Institutions for Mental Disease Coverage for Individuals Diagnosed with Mental Illness and/or Substance Use Disorder

Section 1115 Title XIX Research Demonstration

New 5-Year Demonstration Request

Florida Agency for Health Care Administration

January 16, 2026

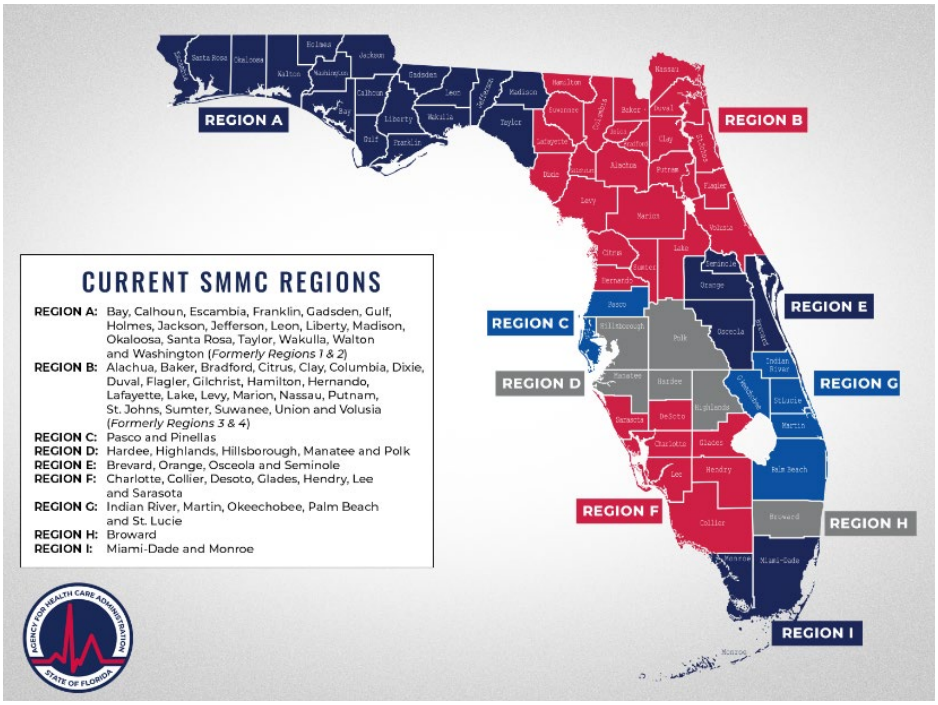
Contents

Program Application Overview

The Florida Agency for Health Care Administration (Agency) is seeking federal authority from the Centers for Medicare & Medicaid Services (CMS) to implement a new section 1115 (Title XIX) Institutions for Mental Disease (IMD) demonstration that offers program coverage to individuals diagnosed with Serious Mental Illness or Serious Emotional Disorder (SMI/SED) and/or substance use disorder (SUD). This section 1115 demonstration will operate in collaboration with Florida's section 1115 Managed Medical Assistance Waiver to provide institutional support for individuals enrolled in Florida's Statewide Medicaid Managed Care (SMMC) program. The state is requesting authority for Federal Financial Participation (FFP) for substance abuse detoxification, recovery support services, and psychiatric treatment in IMDs. Florida is seeking a proposed effective date of July 1, 2026.

I. Program Background and Overview of Florida's Behavioral Health Delivery System

The Agency is the single state agency responsible for the administration of the Florida Medicaid program, authorized under Title XIX of the Social Security Act. In Florida, most Medicaid recipients receive their services through a managed care plan (plan) contracted with the Agency under the SMMC program. The SMMC program has three components: Managed Medical Assistance (MMA), Long-Term Care (LTC), and Dental. Florida's SMMC program benefits are authorized through federal waivers and are specifically required by the Florida Legislature in s. 409.973 and 409.98, F.S. This authority includes establishing and maintaining a Medicaid state plan, approved by the federal CMS. The Department of Children and Families (DCF) provides mental health and substance abuse services for the uninsured and underinsured. DCF is also the single state agency responsible for licensing substance use providers, and serves as the State Opioid Treatment Authority. The Agency and DCF work collaboratively to provide a wide array of behavioral health services for Floridians. DCF primarily provides behavioral health services to the uninsured and underinsured and the Agency, through Florida Medicaid, covers select behavioral health services for those



enrolled in Medicaid.

Florida Medicaid covers a broad array of behavioral health services to offer a robust continuum of care for Florida Medicaid recipients. The array of inpatient and outpatient behavioral health services provide a comprehensive approach to treatment and recovery. These services are available to children and adults diagnosed with mental health and/or substance use disorders and include assessments and evaluations, behavioral therapies, recovery support, case management services and crisis management.

Community behavioral health centers provide a comprehensive array of behavioral services such as psychiatric and psychological behavioral assessments that address the varying needs of individuals with mental illness and substance use disorders. Behavioral health interventions include individual, family and group therapy services, onsite behavioral interventions for children, clubhouse and psychosocial rehabilitation services, and team-delivered Florida Assertive Community Treatment services. More intensive services include ambulatory detoxification services, intensive outpatient programs and partial hospitalization for mental health and substance use disorders. Florida Medicaid also covers services for at-risk youth involved with the child welfare system, including children in foster care, group homes, and Qualified Residential Treatment Programs.

In administering the SMMC Program, the Agency has worked closely with Medicaid recipients, plans, providers and other stakeholders to continuously enhance performance and improve the quality of outcomes and recipient satisfaction. The Agency has approved the health plans to provide a variety of behavioral health and substance abuse benefits in addition to those covered under the state plan. In addition, the Agency has partnered with DCF on a regular basis to align policies and service fee coding for Medicaid with existing DCF guidance and rules for improved interagency cooperation and to ease provider administrative burdens.

Florida Medicaid currently covers IMD services allowed by federal exemptions to the IMD exclusion for:

- Recipients who are less than 21 years old are covered through the Statewide Inpatient Psychiatric Program (SIPP). SIPP services provide extended residential psychiatric treatment to children under 21 with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the fee-for-service (FFS) and SMMC delivery systems.
- Recipients who are more than 64 years old through the State Mental Health services coverage policy. State mental health hospital services provide long-term, inpatient psychiatric and medical services with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the FFS and SMMC delivery systems.

Florida Medicaid also utilizes the federal exemption that allows limited IMD services through the managed care in lieu of service (ILOS) program. The ILOS program offers

SMMC enrollees alternative services in place of state plan services. This program meets the requirement that the annual aggregate ILOS expenditure must be less than the expenditure would have been for the corresponding services. In the case of IMD services, the corresponding state plan service it replaces is inpatient general hospital care. Services available to Medicaid recipients through the ILOS program include residential psychiatric for plan enrollees who are 21-64 years old, facility-based substance detoxification and recovery services for any enrolled recipient and facility-based crisis intervention services provided by non-general hospitals (crisis services provided in general hospitals are covered through Inpatient Hospital coverage). The ILOS benefit allows the state to receive FFP for IMD services "in-lieu" of state plan inpatient treatment services for up to 15 days per month (federal limit) for eligible recipients enrolled in a Medicaid plan. The health plan may choose to cover more than the covered 15 days per month, but the plans do not receive further compensation from the Agency if they choose to provide additional coverage. All SMMC plans offer the proposed IMD Waiver services as an ILOS.

Despite these offerings, restrictions on a state's Medicaid program regarding inpatient behavioral health treatment limits access by those who may benefit from such services. The Agency is applying for this waiver to allow greater access to inpatient services to alleviate strain on the behavioral health system for other safety net payer sources whose primary mission is to serve the truly uninsured or underinsured. This is evident in Florida as the Managing Entities report expenditures on Medicaid enrollees who pay for various inpatient hospital, crisis stabilization, detoxification services provided after the 15 day per month limit is exceeded.

