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# IDAHO DEPARTMENT OF HEALTH & WELFARE

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December 3, 2024

Alex Desatoff  
Demonstration Project Officer  
Center for Medicaid and CHIP Services (CMCS)

Dear Alex Desatoff:

Idaho Medicaid is requesting to extend the State's [11-W-00339/10: 1115 IMD Behavioral Health Transformation Demonstration](#) for another five (5) years.

The State Medicaid Agency has observed improved access to medically necessary services to include residential facilities serving those with mental health and/or substance use service needs and intensive outpatient services. Other key observed impacts include improved treatment coordination for Opioid Use Disorder and decreases in inappropriate opioid prescribing (albeit likely more due to changing national provider norms). While access to these services has improved under the waiver, the State Medicaid Agency continues to meet budget neutrality requirements.

Renewal of this waiver will allow the State Medicaid Agency to continue to make progress on the goals set forth in the demonstration. The next five (5) years ahead are of particular importance as the State Medicaid Agency has recently implemented a new stand-alone behavioral health managed care contract to partner with the agency to further improve behavioral health workforce and capacity; access to medically necessary services; and coordination of these services for both youth and adults. The State Medicaid Agency is optimistic that Idaho will see even further progress towards these goals in the years ahead.

The State Medicaid Agency will also be requesting to adjust its authority structure for a particular eligibility group and move from the approved 1915(i) authority to the 1115 authority by adding the following expenditure authority.

**Youth Empowerment Services (YES) Group.** Expenditures to extend eligibility for full Medicaid state plan benefits to youth under age eighteen (18), diagnosed with a Serious Emotional Disturbance (SED), and with a family income up to three hundred percent (300%) of the Federal Poverty Guidelines (FPG).

SUD Demonstration Goals:

1. Increased rates of identification, initiation, and engagement in behavioral health treatment.
2. Increased adherence to and retention in behavioral health treatment.
3. Reductions in overdose deaths, particularly those due to opioids.
4. Reduced utilization of emergency departments and inpatient hospital settings for treatment, where the utilization is preventable or medically inappropriate, through improved access to other continuum of care services.
5. Fewer readmissions to the same or higher level of care, where the readmission is preventable or medically inappropriate.
6. Improved access to care for physical health conditions among beneficiaries.

SMI/SED Demonstration Goals:

1. Reduced utilization and lengths of stay in emergency departments among Medicaid beneficiaries with SMI or SED while awaiting mental health treatment in specialized settings.
2. Reduced preventable readmissions to acute care hospitals and residential settings.
3. Improved availability of crisis stabilization services, including services made available through call centers and mobile crisis units, intensive outpatient services, as well as services provided during acute short-term stays in residential crisis stabilization programs, psychiatric hospitals, and residential treatment settings throughout the state.
4. Improved access to community-based services to address the chronic mental health care needs of beneficiaries with SMI or SED, including through increased integration of primary and behavioral health care.
5. Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.

This extension request aligns with [42 C.F.R. Part 431 Subpart G - Section 1115 Demonstrations](#), as further defined in the [CMS approved Standard Terms and Conditions of the state's approved 1115 demonstration](#).

The State Medicaid Agency requests an effective date of April 1, 2025.

The State Medicaid Agency is diligently preparing to start the public comment process this month. Tribal solicitation and public notice will be completed by providing a thirty (30) day

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public notice and comment period and by scheduling two (2) public hearings, each one (1) hour long. At these hearings the most recent working proposal will be described and made available to the public, and time will be provided during which comments were received.

Tribal solicitation will also be completed by sending a Dear Tribal Leader Letter to Tribal representatives.

Idaho anticipates submitting the 1115 Demonstration renewal application no later than the very beginning of 2025. Idaho appreciates your review of this extension request and anticipates CMS approval. Please direct any questions to Charles Beal, Medicaid Policy Director, at [charles.beal@dhw.idaho.gov](mailto:charles.beal@dhw.idaho.gov).

Sincerely,

A handwritten signature in dark ink, appearing to read "Juliet Charron". The signature is fluid and cursive, with the first name "Juliet" being more prominent than the last name "Charron".

JULIET CHARRON  
Deputy Director

JC/ah

cc: Courtenay Savage, Julie Sharp

# Idaho Department of Health and Welfare



## Section 1115 Medicaid Demonstration Extension Application

**January 15, 2025**

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## Section I. Background and Overview

### Background

Idaho's health care system has been historically fragmented and reliant upon partnerships among agencies, provider organizations, and the community. Health Professional Shortage Areas (HPSA) are designated in 98.7% of the state for primary care, 95.7% for dental health, and 100% for mental health.

