

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop: S2-26-12
Baltimore, Maryland 21244-1850



SMD # 25-001

**RE: Healthy Adult Opportunity
State Guidance**

January 16, 2025

Dear State Medicaid Director:

On January 30, 2020, the Center for Medicaid and CHIP Services (CMCS) issued a State Medicaid Director Letter that provided guidance to state Medicaid agencies on a new “Healthy Adult Opportunity.” This guidance described a range of options for states, including using Section 1115 demonstration authority to set additional conditions of Medicaid eligibility, establish additional premiums and cost-sharing, and adopt alternative demonstration financing for participating states.

Approval of a Section 1115 demonstration in reliance on the January 2020 Letter would raise legal conflicts with the core statutory objective of Medicaid, as described in the Department of Health & Human Services’ General Counsel Advisory Opinion 24-01. For this reason, we are rescinding the January 2020 Letter (SMD #20-001). The Centers for Medicare & Medicaid Services (CMS) will consider states’ applications for Section 1115 demonstration authority on a case-by-case basis to determine whether they satisfy the requirements for approval under Section 1115 of the Social Security Act and CMS regulations at 42 C.F.R. part 431, subpart G, without reference to SMD #20-001.

Sincerely,

/s/

Daniel Tsai
Deputy Administrator and Director