Florida's Need for Services

The opioid epidemic has had a devastating impact across the United States, and Florida has been no exception. In response, the state has implemented a range of policies and initiatives aimed at reducing opioid-related deaths, improving treatment access, and curbing the misuse of prescription drugs. One of Florida's key strategies has been the establishment of the Florida Department of Health Drug Overdose Surveillance and Epidemiology (FL-DOSE) program, which monitors overdose trends and provides critical data to inform policy decisions. The state has also enacted legislation to regulate pain clinics and prevent the overprescription of opioids, including the Florida Prescription Drug Reform Act (Florida's Senate Bill 1550). Furthermore, the state's efforts to reduce opioid overdoses have been promoted through the Opioid Settlement Trust Fund agreement and the resultant Statewide Council on Opioid Abatement (Council), that allocates over $3 billion that settling companies will pay the State of Florida to be used by DCF office of Substance Abuse and Mental Health (SAMH) to enact further statewide prevention, treatment and recovery efforts.

The Substance Abuse and Mental Health Services Administration (SAMHSA) estimated that in 2024, among individuals 12 or older who were classified as needing SUD treatment in the past year, only one fifth received any type of treatment, which can include

outpatient, counseling services, telehealth support, inpatient treatment, etc.[1] While Medicaid recipients with SUD that could benefit from treatment do make up the largest population by insurance-type to receive any type of SUD treatment, this and the national utilization rates of treatment by persons with SUD who may need it regardless of insurance status does not incorporate the well documented reality. Of those receiving treatment, only 42.8% of them will complete it, based on 2021 discharge data,[2] and of those who receive and complete treatment, 40-60% of them have historically relapsed.[3] This is likely due to a multitude of individual and system wide factors, one of the greatest being better and longer outcomes are associated with generally longer lengths of stays in SUD treatment programs. In both outpatient and inpatient settings many patients are not in treatment long enough to provide extended positive outcomes.

Surveying of people with SUD who were either never engaged in care or were engaged in care and ended it too early, has remained stable over the last several years that nearly a third of adults with SUD feel that their insurance would not pay enough of the costs for treatment to use it, or continue to use it to completion.

Florida Medicaid has taken several steps to address the opioid epidemic by expanding access to treatment and prevention services. Some key initiatives include:

- Coverage for Medication-Assisted Treatment (MAT): Florida Medicaid continues to invest in MAT programs, which combine behavioral therapy with medications like methadone and buprenorphine to help individuals recover from opioid use disorder. Methadone treatment is covered in approved community behavioral health settings while buprenorphine and other MAT medications are covered by the pharmacy benefit and can be prescribed by qualified medical practitioners.
- Naloxone Distribution: Medicaid supports programs that provide naloxone, a life-saving medication that reverses opioid overdoses, to at-risk individuals and first responders. Florida Medicaid covers naloxone without a copayment when obtained through a pharmacy.
- The Florida Department of Health (FDOH), DCF, and the Agency launched the Coordinated Opioid Recovery (CORE) program in 2022 to provide a comprehensive, coordinated, and long-term approach to treating individuals with substance use disorders. For Medicaid recipients, Florida's CORE program model ensures that individuals with Medicaid who are struggling with substance use

[1] Center for Behavioral Health Statistics and Quality. Key Substance Use and Mental Health Indicators in the United States: Results From the 2024 National Survey on Drug Use and Health. NSDUH Series H-60. Rockville, MD: SAMHSA; 2025. HHS Publication No. PEP25-07-007. https://www.samhsa.gov/data/data-we-collect/nsduh-national-survey-drug-use-and-health/national-releases/2024#annual-national-report Accessed Aug 04, 2025.

[2] Center for Behavioral Health Statistics and Quality. Treatment Episode Data Set (TEDS) 2021: Admissions to and Discharges from Substance Use Treatment Services Reported by Single State Agencies. Rockville, MD: Substance Abuse and Mental Health Services Administration; 2023. Publication No. PEP23-07-00-004. https://www.samhsa.gov/data/report/2021-teds-annual-report. Accessed May 28, 2025.

[3] McLellan AT, Lewis DC, O'Brien CP, Kleber HD. Drug dependence, a chronic medical illness: implications for treatment, insurance, and outcomes evaluation. JAMA. 2000;284(13):1689-1695. doi:10.1001/jama.284.13.1689. Accessed May 28, 2025.

disorder are connected with the services they need through the established Statewide Medicaid Managed Care program.
- Behavioral Health Services: Medicaid funds counseling and therapy for individuals struggling with opioid addiction, ensuring they receive comprehensive care.
- Provider Training and Guidelines: Florida Medicaid has implemented prescribing guidelines to reduce opioid misuse and educate healthcare providers on best practices for pain management and addiction treatment.

The co-morbidity of SUD and SMI/SED is well-documented. As of 2023, SAMHSA estimates that over a third of adults aged 18 and over in the U.S. who have another mental disorder also have a SUD. In 2024, 724,111 adult Medicaid recipients were identified as having a SMI and 98,180 Medicaid youth were identified as having a SED. Of these individuals, 116,164 adults and 5,311 youth were also diagnosed with a SUD. This is especially concerning given other trends facing the state as it pertains to SMI/SED and SUD.

It is estimated that of the approximately 3.5 million Florida adults diagnosed with a mental health condition, approximately 987,000 of them are diagnosed with a SMI.[3] SAMHSA found that in 2023, among adults in the US who had any mental illness nearly a quarter of them had a perceived unmet need for mental health treatment in the last year. This only increases among adults with a SMI, with just under half of whom share that perception. Medicaid recipients generally do utilize and receive more mental health care, including specialty care from a behavioral health specialist if needed, than their peers with other types of insurance.[4] However, all types of insured persons could likely access more care at different levels if certain limiting factors were mitigated.

Florida is facing a critical and escalating shortage of inpatient behavioral health beds across all facility types, a challenge driven by rapid population growth, increasing demand for mental health services, and systemic constraints in capacity and workforce. A recent study[5] commissioned by DCF projects that, without significant intervention, the state will experience severe deficits in psychiatric beds in both civil and forensic facilities, as well as in hospital-based and residential treatment settings These shortages are already manifesting in the form of waiting lists and delayed access to care.

The study's gap projections illustrate both low and high estimates of bed demand, based on varying assumptions of bed utilization rates - specifically 75%, 85%, and the current rate for each facility type. The widening gap between these projections is driven largely

[3] National Alliance on Mental Illness (NAMI). "State Fact Sheets – Florida." 2025. https://www.nami.org/Advocacy/State-Fact-Sheets/. Accessed May 28, 2025.
[4] Davenport S, Darby B, Gray TJ, Spear C. Access across America: state-by-state insights into the accessibility of care for mental health and substance use disorders. Milliman. 2023. https://www.milliman.com/en/insight/access-across-america-state-insights-accessibility-mental-health-substance-use. Accessed May 28, 2025.
[5] Ernst & Young (2025, Jan). Behavioral Health Gap Analysis – State of Florida. Senate Bill 330. Retrieved from the Florida Mental Health Advocacy Coalition on Sept. 25th, 2025. https://flmhac.org/bh-gap-analysis-report

by current trends, with utilization already exceeding 90% in many cases and nearing 98% in others - levels that are widely regarded as operationally unsustainable.