Idaho Proposition 2, a Medicaid expansion initiative, was approved on the 2018 general election ballot. This measure mandated that Idaho expand Medicaid eligibility criteria to include all individuals under age 65 whose modified adjusted gross income is less than or equal to 138% of the federal poverty guidelines and not otherwise eligible for Medicaid coverage.

Subsequently, [Idaho Senate Bill S1204 Medicaid \(2019\)](#) was signed into law April 9, 2019, outlining requirements for implementation of Medicaid expansion. For example, this law states *"the director is hereby encouraged and empowered to obtain federal approval in order that Idaho design and implement changes to it's Medicaid program that advance the quality of services to participants while allowing access to needed services and containing excess cost"*. The law necessitated the application for Section 1115 Waiver funding. Idaho expanded Medicaid and the State Medicaid Agency applied for the 1115 BHT waiver in January 2020.

The "Idaho 1115 Behavioral Health Transformation" (Project Number 11-w-00339/10) was approved by CMS April 17, 2020, with an end date of March 31, 2025.

Additional relevant background includes:

MAT Waiver. On December 29, 2022, the President signed into law the Consolidated Appropriations Act, 2023 effectively eliminating the "Drug Addiction Treatment Act (DATA)-Waiver Program" also known as the Medication-Assisted Treatment (MAT) Waiver or X-Waiver Program. This act changed provider requirements, eliminated discipline restrictions and limits to prescription medications to treat opioid use disorder (OUD), and changed certification related to providing counseling.

Idaho's Behavioral Health Plan Governance Bureau. In January 2023, a new State Medicaid Agency Idaho Behavioral Health Plan Governance Bureau was formed as to resource and manage the oversight of quality, performance, and innovation in the IBHP.

COVID-19 Public Health Emergency and Medicaid Unenrollment. In response to the COVID-19 outbreak, on January 31, 2020, a public health emergency (PHE) under section 319 of the Public Health Service Act (42 U.S.C. 277d) was declared by the Secretary of Health and Human Services. This declaration enabled the Secretary to "temporarily waive or modify certain requirements of the Medicare, Medicaid, and State Children's Health Insurance programs and of the Health Insurance Portability

and Accountability Act Privacy Rule throughout the duration of the public health emergency declared in response to the COVID-19 outbreak”.

The Consolidated Appropriations Act, 2023 was signed into law on December 29, 2022, unlinking the continuous coverage requirement from the PHE while creating a new requirement for states. This new requirement dictates that state must provide 12 months of continuous eligibility for enrollees under the age of 19 in both Medicaid and CHIP (Children’s Health Insurance Plan) beginning January 2024 as well as makes permanent the state plan option to provide 12 months of postpartum coverage in Medicaid and CHIP. Continuous coverage meant that no state could remove anyone from Medicaid unless they were determined to have relocated out of state, requested to be removed, or passed away. When the COVID-19 Public Health Emergency (PHE) expired May 11, 2023, Idaho began identifying those enrolled in Medicaid who were no longer eligible for Medicaid benefits.

These eligibility and enrollment changes affected data, reporting, and metrics on the demonstration.

## Overview

In 2020, the “Idaho 1115 Behavioral Health Transformation” was approved by the Centers for Medicaid and Medicare Services (CMS). This demonstration allows the State Medicaid Agency to leverage federal financial participation (FFP) for services provided by an institution of mental diseases (IMD) and to improve transitions of care for individuals experiencing substance use disorder (SUD) and/or serious mental illness/serious emotional disturbance (SMI/SED).

**SMI/SED and SUD Program Benefits.** Under this demonstration, beneficiaries have access to high quality, evidence-based SMI/SED and OUD/SUD treatment and withdrawal management services, ranging from medically supervised withdrawal management for SUDs and short-term acute care in inpatient and residential settings for SMI to ongoing chronic care for these conditions in cost-effective community-based settings. The State Medicaid Agency continues to work to improve care coordination and care for cooccurring physical and behavioral health conditions.

The coverage of SMI/SED and SUD treatment services during short term residential and inpatient stays in IMDs expands Idaho’s current SMI/SED and/or SUD benefit package available to all Idaho Medicaid beneficiaries. It also supports State Medicaid Agency efforts to implement models of care focused on increasing support for individuals in the community and home, outside of institutions, and improve access to a continuum of SMI/SED and/or SUD evidence-based services at varied levels of intensity.

