Waivers list. Section 1115 demonstration Waivers were included in the typology if the waivers were active on January 6, 2022. Waivers marked as “pending” were included in the typology if the waiver was included in the March 2020 typology and had not yet expired as of January 6, 2022.

Findings

Thirty-seven currently approved Section 1115 demonstration waivers contained BH provisions categorized by 3 BH-related characteristics: (1) benefit expansion, (2) eligibility expansion, and (3) BH integration. Eight new waivers were approved since the start of the COVID-19 pandemic. A large percentage of the post-March 2022 waivers now include BH integration, BH eligibility expansion, and benefit expansion. The most commonly approved provision among the 8 new waivers is benefit expansion of institutions for mental disease–SUD, followed by other BH services benefit expansion provisions.

Conclusions

Leveraging Section 1115 demonstration waivers is a vital component to state Medicaid agencies. The Section 1115 demonstration waiver program provides opportunities for innovation and flexibility for states seeking to expand access and coverage of BH services.

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