- State Mental Health Treatment Facilities are among the most impacted. Civil bed shortages are projected to grow from 248 in 2025 to 770 by 2029, while forensic bed gaps are expected to increase from 612 to 1,074 over the same period.
- Hospital-based psychiatric units are also under strain, with adult bed shortages projected to reach between 53 to 190 statewide by 2029, disproportionately affecting already burdened regions of the state. Pediatric inpatient care is similarly affected, with a projected gap of between 29 to 102 beds in general hospital beds.
- Pediatric inpatient care in specialty psychiatric hospitals is projected to have a bed gap of 57 by 2029.
- Adult crisis stabilization unit (CSU) bed shortages could range from 62 to 369 by 2029, depending on occupancy assumptions, while pediatric CSU gaps range from 26 to 48 beds.
- Residential treatment facilities for adults are projected to need an additional 149 to 205 beds by 2029, and for children and adolescents, 72 to 106 beds - especially in the regions already facing the state's most acute need. These gaps are exacerbated by long lengths of stay due to limited step-down options, workforce shortages, and outdated reimbursement rates that hinder expansion.

To address these challenges, the analysis recommends a strategic investment exceeding $800 million annually to expand inpatient capacity across all facility types. This includes the addition of 770–934 civil beds, 1,074–1,429 forensic beds, 53–190 adult hospital beds, and 29–102 pediatric beds, along with expanded CSU and residential treatment capacity. Without these investments, Florida risks further straining its behavioral health system, delaying care for those in crisis, and increasing the burden on emergency departments, law enforcement, and the judicial system.

Statewide Medicaid Managed Care Initiatives

The Agency recently implemented the third iteration of the SMMC Program. The new contracts apply lessons learned from previous contracts. The comprehensive array of behavioral health benefits is complemented by key contract provisions that are designed to close gaps, increase access, and improve outcomes relevant to the waiver. These contract provisions include care coordination, discharge preparation and coordination, and closed loop referral feedback.

Care coordination provisions are intended to ensure recipients receive necessary care and follow-up communication. Coordination efforts facilitate access to quality services according to accepted standards of practice and clinical guidelines. Effective care coordination can prevent emergency room visits and hospital admissions. Plans must provide specialized care coordination for high-risk enrollees, such as children with high utilization of crisis stabilization units and inpatient psychiatric hospital services. For discharge preparation and coordination, the plan requires notification and coordination with the service providers for proper discharge planning processes and transition to case

management to prevent potential readmission. Discharge planning identifies enrollee needs, barriers to discharge, and solutions to barriers. The closed-loop referral system is an integrated data and tracking system that uses technology to track cross-sector referrals and services a patient receives. The referral system is in place to ensure the plan is accountable by determining the service provider and enrollee actually connected following a referral.

The Florida SMMC Healthy Behaviors Program is designed to incentivize healthy actions among Medicaid enrollees, including those with SMI and SUD. Through this program, Medicaid plans offer rewards—such as gift cards—for completing certain activities that promote wellness and disease management. These can include attending therapy or psychiatric appointments, participating in substance use treatment or peer support groups, completing behavioral health screenings, or adhering to prescribed medication regimens. The goal is to encourage early engagement, preventive care, and consistent treatment among enrollees, especially those with or at risk for SMI and SUD. This program can be leveraged as a tool to strengthen prevention, treatment, and recovery support for individuals with SMI or SUD. By reinforcing positive behaviors, the incentives help reduce barriers to care, promote treatment adherence, and support long-term recovery. The Healthy Behaviors Program supports is part of the care continuum and program wide mission to improve behavioral health outcomes, reduces hospitalizations, and enhances integration of care for some of Florida's most vulnerable Medicaid recipients.

Florida has established a network of over 50 mobile response teams (MRTs) across the state that historically has been funded by DCF with state general revenue. MRTs provide immediate, on-site behavioral health crisis services to individuals of all ages who are experiencing escalating emotional or behavioral health reactions and symptoms to help diffuse crisis situations and avoid the need for crisis services such as involuntary Baker Act examinations. MRTs are comprised of various mental health professionals including licensed mental health clinicians, masters level therapists, case managers, certified peer recovery specialists and have access to a licensed psychiatric nurse practitioner or psychiatrist. During state fiscal year 2023-2024 MRTs received more than 31,500 calls to support individuals and maintained an 80% diversion rate from involuntary Baker Act examination. Recently, the Agency has worked with DCF to ensure the availability of Medicaid funding to support coverage of this service for Medicaid recipients.

II. Program Description

The proposed demonstration will operate statewide in collaboration with the Florida Medicaid SMMC program. Waiver services will be available to individuals enrolled in SMMC MMA plans and the program will leverage plans' care coordination and performance measurement contractual requirements. The Agency is requesting a five-year demonstration period.

This waiver includes institutional services for the Medicaid population diagnosed with SMI, SED, and SUD. The facility-based services address short-term (up to 90 days) treatment recovery needs. The Agency will leverage SMMC case management and care

coordination requirements to coordinate care among community organizations and providers, as well as links between community and facility providers. This waiver includes the following residential services:

- Psychiatric residential care for adults (ages 21-64 years old) diagnosed with a serious mental illness[6] - 24-hour residential treatment for serious mental illness, such as schizophrenia or bipolar disorder. Coverage would supplement the current in lieu of service coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Addiction receiving facility services for children and adults diagnosed with a moderate to severe substance use disorder – 24-hour medically supervised substance detoxification treatment and stabilization. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Short-term residential treatment facility services for children and adults following crisis stabilization to continue treatment and prepare the recipient for a return to their community. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.

Provider Qualifications

The Agency and DCF understand the importance of maintaining quality assurance with providers serving recipients accessing services consistent with their level of care needs in a timely manner. The State currently has in place licensure and certification requirements aligned with best practices, including utilization of American Society of Addiction Medicine (ASAM) program criteria across SUD levels of care. Additional behavioral health provider requirements also provide assurances that recipients are being supported during transitions in care, including care coordination and continuity of the treatment plan between acute care and outpatient providers.

Licensure of psychiatric hospitals and psychiatric units of general hospitals will continue to be licensed by the Agency following current requirements, which are defined in chapter 59A, Florida Administrative Code (F.A.C.) and chapter 65E, F.A.C.,

All SUD treatment organizations must currently be licensed by DCF in accordance with chapter 65D, F.A.C., except for tribal entities located on land not subject to state jurisdiction. Facilities can be certified as a basic alcohol and drug treatment program providing a specific service set or as a Certified Comprehensive Addiction Recovery Center (CCARC). Under this demonstration, all Medicaid-enrolled residential SUD providers will be required to have accreditation by the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), or the Council on Accreditation (COA).

[6] Children and youth diagnosed with SED or SMI are currently covered by the Florida Medicaid Statewide Inpatient Psychiatric Program (SIPP).

Service Utilization

Prior authorization for services authorized within the waiver will be completed by the recipients' SMMC plans or their designated behavioral health utilization management organization. Residential SMI/SED and SUD services will be prior authorized through a collaborative process approved by the Agency. SUD prior authorizations will utilize the submission of an ASAM level of care assessment tool by the inpatient, residential treatment, or outpatient provider.

III. Demonstration Goals and Objectives

The State's goals as identified below align with CMS guidance related to demonstration authority for SUD (SMD #17-003) and SMI/SED (SMD #18-011).

SUD Goals

- Increased rates of identification, initiation and engagement in treatment;
- Increased adherence to and retention in treatment;
- Reductions in overdose deaths, particularly those due to opioids;
- 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;
- Fewer readmissions to the same or higher level of care, where the readmission is preventable or medically inappropriate; and
- Improved access to care for physical health conditions among recipients.

SMI/SED Goals:

- Reduced utilization and lengths of stay in emergency departments among Medicaid recipients with SMI while awaiting mental health treatment in specialized settings;
- Reduced preventable readmissions to acute care hospitals and residential settings;
- 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;
- Improved access to community-based services to address the chronic mental health care needs of recipients with SMI, including through increased integration of primary and behavioral health care; and
- Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.

