

State Demonstrations Group

November 17, 2025

Melisa Byrd
Senior Deputy Director and Medicaid Director
Department of Health Care Finance
Government of the District of Columbia
One Judiciary Square
441 4th Street NW
Suite 900 South
Washington, DC 20001

Dear Director Byrd:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved a temporary extension of the District's section 1115 demonstration, entitled "District of Columbia Behavioral Health Transformation" (Project Number 11-W-00331/3), in order to allow the District and CMS to continue negotiations on the District's extension application submitted on June 6, 2024. This demonstration will now expire December 31, 2026.

CMS's approval is conditioned upon the District's continued compliance with the special terms and conditions (STC) defining the nature, character, and extent of anticipated federal involvement in the project. The current STCs, waivers, and expenditure authorities will continue to apply during the temporary extension period of this demonstration. The District's current budget neutrality agreement will continue to apply as described in the STCs, until December 31, 2026, or until the demonstration is extended, whichever is sooner. CMS acknowledges that section 71118 of subchapter C of chapter 1 of subtitle B of title VII of Public Law 119-21, which CMS refers to as the Working Families Tax Cut Legislation (WFTCL) adds a new subsection (g) to section 1115 of the Social Security 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 CMS intends to provide additional information prior to January 1, 2027 about the section 1115(g) requirements.

CMS also acknowledges that chapter 1 of subtitle B of the WFTCL makes other changes to the Medicaid and CHIP programs. To the extent that any of those changes will affect the authorities within this demonstration, CMS will partner with the District to ensure compliance with and successful implementation of changes as described in the WFTCL during this temporary extension period.

The District must continue to monitor and evaluate its demonstration as stipulated in the STCs. The District may include the temporary extension periods within its Summative Evaluation Report for the current demonstration period, due 18 months after the end of the temporary

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

extension period. Alternatively, if CMS approves a full demonstration extension, the District may include the temporary extension period in the evaluation activities for the next full demonstration approval period.

Your CMS project officer for this demonstration is Jamie John. Ms. John is available to answer any questions concerning your section 1115 demonstration and can be reached at Jamie.John@cms.hhs.gov.

Sincerely,

Karen LLanos
Acting Director

cc: Taneka Rivera, State Monitoring Lead, Medicaid and CHIP Operations Group