The state continues to make progress on the following goals:

### **SUD Demonstration Goals:**

1. Increased rates of identification, initiation, and engagement in behavioral health treatment.
2. Increased adherence to and retention in behavioral health treatment.
3. Reductions in overdose deaths, particularly those due to opioids.
4. Reduced utilization of emergency departments and inpatient hospital settings for treatment, where the utilization is preventable or medically inappropriate, through improved access to other continuum of care services.
5. Fewer readmissions to the same or higher level of care, where the readmission is preventable or medically inappropriate.
6. Improved access to care for physical health conditions among beneficiaries.

**SMI/SED Demonstration Goals:**

1. Reduced utilization and lengths of stay in emergency departments among Medicaid beneficiaries with SMI or SED while awaiting mental health treatment in specialized settings.
2. Reduced preventable readmissions to acute care hospitals and residential settings.
3. Improved availability of crisis stabilization services, including services made available through call centers and mobile crisis units, intensive outpatient services, as well as services provided during acute short-term stays in residential crisis stabilization programs, psychiatric hospitals, and residential treatment settings throughout the state.
4. Improved access to community-based services to address the chronic mental health care needs of beneficiaries with SMI or SED, including through increased integration of primary and behavioral health care.
5. Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.



## Section II: Description of the Extension Request

The Idaho BHT Waiver focuses on Medicaid enrollees with SUD and/or SMI/SED. Idaho's BHT Waiver allows IDHW to leverage FFP for services provided to Medicaid recipients receiving SUD and/or SMI/SED care in an IMD and to improve transitions of care for this population of Medicaid beneficiaries.

### Policy Goals

The Idaho BHT Waiver provides IDHW the opportunity to receive federal Medicaid match funding for inpatient and residential care received at IMDs. This is part of a broader strategy to improve access to and coordinate high quality, clinically appropriate behavioral health care for Medicaid beneficiaries aged 21-64 with a diagnosis of SMI/SED and/or SUD. It also supports efforts by IDHW to expand access to a continuum of evidence-based care at varied levels of intensity. The overarching goal of the waiver is to ensure that Medicaid enrollees aged 21-64 in Idaho can access necessary behavioral health care when and where they need it.

To achieve this goal, the State Medicaid Agency implements three (3) broad aims:

Aim 1. Expand coverage of Medicaid reimbursable services for individuals with SUD and/or SMI/SED.

Aim 2. Expand availability and access to services across the state (particularly in rural and frontier areas).

Aim 3. Improve coordination of care including transitions of care for Medicaid beneficiaries.

The State Medicaid Agency has generally seen increased utilization, increased capacity including residential mental health facilities, intensive outpatient services, and residential mental health facilities and beds. Other key impacts include improved treatment coordination for OUD and decreases in risky opioid prescribing (albeit likely more due to changing national provider norms). The State Medicaid Agency continues to meet budget neutrality targets.

### Youth Empowerment Services (YES) Population Up to Three Hundred Percent (300%) FPL Addition

[Idaho House Bill H0043 Medical Assistance \(2017\)](#) amended [Idaho Code § 56-254 Eligibility For Medical Assistance](#) to add the following language:

(i) *Effective January 1, 2018, children under age eighteen (18) years with serious emotional disturbance, as defined in section [16-2403](#), Idaho Code, in families whose income does not exceed three hundred percent (300%) of the federal poverty guideline and who meet other eligibility standards in accordance with department rule.*

Pursuant to this, Idaho submitted and CMS approved in 2018 a 1915(i) Home and Community-Based Services (HCBS) SED Medicaid State Plan Authority ([renewed in 2022](#)). This authority allowed Idaho Medicaid to serve youth under age eighteen (18), diagnosed with SED, and with a family income up to three hundred percent (300%) of the Federal Poverty Guidelines (FPG), and in need of respite services.

CMS requirements under the 1915(i) include:

- Completion of an Independent Assessment to determine SED initially and annually within three hundred and sixty-four (364) days of the previous assessment.
- Completion of a Person-Centered Service Plan (PCSP) that meets C.F.R. requirements within ninety (90) days of becoming enrolled in the YES Program and annually within three hundred and sixty-four (364) days of the previous PCSP. PCSP also to be updated as needed and/or at the request of the participant.
  - A Targeted Care Coordinator conducts PCSPs within the IBHP network, but a Children's Developmental Disability (DD) case worker or a Division of Behavioral Health (DBH) clinician can also complete them in certain situations.
- Utilization of Respite, the only 1915(i) SPA for SED service, at least one (1) time annually.