Evaluation Parameters

Table X: SUD-related Demonstration Goals

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Evaluation Question: Does the demonstration increase access to and utilization of SUD treatment services?		
Increased rates of identification, initiation, and engagement in treatment for OUD and other SUDs.	The demonstration will increase the percentage of recipients who are referred to and engage in treatment for OUD and other SUDs.	• Data Source(s): Encounter and claims data. • Measure: Number and percentage of recipients with diagnoses of OUD and other SUDs. • Measure: Number and percentage of recipients who received treatment for OUD and other SUDs.
Increased adherence to and retention in treatment for OUD and other SUDs.	The demonstration will increase the percentage of recipients who adhere to treatment of OUD and other SUDs.	• Data Source(s): Encounter and claims data, pharmacy claims data. • Measure: Number and percentage of recipients receiving treatment for OUD and other SUDs, and length of time receiving treatment.
Reduced utilization of emergency department and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services.	The demonstration will decrease the rate of emergency department and inpatient visits within the recipient population for SUD	• Data Source(s): Encounter and claims data. • Measure: Emergency department visits (all cause and behavioral health related). • Measure: Hospital inpatient admissions (all cause and behavioral health related). • Measure: Utilization of outpatient and preventive services.
Evaluation Question: Are rates of opioid-related overdose deaths impacted by the demonstration?		
Reduction in Overdose Deaths Particularly Those Due to Opioids	The demonstration will decrease the rate of overdose deaths due to opioids.	• Data Source(s): Encounter and claims data. • Measure: Emergency department visits for SUD. • Measure: Hospital inpatient admissions for SUD.
Evaluation Question: Do enrollees receiving SUD services experience improved health outcomes?		

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Improved access to care for physical health conditions among recipients.	The demonstration will increase the percentage of recipients with SUD who experience care for comorbid conditions.	• Data Source(s): Encounter and claims data. • Measure: Utilization of outpatient and physician visits for physical health conditions. • Measure: Readmissions to SUD treatment.
Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate.	Among recipients receiving care for SUD, the demonstration will reduce readmissions to SUD treatment.	• Data Source(s): Encounter and claims data, Vital Statistics data. • Measure: Readmissions to SUD treatment. • Measure: Number and rate of overdose deaths due to opioids. • Measure: Utilization of demonstration services.

Table X: SMI/SED-Related Demonstration Objectives

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Evaluation Questions: Does the demonstration result in reductions in utilization and lengths of stay in emergency departments among Medicaid recipients with SMI or SED while awaiting mental health treatment in specialized settings? How do the demonstration effects on reducing utilization and lengths of stay in emergency departments among Medicaid recipients with SMI/SED vary by geographic area or recipient characteristics? How do demonstration activities contribute to reductions in utilization and lengths of stays in emergency departments among Medicaid recipients with SMI/SED while awaiting mental health treatment in specialized settings?		
Reduced utilization and lengths of stay in emergency departments among Medicaid recipients with SMI or SED while awaiting mental health treatment in specialized settings.	The demonstration will result in reductions in utilization of stays in emergency department among Medicaid recipients with SMI or SED while awaiting mental health treatment.	• Data Source(s): Encounter and claims data. • Measure: Emergency Department visits for mental and behavioral health. • Measure: Hospital inpatient admissions and length of stay for mental and behavioral health. • Measure: Utilization of demonstration services.

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Evaluation Question: Does the demonstration result in reductions in preventable readmissions to acute care hospitals and residential settings? How do the demonstration effects on reducing preventable readmissions to acute care hospitals and residential settings vary by geographic area or recipient characteristics? How do demonstration activities contribute to reductions in preventable readmissions to acute care hospitals and residential settings? Does the demonstration result in increased screening and intervention for comorbid SUD and physical health conditions during acute care psychiatric inpatient and residential stays and increased treatment for such conditions after discharge?		
Reduced preventable readmissions to acute care hospitals and residential settings.	The demonstration will result in reductions in preventable readmissions to acute care hospitals and residential settings.	• Data Source(s): Encounter and claims data. • Measure: Readmissions to acute care hospitals and residential settings. • Measure: Utilization of demonstration services.
Evaluation Questions: To what extent does the demonstration result in improved availability of crisis outreach and response services throughout the state? To what extent does the demonstration result in improved availability of intensive outpatient services and partial hospitalization? To what extent does the demonstration improve the availability of crisis stabilization services provided during acute short-term stays in each of the following: public and private psychiatric hospitals, residential treatment facilities, general hospital psychiatric units, and community-based settings?		
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.	The demonstration will result in improved availability of crisis stabilization services throughout the state.	• Data Source(s): Encounter and claims data. • Measure: Number of crisis stabilization services providers providing services to Medicaid recipients. • Measure: Utilization of crisis stabilization services, by type.
Evaluation Questions: Does the demonstration result in improved access of recipients with SMI/SED to community-based services to address their chronic mental health needs? To what extent does the demonstration result in improved availability of community-based services needed to comprehensively address the chronic mental health needs of recipients with SMI/SED? To what extent does the demonstration result in improved access of SMI/SED recipients to specific types of community-based services? How do the demonstration effects on access to community-based services vary by geographic area or recipient characteristics? Does		

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
the integration of primary and behavioral health care to address the chronic mental health care needs of recipients with SMI/SED improve under the demonstration?		
Improved access to community-based services to address the chronic mental health care needs of recipients with SMI/SED, including through increased integration of primary and behavioral health care.	Access of recipients with SMI/SED to community-based services to address their chronic mental health care needs will improve under the demonstration, including through increased integration of primary and behavioral health care.	• Data Source(s): Encounter and claims data. • Measure: Utilization of community-based (e.g., outpatient, physician) mental and behavioral health services.
Evaluation Questions: Does the demonstration result in improved care coordination for recipients with SMI/SED? Does the demonstration result in improved continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities? Does the demonstration result in improved discharge planning and outcomes regarding housing for recipients transitioning out of acute psychiatric care in hospitals and residential treatment facilities? How do demonstration activities contribute to improved continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities?		
Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.	The demonstration will result in improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.	• Data Source(s): Encounter and claims data. • Measure: Utilization of community-based (e.g., outpatient, physician) mental and behavioral health services after episodes of acute care in hospitals and residential treatment facilities. • Measure: Length of time without a readmission following episodes of acute care in hospitals and residential treatment facilities.

IV. Demonstration Eligibility

All enrollees eligible for full Medicaid coverage, and between the ages of 21-64, will be eligible for services under the waiver, subject to medical necessity criteria. Additionally, Medicaid enrollees under the age of 21 may qualify for services under the waiver when

receiving residential SUD services. Only the eligibility groups outlined in the table below will not be eligible for these services as they receive limited Medicaid benefits only.

Eligibility Group Name	Florida Eligibility Code	Social Security Act & CFR Citations
Limited Services Available to Certain Aliens	ML A; ML S; NL A; NL S	42 CFR § 435.139
Medically Needy for Parents, Caretakers and Children	NA R	42 CFR § 435
Non IV-E Foster Care Medically Needy	NCFN	
MEDS for Pregnant Women Medically Needy	NM P	
Medically Needy for Children Ages 19 thru 20	NO Y	
RAP/CHEP Medically Needy	NR R	
SSI-related Medically Needy Covers aged, blind or disabled	NS	
Presumptive Eligibility for Pregnant Women	MU	42 CFR § 435.1102
Qualified Medicare Beneficiaries (QMB)	QMB	1902(a)(10)(E)(i) 1905(p)
Specified Low Income Medicare Beneficiaries (SLMB)	SLMB	1902(a)(10)(E)(iii)
Qualified Individual (QI) Program	QI1	1902(a)(10)(E)(iv)
Working Disabled	WD	1902(a)(10)(E)(ii) 1905(s)
Family Planning	FP	1902(a)(10)(A)(ii)(XXI)

V. Enrollment, Benefits and Cost Sharing

Enrollment

As of October 2025, Florida Medicaid covers 4,053,869 total individuals through the fee-for-service and managed care delivery systems. 2,773,210 (68%) of those individuals are enrolled in one of eight SMMC MMA plans; 22,394 individuals are enrolled in a SMI specialty plan. This 1115 waiver is not anticipated to impact Florida Medicaid enrollment over the course of the five-year demonstration, as there are no waiver-specific eligibility criteria included.

