



CMCS Informational Bulletin

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SUBJECT: Rescission of Guidance on “Fast Track” Federal Review Process for Section 1115 Demonstration Extensions

The Center for Medicaid and CHIP Services (CMCS) issued a CMCS Informational Bulletin (CIB) entitled *Implementation of a “Fast Track” Federal Review Process for Section 1115 Medicaid and CHIP Demonstration Extensions* on July 24, 2015 (July 2015 CIB). The July 2015 CIB describes a “fast track” review process for extensions of certain demonstrations authorized under section 1115(a) of the Social Security Act (the Act) and simplifications for extensions under sections 1115(e) and 1115(f) of the Act.

Public Law 119-21, which CMS refers to as the Working Families Tax Cut (WFTC) legislation, made significant changes to the Medicaid program and Children’s Health Insurance Program (CHIP), including a new requirement that the CMS Chief Actuary certify budget neutrality for Medicaid section 1115 demonstrations. CMS is actively partnering with states to ensure compliance with and successful implementation of these changes to budget neutrality, as well as additional changes for the Medicaid program and CHIP required by the WFTC legislation. To help ensure that section 1115 demonstrations can be evaluated for potential updates that might be needed to address and implement these statutory changes, and to ensure sufficient time for the CMS Chief Actuary to certify budget neutrality, CMS is rescinding the July 2015 CIB and the accompanying application templates for fast-track extensions of section 1115 demonstrations. CMS will continue to consider all demonstration renewal applications in accordance with statutory requirements in section 1115 of the Act, and in accordance with regulations in 42 CFR part 431, subpart G, including 42 CFR 431.412.

In particular, the current fast-track extension process could make it difficult for CMS to evaluate Medicaid section 1115 demonstration renewal applications consistent with new budget neutrality requirements established under the WFTC legislation. Section 71118 of subchapter C of chapter 1 of subtitle B of title VII of the WFTC legislation adds a new subsection (g) to section 1115 of the Act with budget neutrality requirements that will apply beginning January 1, 2027, to CMS approvals of section 1115 Medicaid demonstration project applications, renewals, or

amendments.¹ Section 1115(g) of the Act is applicable to Medicaid section 1115 demonstration requests from all states, the District of Columbia, and the territories. This new subsection states that, beginning January 1, 2027, the Secretary may not approve an application for (or an amendment or renewal of) a Medicaid section 1115 demonstration project unless the CMS Chief Actuary certifies that such project is not expected to result in an increase in the amount of federal expenditures compared to the amount that such expenditures would otherwise be in the absence of such project. Currently, the CMS Office of the Actuary does not play a role in determining whether a Medicaid demonstration project is expected to be budget neutral. CMS issued a state Medicaid Director Letter² on June 11, 2026 to provide states with early notice regarding the changes to budget neutrality that CMS intends to propose to implement section 1115(g) of the Act, and expects to provide additional guidance to states on implementation of this provision.

The need to evaluate all section 1115 demonstrations for consistency with the significant changes made by the WFTC legislation, including the new budget neutrality certification requirement, substantially changes the timeline required for the review and adjudication process for section 1115 demonstration applications, including the extension applications that were the subject of the rescinded guidance. As such, it is no longer feasible for CMS to provide a fast-track review process for section 1115 demonstration renewal applications.

CMS is committed to working with states to help identify strategies to support innovation and improvement in Medicaid and CHIP. If you have questions regarding this bulletin, please submit them to your project officer.

¹ <https://www.congress.gov/bill/119th-congress/house-bill/1/text>

² <https://www.medicaid.gov/federal-policy-guidance/downloads/smd26003.pdf>