The State Medicaid Agency has encountered ongoing challenges with complying with all of the above requirements, particularly during the COVID-19 Public Health Emergency. In order to best serve this population and comply with CMS expectations, the State Medicaid Agency is requesting to add a new eligibility group to this demonstration.

**Youth Empowerment Services (YES) Group.** Expenditures to extend eligibility for full Medicaid state plan benefits to youth under age eighteen (18), diagnosed with a Serious Emotional Disturbance (SED), and with a family income up to three hundred percent (300%) of the Federal Poverty Guidelines (FPG).

The goal is to ensure access to a system of care for children with serious mental health needs and their families.

### Challenges

**Provider Shortages.** Idaho, like many other states, continues to have a provider shortage at all levels of behavioral health care. The provider shortage was a major barrier to the rollout of the Idaho BHT Waiver and the new IBHP MCO.

### **A. Proposed Cost Sharing Requirements under the Demonstration as Extended:**

Participants under this demonstration would be subject to the following cost-sharing:

All participants with family income above one hundred eighty-five percent (185%) of the FPG will be subject to a monthly premium of fifteen dollars (\$15) per youth per month.

Copayments will be applicable to all participants as already defined under the state's current and approved Medicaid State Plan and waivers.

**B. Proposed Changes to the Delivery System under the Demonstration as Extended:**

The health care delivery system for the provision of services under this demonstration will be implemented in the same manner the existing demonstration.

**C. Proposed Changes to Benefit Coverage under the Demonstration as Extended:**

The benefit coverage will be the same manner as under the state's current and approved Medicaid State Plan.

**D. Proposed Changes to Eligibility Requirements as Extended:**

All eligibility requirements will continue to be met through an initial and annual application, review process, and ongoing oversight, except as noted below.

This would extend eligibility for full Medicaid state plan benefits to youth under age eighteen (18), diagnosed with a SED, and with a family income up to three hundred percent (300%) of FPG.

An independent, needs-based evaluation or reevaluation would be required at least once every three-hundred sixty-five (365) days. The independent evaluation is performed by an agent that is independent and qualified. Independent Assessors are state-licensed, master's-level clinicians or higher. Independent Assessors receive specialized training in how to conduct the functional assessment and hold certification in a State Medicaid Agency approved tool for assessing children.

The initial assessment process also includes:

- a. Evaluation of the child's current behavioral health, living situation, relationships, and family functioning;
- b. Contacts, as necessary, with significant individuals such as family and teachers; and
- c. A review of information regarding the child's clinical, educational, social, behavioral health, and juvenile/criminal justice history.

### Section III: Expenditure Authority

Under the authority of [Section 1115\(a\)\(2\) of the Act, Demonstration Projects](#), expenditures made by the State Medicaid Agency for the items identified below, which are not otherwise included as expenditures under [Section 1903 of the Act, Payment to States](#), shall, for the period from April 1, 2025, through March 31, 2030, unless otherwise specified, be regarded as expenditures under the state's title XIX plan.

The following expenditure authority may only be implemented consistent with the approved Special Terms and Conditions (STC) and shall enable the State Medicaid Agency to operate the above-identified section 1115(a) demonstration.

- 1. Residential and Inpatient Treatment for Individuals with Substance Use Disorder (SUD) and/or Serious Mental Illness (SMI).** Expenditures for Medicaid state plan services furnished to otherwise eligible individuals who are primarily receiving treatment and withdrawal management services for substance use disorder (SUD) and/or a serious mental illness (SMI) who are short-term residents in facilities that meet the definition of an institution for mental diseases (IMD).
- 2. Youth Empowerment Services (YES) Group.** Expenditures to extend eligibility for full Medicaid state plan benefits to youth under age eighteen (18), diagnosed with a Serious Emotional Disturbance (SED), and with a family income up to three hundred percent (300%) of the Federal Poverty Guidelines (FPG).

## Section IV: Demonstration Financing and Budget Neutrality

**Allowable Expenditures.** This demonstration project includes only allowable expenditures applicable to services rendered during the demonstration approval period designated by CMS.

**Unallowable Expenditures.** This demonstration project does not include expenditures for any of the following:

- a. Room and board costs for residential treatment service providers unless they qualify as inpatient facilities under section 1905(a) of the Act.
- b. Costs for services provided in a nursing facility as defined in section 1919 of the Act that qualifies as an IMD.
- c. Costs for services provided to individuals who are involuntarily residing in a psychiatric hospital or residential treatment facility by operation of criminal law.
- d. Costs for services provided to beneficiaries under age 21 residing in an IMD unless the IMD meets the requirements for the “inpatient psychiatric services for individuals under age 21” benefit under 42 CFR 440.160, 441 Subpart D, and 483 Subpart G.