Benefits

Current Florida Medicaid recipients have access to a robust behavioral health service system. This demonstration seeks to enhance the continuum of care by adding inpatient and residential psychiatric and substance use disorder services furnished at an IMD to the Medicaid service system. This enhancement will promote the use of the most effective, appropriate services to support long-term successful outcomes.

Cost-sharing

This waiver will not impact or add any cost sharing requirements. Currently, the Florida Medicaid program does not require co-pays or deductibles for inpatient services.

VI. Delivery System & Payment Rates for Services

Payment methodologies will be consistent with those approved in the Medicaid State Plan, where applicable. Inpatient and residential IMD services will be reimbursed via a per diem methodology, Providers will also receive separate payments for certain services and benefits as applicable and in accordance with the Medicaid State Plan. Such payments will include, but not be limited to, payment for MAT medications provided under arrangement.

VII. Waiver Implementation

This waiver will be implemented statewide, with a requested effective date of July 1, 2026. The State requests a five-year waiver approval for this demonstration. Implementation phases will include establishing access and coverage of proposed services, establishing the widespread use of evidence-based placement criteria, enrolling providers that meet evidence-based national qualification standards, on-going assessment of provider capacity, implementing comprehensive treatment and preventative services and care coordination implementation.

VIII. Financing & Budget Neutrality

The Agency proposes a "hypothetical" budget neutrality methodology for this waiver. Per CMS' budget neutrality policy, the projected costs for the IMD services may be deemed "hypothetical" if the state could otherwise have covered the service costs through its Medicaid state plan or other Title XIX waiver authority.

Projected Enrollment

The program's projected enrollment is the total of SMI, SED and SUD member months. See Table 4, below.

Table 4 – Projected Enrollment

DY01	DY02	DY03	DY04	DY05
183,635	185,471	187,326	189,199	191,091

Enrollment Impact

A trend rate of 5.1% is determined to be the best estimate of the President's Medicaid budget trend rate for these populations based on the latest CMS SUD/SMI 1115 approvals. Enrollment growth is currently estimated at 1%, which is in line with long term estimates of a Medicaid enrollment growth rate of 0.7% (National Health Expenditure Projections 2024-2033, June 2025). Current Medicaid inpatient rates for the IMD for Individuals Age 65 and older inpatient rates were used as a proxy for room and board

costs. Projected IMD enrollment is based upon utilization data provided by Florida DCF. Estimations are budget neutral.

WOW (Without Waiver)
Projected SMI Member Months for DY24/25: 140,000

Projected SUD Member Months for DY24/25: 41,817

Line 10 on the WOW tab in the supplemental budget neutrality workbook are costs that include traditional service costs, including care coordination and co-occurring physical and behavioral health conditions.

Line 11 on the WOW tab in the supplemental budget neutrality workbook is a reasonable estimate of room and board costs.

Historical Expenditures

Historical information is used just to show the trend baseline. Enrollment numbers increased SFY20/21 through SFY22/23 due to the impact of the public health emergency (PHE). SFY23/24 and SFY24/25 represents post-PHE Medicaid enrollment. This demonstrates a downward trend in enrollment, likely due to a combination of improved economic conditions (countercyclical) and long-term impacts of increased mental health and substance abuse treatment initiatives across all payers.

Projected Expenditures

A trend rate of 5.1% is determined to be the best estimate of the President's Medicaid budget trend rate for these populations based on the latest CMS SUD/SMI 1115 approvals to calculate the estimated projected expenditures.

WW (With Waiver)
For a per capita budget neutrality model, the trend for member months is the same in the with-waiver projections as in the without-waiver projections. Projected IMD enrollment based upon utilization data provided by the DCF.

Projected SMI Member Months for DY24/25: 140,000

Projected SUD Member Months for DY24/25: 41,817

IX. Waiver and Expenditure Authorities

Florida seeks expenditure authority under Section 1115(a) for services provided to otherwise eligible individuals in residential substance use disorder stays. Additionally, the State seeks expenditure authority for short-term inpatient stays, residential substance use disorder stays in facilities that qualify as IMDs for enrollees ages 21-64.

This demonstration will include all eligible individuals ages 21-64 (and under 21 where applicable) who are eligible for Medicaid and do not impose any additional eligibility criteria.

X. Documentation of State Public Notice Process

The abbreviated notice was published on November 20, 2025, on the Agency for Health Care Administration's website, AHCA.myflorida.com. Notice for tribal consultation was sent on November 20, 2025, to both the Miccosukee and the Seminole Tribes of Florida. As outlined in these public notices, the Agency provided a 30-day public comment period from November 20, 2025, through December 19, 2025. The draft section 1115 demonstration application and related public notice materials were posted for the 30-day public comment period starting November 20, 2025 on the Agency's Medicaid Federal Authorities home page: https://ahca.myflorida.com/medicaid/medicaid-policy-quality-and-operations/medicaid-policy-and-quality/medicaid-policy/federal-authorities/federal-waivers.

Public Notice and Public Comment Process

In accordance with federal public notice requirements listed at 42 CFR 431.408, Florida is completing its state public notice and comment period as follows:

Public notice was published on November 20, 2025 in the Florida Administrative Register Notice for tribal consultation was sent on November 20, 2025. As outlined in these public notices, the Agency provided a 30-day public comment period from November 20, 2025, through December 19, 2025. The draft section 1115 demonstration request and related public notice materials were posted for the minimum 30-day public comment period, starting November 20, 2025, on the Agency's Medicaid Federal Authorities home page at: https://ahca.myflorida.com/medicaid/medicaid-policy-quality-and-operations/medicaid-policy-and-quality/medicaid-policy/federal-authorities/federal-waivers

Florida held two in-person hearings in geographically distinct areas of the State, the first in Orlando and the second in Tallahassee. The public hearings were held as follows:

- **Public Hearing 1** was held in Orlando, Florida, on December 8, 2025, 1:00 - 2:00 pm at the Zora Neale Hurston Complex, 400 West Robinson Street, North Tower N109, Orlando, Florida 32801.
- **Public Hearing 2** was held in Tallahassee, Florida, on December 11, 2025, 1:00 – 2:00 pm at the Agency for Health Care Administration, 2727 Mahan Drive, Tallahassee, Florida 32308.

The comments shared at these public hearings are summarized under the Public Comment Summary Report section immediately following.

Public Comment Summary Report

The Agency carefully considered all public comments received on the proposed demonstration and a summary of the public comments is included below in the "report of issues" as required by 431.412(a)(1)(viii).

Summary of Comments Institutions for Mental Disease Coverage for Individuals Diagnosed with Mental Illness and/or Substance Use Disorder - Section 1115 Demonstration Request	
Total Number of Comments	**3**
Theme	**Count**
Theme 1: Overall support for the demonstration	2 of 3
Theme 2: Question regarding notification requirements	1 of 3

Summary Overview of Public Comments:

Theme 1: Overall support for the demonstration

The Agency received comments from 3 stakeholders, submitted as written comments to the Agency during the public comment period. Of this total, 2 individuals made an affirmative comment in support of the waiver.

