

Section 1115 Demonstration Project Authority in Medicaid

Pursuant to Section 1115 of the Social Security Act, the Secretary of Health and Human Services has broad authority to allow experimental, pilot, or demonstration projects “likely to assist in promoting the objectives of [the Medicaid statutes].”

Two different types of authority may be requested under Section 1115:

- 1) **Waiver Authority** – Section 1115(a)(1) allows the Secretary to waive compliance with any of the requirements listed in Section 1902, to the extent necessary to allow the State to carry out the demonstration project. Section 1902 sets the various requirements a State must meet in providing medical assistance under a State Medicaid plan, including numerous parameters relating to administration, eligibility, delivery and coverage. While it is the primary source for State plan requirements, Section 1902 is not an exhaustive list of all Medicaid rules which participant States must meet.

The following are examples of waiver authority granted under the Bridge to Reform (BTR) Demonstration in California:

- **Statewideness** (Section 1902(a)(1)) – Enables operation of certain demonstration components on a county-by-county basis.
- **Freedom of Choice** (Section 1902(a)(23)(A)) – Enables the state to require certain beneficiaries to receive Medi-Cal benefits through managed care providers.

The current list of BTR demonstration waivers can be accessed at:

http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/CA_Bridge_Waiver_List_CMS_approved_Dec_24_2013.pdf

- 2) **Expenditure Authority** – Section 1115(a)(2) allows the Secretary to authorize reimbursement for costs that would not otherwise be eligible for federal financial participation (or FFP) under Section 1903, which specifies the parameters under which federal Medicaid payments may be made to participant States. In this setting, contrary to the above, the State does not receive an express waiver of the applicability of a Section 1902 requirement, but instead is authorized to receive FFP for costs that would not otherwise be matchable.

The following is an example of the expenditure authority granted under the BTR demonstration:

- **Safety Net Care Pool Program** – Enables reimbursement to certain Medi-Cal providers for uncompensated care costs, associated with both Medi-Cal beneficiaries and uninsured individuals, beyond what is available under Section 1903.

The current list of BTR expenditure authorities can be accessed at:

http://www.dhcs.ca.gov/provgovpart/Documents/Waiver%20Renewal/CA_Bridge_CNOMs_CMS_amendment_approval_11-28-14.pdf