**Standard Medicaid Funding Process.** The standard Medicaid funding process will be used for this demonstration.

**Sources of Non-Federal Share.** The State Medicaid Agency certifies that its match for the non-federal share of funds for this demonstration are state/local monies. The State Medicaid Agency further certifies that such funds must not be used to match for any other federal grant or contract, except as permitted by law. All sources of non-federal funding must be compliant with section 1903(w) of the Act and applicable regulations. In addition, all sources of the non-federal share of funding are subject to CMS approval.

- a. The State Medicaid Agency acknowledges that CMS has authority to review the sources of the non-federal share of funding for the demonstration at any time. The State Medicaid Agency agrees that all funding sources deemed unacceptable by CMS shall be addressed within the time frames set by CMS.
- b. The State Medicaid Agency acknowledges that any amendments that impact the financial status of the demonstration must require the State Medicaid Agency to provide information to CMS regarding all sources of the non-federal share of funding.

**Program Integrity.** The State Medicaid Agency has processes in place to ensure there is no duplication of federal funding for any aspect of the demonstration. The State Medicaid Agency ensures that the State Medicaid Agency and any of its contractors follow standard program integrity principles and practices including retention of data.

## Section V: Demonstration Evaluation and Monitoring

**Independent Evaluator.** The State Medicaid Agency will continue to arrange with an independent party to conduct an evaluation of the demonstration to ensure that the necessary data is collected at the level of detail needed to research the approved hypotheses. The State Medicaid Agency has contracted with an independent evaluator for the initial five years of the demonstration and completed all required evaluation reports timely.

**Monitoring Reports.** The State Medicaid Agency will submit three (3) Quarterly Monitoring Reports and one (1) Annual Monitoring Report each DY.

Goals and milestones for SUD and SMI/SED listed below.

### **SUD Milestones:**

Milestone 1: Access to critical levels of care for OUD and other SUDs.

Milestone 2: Widespread use of evidence-based, SUD-specific patient placement criteria.

Milestone 3: Use of nationally recognized, evidence-based, SUD program standards to set residential treatment provider qualifications.

Milestone 4: Sufficient provider capacity at each level of care, including MAT.

Milestone 5: Implementation of comprehensive treatment and prevention strategies to address opioid misuse and OUD.

Milestone 6: Improved care coordination and transitions between levels of care.

### **SMI/SED Milestones:**

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

Milestone 2: Improving care coordination and transitioning to community-based care.

Milestone 3: Increasing access to continuum of care, including crisis stabilization services.

Milestone 4: Earlier identification and engagement in treatment, including through increased integration.

## Section VI: Public Notice Process and Input Summary

Pursuant to the terms and conditions that govern Idaho's Demonstration, Idaho must provide documentation of its compliance with the state notice procedures set forth in [42 C.F.R. § 431.408 State public notice process](#). The state must also comply with tribal and Indian Health Program/Urban Indian Organization consultation requirements at section 1902(a)(73) of the Act as amended by Section 5006(e) American Recovery and Reinvestment Act of 2009, [42 C.F.R. § 431.408\(b\)](#), State Medicaid Director Letter #01-024, or as contained in the state's approved Medicaid State Plan.

Tribal solicitation and public notice were completed by providing a thirty (30) day public notice and comment period and by scheduling two (2) public hearings, each one (1) hour long. These were held on December 18 and 20, 2024. At these hearings the most recent working proposal was described and made available to the public, and time was provided during which comments were received.

Tribal solicitation was also completed by sending a Dear Tribal Leader Letter to Tribal representatives.

A summary of all comments received and responses have been included in this application.

## VII. Demonstration Contact

### STATE CONTACT

State Medicaid Director Name: Juliet Charron  
Telephone Number: (208) 364-1831  
E-mail Address: [Juliet.Charron@dhw.idaho.gov](mailto:Juliet.Charron@dhw.idaho.gov)

State Lead Contact for Demonstration Application: Charles Beal  
Telephone Number: (208) 364-1887  
E-mail Address: [Charles.Beal@dhw.idaho.gov](mailto:Charles.Beal@dhw.idaho.gov)



## Appendix A: Public Comment Summary

An estimated \_\_\_\_\_ people commented during Idaho's public comment period for this amendment. The following is a summary of those comments:

1115 Demonstration Renewal Comment and Response Document	
Comments/Questions	Responses
One commenter noted	