A few positive themes from commentors are as follows:

- The entities that support the waiver include the Florida Behavioral Health Association and AdventHealth. Both express support for the Florida Agency for Health Care Administration's proposed Section 1115 demonstration to expand Medicaid coverage for short-term inpatient and residential treatment in Institutions for Mental Disease for individuals with Serious Mental Illness, Serious Emotional Disorder and Substance Use Disorder. Both organizations believe the waiver will improve services in Florida.

Theme 1: Overall support for the demonstration

One comment was received that did not declare support for the waiver. Specifically, the writer asked about the inclusion of Class III Specialty Psychiatric Hospitals inclusion in the waiver.

The Agency's Response:

The Agency has carefully considered all public feedback. It is the position of the Agency that the proposed demonstration will operate statewide in collaboration with the Florida Medicaid SMMC program. Waiver services will be available to individuals enrolled in SMMC MMA plans and the program will leverage plans' care coordination and performance measurement contractual requirements. This waiver should improve services for children and adults for the Medicaid population diagnosed with SMI, SED, and SUD.

Attachments

- Attachment I – Tribal Notification
- Attachment II – Florida Issued Full Public Notice
- Attachment III – Abbreviated Public Notice
- Attachment IV – Florida Administrative Register Notice

Attachment I – Tribal Notification

November 20, 2025

Dear Tribal Leader:

This email is to notify you that the Florida Agency for Health Care Administration (Agency) intends to submit to the Centers for Medicare & Medicaid Services (CMS) a proposal to implement a new section 1115 (Title XIX) Institutions for Mental Disease (IMD) demonstration that offers program coverage to individuals diagnosed with Serious Mental Illness or Serious Emotional Disorder (SMI/SED) and/or substance use disorder (SUD). The proposed five-year demonstration will be called "Florida Institutions for Mental Disease Section 1115 Demonstration."

Pursuant to CMS requirements for new section 1115 demonstration programs, the Agency is providing this notice in alignment with federal public notice rules at 42 CFR 431.408 to describe the key components of the proposed demonstration.

Demonstration Program Overview

The Agency is seeking federal authority from CMS to implement a new section 1115 IMD demonstration that offers program coverage to individuals diagnosed with SMI/SED and/or SUD. This section 1115 demonstration will operate in collaboration with Florida's section 1115 Managed Medical Assistance Waiver to provide institutional support for individuals enrolled in Florida's Statewide Medicaid Managed Cared (SMMC) program. The state is requesting authority for Federal Financial Participation (FFP) for substance abuse detoxification, recovery support services, and psychiatric treatment in IMDs. Florida is seeking a proposed effective date of July 1, 2026.

Overview of Florida's Behavioral Health Delivery System

The Agency and the Department of Children and Families (DCF) work collaboratively to provide a wide array of behavioral health services for Floridians. DCF primarily provides behavioral health services to the uninsured and underinsured and the Agency, through Florida Medicaid, covers select behavioral health services for those enrolled in Medicaid.

Florida Medicaid currently covers IMD services allowed by federal exemptions to the IMD exclusion for:

- Recipients who are less than 21 years old are covered through the Statewide Inpatient Psychiatric Program (SIPP). SIPP services provide extended residential psychiatric treatment to children under 21 with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the fee-for-service (FFS) and SMMC delivery systems.

- Recipients who are more than 64 years old through the State Mental Health services coverage policy. State mental health hospital services provide long-term, inpatient psychiatric and medical services with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the FFS and SMMC delivery systems.

Florida Medicaid also utilizes the federal exemption that allows limited IMD services through the managed care in lieu of service (ILOS) program. The ILOS program offers SMMC enrollees alternative services in place of state plan services. This program meets the requirement that the annual aggregate ILOS expenditure must be less than the expenditure would have been for the corresponding services. In the case of IMD services, the corresponding state plan service it replaces is inpatient general hospital care. Services available to Medicaid recipients through the ILOS program include residential psychiatric for plan enrollees who are 21-64 years old, facility-based substance detoxification and recovery services for any enrolled recipient and facility-based crisis intervention services provided by non-general hospitals (crisis services provided in general hospitals are covered through Inpatient Hospital coverage). The ILOS benefit allows the state to receive FFP for IMD services "in-lieu" of state plan inpatient treatment services for up to 15 days per month (federal limit) for eligible recipients enrolled in a Medicaid plan. The health plan may choose to cover more than the covered 15 days per month, but the plans do not receive further compensation from the Agency if they choose to provide additional coverage. All SMMC plans offer the proposed IMD Waiver services as an ILOS.

Despite these offerings, restrictions on a state's Medicaid program regarding inpatient behavioral health treatment limits access by those who may benefit from such services. The Agency is applying for this waiver to allow greater access to inpatient services to alleviate strain on the behavioral health system for other safety net payer sources whose primary mission is to serve the truly uninsured or underinsured. This is evident in Florida as the Managing Entities report expenditures on Medicaid enrollees who pay for various inpatient hospital, crisis stabilization, detoxification services provided after the 15 day per month limit is exceeded.

Florida's Need for Services

The opioid epidemic has had a devastating impact across the United States, and Florida has been no exception. In response, the state has implemented a range of policies and initiatives aimed at reducing opioid-related deaths, improving treatment access, and curbing the misuse of prescription drugs. One of Florida's key strategies has been the establishment of the Florida Department of Health Drug Overdose Surveillance and Epidemiology (FL-DOSE) program, which monitors overdose trends and provides critical data to inform policy decisions. The state has also enacted legislation to regulate pain clinics and prevent the overprescription of opioids, including the Florida Prescription Drug Reform Act (Florida's Senate Bill 1550). Furthermore, the state's efforts to reduce opioid overdoses have been promoted through the Opioid Settlement Trust Fund agreement and the resultant Statewide Council on Opioid Abatement (Council), that allocates over $3 billion that settling companies will pay the State

of Florida to be used by DCF office of Substance Abuse and Mental Health (SAMH) to enact further statewide prevention, treatment, and recovery efforts.

Florida Medicaid has taken several steps to address the opioid epidemic by expanding access to treatment and prevention services. Some key initiatives include:

- Coverage for Medication-Assisted Treatment (MAT): Florida Medicaid continues to invest in MAT programs, which combine behavioral therapy with medications like methadone and buprenorphine to help individuals recover from opioid use disorder. Methadone treatment is covered in approved community behavioral health settings while buprenorphine and other MAT medications are covered by the pharmacy benefit and can be prescribed by qualified medical practitioners.
- Naloxone Distribution: Medicaid supports programs that provide naloxone, a life-saving medication that reverses opioid overdoses, to at-risk individuals and first responders. Florida Medicaid covers naloxone without a copayment when obtained through a pharmacy.
- The Florida Department of Health (FDOH), DCF, and the Agency launched the Coordinated Opioid Recovery (CORE) program in 2022 to provide a comprehensive, coordinated, and long-term approach to treating individuals with substance use disorders. For Medicaid recipients, Florida's CORE program model ensures that individuals with Medicaid who are struggling with substance use disorder are connected with the services they need through the established Statewide Medicaid Managed Care program.
- Behavioral Health Services: Medicaid funds counseling and therapy for individuals struggling with opioid addiction, ensuring they receive comprehensive care.
- Provider Training and Guidelines: Florida Medicaid has implemented prescribing guidelines to reduce opioid misuse and educate healthcare providers on best practices for pain management and addiction treatment.

XI. Program Description

The proposed demonstration will operate statewide in collaboration with the Florida Medicaid SMMC program. Waiver services will be available to individuals enrolled in SMMC MMA plans and the program will leverage plans' care coordination and performance measurement contractual requirements. The Agency is requesting a five-year demonstration period.

This waiver includes institutional services for the Medicaid population diagnosed with SMI, SED, and SUD. The facility-based services address short-term (up to 90 days) treatment recovery needs. The Agency will leverage SMMC case management and care coordination requirements to coordinate care among community organizations and providers, as well as links between community and facility providers. This waiver includes the following residential services:

- Psychiatric residential care for adults (ages 21-64 years old) diagnosed with a serious mental illness - 24-hour residential treatment for serious mental illness, such as

schizophrenia or bipolar disorder. Coverage would supplement the current in lieu of service coverage limit of 15 days by extending IMD coverage for up to 90 days.

- Addiction receiving facility services for children and adults diagnosed with a moderate to severe substance use disorder – 24-hour medically supervised substance detoxification treatment and stabilization. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Short-term residential treatment facility services for children and adults following crisis stabilization to continue treatment and prepare the recipient for a return to their community. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Qualified Residential Treatment Program (QRTP) services – licensed or certified QRTP providers with less than 17 beds designated for QRTP services but may be part of a larger entity that would qualify as an IMD QRTP coverage will be for up to 90 days in these facilities.

Enrollment

All enrollees eligible for full Medicaid coverage, and between the ages of 21-64, will be eligible for services under the waiver, subject to medical necessity criteria. Additionally, Medicaid enrollees under the age of 21 may qualify for services under the waiver when receiving residential SUD or QRTP services. Only the eligibility groups outlined in the table below will not be eligible for these services as they receive limited Medicaid benefits only.

Eligibility Group Name	Florida Eligibility Code	Social Security Act & CFR Citations
Limited Services Available to Certain Aliens	ML A; ML S; NL A; NL S	42 CFR § 435.139
Medically Needy for Parents, Caretakers and Children	NA R	42 CFR § 435
Non IV-E Foster Care Medically Needy	NCFN	
MEDS for Pregnant Women Medically Needy	NM P	
Medically Needy for Children Ages 19 thru 20	NO Y	
RAP/CHEP Medically Needy	NR R	
SSI-related Medically Needy Covers aged, blind or disabled	NS	
Presumptive Eligibility for Pregnant Women	MU	42 CFR § 435.1102
Qualified Medicare Beneficiaries (QMB)	QMB	1902(a)(10)(E)(i) 1905(p)
Specified Low Income Medicare Beneficiaries (SLMB)	SLMB	1902(a)(10)(E)(iii)
Qualified Individual (QI) Program	QI1	1902(a)(10)(E)(iv)
Working Disabled	WD	1902(a)(10)(E)(ii) 1905(s)

Eligibility Group Name	Florida Eligibility Code	Social Security Act & CFR Citations
Family Planning	FP	1902(a)(10)(A)(ii)(XXI)

As of October 2025, Florida Medicaid covers 4,053,869 total individuals through the fee-for-service and managed care delivery systems. 2,773,210 (68%) of those individuals are enrolled in one of eight SMMC MMA plans; 22,394 individuals are enrolled in a SMI specialty plan. This 1115 waiver is not anticipated to impact Florida Medicaid enrollment over the course of the five-year demonstration, as there are no waiver-specific eligibility criteria included.

Benefits

Current Florida Medicaid recipients have access to a robust behavioral health service system. This demonstration seeks to enhance the continuum of care by adding inpatient and residential psychiatric and substance use disorder services furnished at an IMD to the Medicaid service system. This enhancement will promote the use of the most effective, appropriate services to support long-term successful outcomes.

Cost-sharing

This waiver will not impact or add any cost sharing requirements. Currently, the Florida Medicaid program does not require co-pays or deductibles for inpatient services.

To make comments or to request additional information on the proposed demonstration, please contact Tracie Hardin at (850) 412-3532 or by email at Tracie.Hardin@ahca.myflorida.com.

If we do not hear from you within 30 days from the receipt of this notice, we will assume that you have no comments.

Attachment II – Florida Issued Public Notices

Florida Agency for Health Care Administration

New 5-Year Section 1115 Demonstration Request

Full Public Notice

The Florida Agency for Health Care Administration (Agency) intends to submit to the Centers for Medicare & Medicaid Services (CMS) a proposal to implement a new section 1115 (Title XIX) Institutions for Mental Disease (IMD) demonstration that offers program coverage to individuals diagnosed with Serious Mental Illness or Serious Emotional Disorder (SMI/SED) and/or substance use disorder (SUD). The proposed five-year demonstration will be called "Florida Institutions for Mental Disease Section 1115 Demonstration." This section 1115 demonstration will operate in collaboration with Florida's section 1115 Managed Medical Assistance Waiver to provide institutional support for individuals enrolled in Florida's Statewide Medicaid Managed Care (SMMC) program. The state is requesting authority for Federal Financial Participation (FFP) for substance abuse detoxification, recovery support services, and psychiatric treatment in IMDs. Florida is seeking a proposed effective date of July 1, 2026.

Pursuant to CMS requirements for new, initial section 1115 demonstration programs, the Agency is providing this full public notice in alignment with federal public notice rules at 42 CFR 431.408 to describe the key components of the proposed demonstration. The proposed draft application and other related public notice materials are available for review and public input for a 30-day period starting November 20, 2025, through December 19, 2025, as described in this notice.

I. Demonstration Program Overview

The Agency is the single state agency responsible for the administration of the Florida Medicaid program, authorized under Title XIX of the Social Security Act. The Department of Children and Families (DCF) provides mental health and substance abuse services for the uninsured and underinsured. DCF is also the single state agency responsible for licensing substance use providers, and serves as the State Opioid Treatment Authority. The Agency and DCF work collaboratively to provide a wide array of behavioral health services for Floridians. DCF primarily provides behavioral health services to the uninsured and underinsured and the Agency, through Florida Medicaid, covers select behavioral health services for those enrolled in Medicaid.

Florida Medicaid covers a broad array of behavioral health services to offer a robust continuum of care for Florida Medicaid recipients. The array of inpatient and outpatient behavioral health services provide a comprehensive approach to treatment and recovery. These services are available to children and adults diagnosed with mental health and/or substance use disorders and include assessments and evaluations,

behavioral therapies, recovery support, case management services and crisis management.

Community behavioral health centers provide a comprehensive array of behavioral services such as psychiatric and psychological behavioral assessments that address the varying needs of individuals with mental illness and substance use disorders. Behavioral health interventions include individual, family and group therapy services, onsite behavioral interventions for children, clubhouse and psychosocial rehabilitation services, and team-delivered Florida Assertive Community Treatment services. More intensive services include ambulatory detoxification services, intensive outpatient programs and partial hospitalization for mental health and substance use disorders. Florida Medicaid also covers services for at-risk youth involved with the child welfare system, including children in foster care, group homes, and Qualified Residential Treatment Programs.

In administering the SMMC Program, the Agency has worked closely with Medicaid recipients, plans, providers and other stakeholders to continuously enhance performance and improve the quality of outcomes and recipient satisfaction. The Agency has approved the health plans to provide a variety of behavioral health and substance abuse benefits in addition to those covered under the state plan. In addition, the Agency has partnered with DCF on a regular basis to align policies and service fee coding for Medicaid with existing DCF guidance and rules for improved interagency cooperation and to ease provider administrative burdens.

Florida Medicaid currently covers IMD services allowed by federal exemptions to the IMD exclusion for:

- Recipients who are less than 21 years old are covered through the Statewide Inpatient Psychiatric Program (SIPP). SIPP services provide extended residential psychiatric treatment to children under 21 with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the fee-for-service (FFS) and SMMC delivery systems.
- Recipients who are more than 64 years old through the State Mental Health services coverage policy. State mental health hospital services provide long-term, inpatient psychiatric and medical services with the goal of facilitating the recipient's successful return to treatment in a community-based setting. These services are covered in both the FFS and SMMC delivery systems.

Florida Medicaid also utilizes the federal exemption that allows limited IMD services through the managed care in lieu of service (ILOS) program. The ILOS program offers SMMC enrollees alternative services in place of state plan services. This program meets the requirement that the annual aggregate ILOS expenditure must be less than the expenditure would have been for the corresponding services. In the case of IMD services, the corresponding state plan service it replaces is inpatient general hospital care. Services available to Medicaid recipients through the ILOS program

include residential psychiatric for plan enrollees who are 21-64 years old, facility-based substance detoxification and recovery services for any enrolled recipient and facility-based crisis intervention services provided by non-general hospitals (crisis services provided in general hospitals are covered through Inpatient Hospital coverage). The ILOS benefit allows the state to receive FFP for IMD services "in-lieu" of state plan inpatient treatment services for up to 15 days per month (federal limit) for eligible recipients enrolled in a Medicaid plan. The health plan may choose to cover more than the covered 15 days per month, but the plans do not receive further compensation from the Agency if they choose to provide additional coverage. All SMMC plans offer the proposed IMD Waiver services as an ILOS.

Despite these offerings, restrictions on a state's Medicaid program regarding inpatient behavioral health treatment limits access by those who may benefit from such services. The Agency is applying for this waiver to allow greater access to inpatient services to alleviate strain on the behavioral health system for other safety net payer sources whose primary mission is to serve the truly uninsured or underinsured. This is evident in Florida as the Managing Entities report expenditures on Medicaid enrollees who pay for various inpatient hospital, crisis stabilization, detoxification services provided after the 15 day per month limit is exceeded.

II. Demonstration Goals and Objectives

The State's goals as identified below align with CMS guidance related to demonstration authority for SUD (SMD #17-003) and SMI/SED (SMD #18-011).

SUD Goals:

- Increased rates of identification, initiation, and engagement in treatment;
- Increased adherence to and retention in treatment;
- Reductions in overdose deaths, particularly those due to opioids;
- 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;
- Fewer readmissions to the same or higher level of care, where the readmission is preventable or medically inappropriate; and
- Improved access to care for physical health conditions among recipients.

SMI/SED Goals:

- Reduced utilization and lengths of stay in emergency departments among Medicaid recipients with SMI while awaiting mental health treatment in specialized settings;
- Reduced preventable readmissions to acute care hospitals and residential settings;
- 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;
- Improved access to community-based services to address the chronic mental health care needs of recipients with SMI, including through increased integration of primary and behavioral health care; and
- Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.

III. IMD Program Description

The proposed demonstration will operate statewide in collaboration with the Florida Medicaid SMMC program. Waiver services will be available to individuals enrolled in SMMC MMA plans and the program will leverage plans' care coordination and performance measurement contractual requirements. The Agency is requesting a five-year demonstration period.

This waiver includes institutional services for the Medicaid population diagnosed with SMI, SED, and SUD. The facility-based services address short-term (up to 90 days) treatment recovery needs. The Agency will leverage SMMC case management and care coordination requirements to coordinate care among community organizations and providers, as well as links between community and facility providers. This waiver includes the following residential services:

- Psychiatric residential care for adults (ages 21-64 years old) diagnosed with a serious mental illness[7] - 24-hour residential treatment for serious mental illness, such as schizophrenia or bipolar disorder. Coverage would supplement the current in lieu of service coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Addiction receiving facility services for children and adults diagnosed with a moderate to severe substance use disorder – 24-hour medically supervised substance detoxification treatment and stabilization. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Short-term residential treatment facility services for children and adults following crisis stabilization to continue treatment and prepare the recipient for a return to their community. Coverage would supplement the 15-day ILOS coverage limit of 15 days by extending IMD coverage for up to 90 days.
- Qualified Residential Treatment Program (QRTP) services – licensed or certified QRTP providers with less than 17 beds designated for QRTP services but may be part of a larger entity that would qualify, in all, as an IMD QRTP coverage will be for up to 90 days in these facilities.

[1] Children and youth diagnosed with SED or SMI are currently covered by the Florida Medicaid Statewide Inpatient Psychiatric Program (SIPP).

IV. Demonstration Eligibility, Benefits and Cost-sharing

All enrollees eligible for full Medicaid coverage, and between the ages of 21-64, will be eligible for services under the waiver, subject to medical necessity criteria. Additionally, Medicaid enrollees under the age of 21 may qualify for services under the waiver when receiving residential SUD or QRTP services. Only the eligibility groups outlined in the table below will not be eligible for these services as they receive limited Medicaid benefits only.

Eligibility Group Name	Florida Eligibility Code	Social Security Act & CFR Citations
Limited Services Available to Certain Aliens	ML A; ML S; NL A; NL S	42 CFR § 435.139
Medically Needy for Parents, Caretakers and Children	NA R	42 CFR § 435
Non IV-E Foster Care Medically Needy	NCFN	
MEDS for Pregnant Women Medically Needy	NM P	
Medically Needy for Children Ages 19 thru 20	NO Y	
RAP/CHEP Medically Needy	NR R	
SSI-related Medically Needy Covers aged, blind or disabled	NS	
Presumptive Eligibility for Pregnant Women	MU	42 CFR § 435.1102
Qualified Medicare Beneficiaries (QMB)	QMB	1902(a)(10)(E)(i) 1905(p)
Specified Low Income Medicare Beneficiaries (SLMB)	SLMB	1902(a)(10)(E)(iii)
Qualified Individual (QI) Program	QI1	1902(a)(10)(E)(iv)
Working Disabled	WD	1902(a)(10)(E)(ii) 1905(s)
Family Planning	FP	1902(a)(10)(A)(ii)(XXI)

Benefits

Current Florida Medicaid recipients have access to a robust behavioral health service system. This demonstration seeks to enhance the continuum of care by adding inpatient and residential psychiatric and substance use disorder services furnished at an IMD to the Medicaid service system. This enhancement will promote the use of the most effective, appropriate services to support long-term successful outcomes.

Cost-sharing

This waiver will not impact or add any cost sharing requirements. Currently, the Florida Medicaid program does not require co-pays or deductibles for inpatient services.

V. Demonstration Delivery System and Payment Rates

Payment methodologies will be consistent with those approved in the Medicaid State Plan, where applicable. Inpatient and residential IMD services will be reimbursed via a per diem methodology, Providers will also receive separate payments for certain services and benefits, as applicable and in accordance with the Medicaid State Plan. Such payments will include, but not be limited to, payment for MAT medications provided under arrangement.

VI. Demonstration Projected Program Enrollment

As of October 2025, Florida Medicaid covers 4,053,869 total individuals through the fee-for-service and managed care delivery systems. 2,773,210 (68%) of those individuals are enrolled in one of eight SMMC MMA plans; 22,394 individuals are enrolled in a SMI specialty plan. This 1115 waiver is not anticipated to impact Florida Medicaid enrollment over the course of the five-year demonstration, as there are no waiver-specific eligibility criteria included.

The program's projected enrollment is the total of SMI, SED and SUD member months. See Table 2, below.

Table 2 – Projected Enrollment

DY01	DY02	DY03	DY04	DY05
183,635	185,471	187,326	189,199	191,091

VII. Demonstration Projected Expenditures

Historical Expenditures

Historical information is used just to show the trend baseline. Enrollment numbers increased SFY20/21 through SFY22/23 due to the impact of the public health emergency (PHE). SFY23/24 and SFY24/25 represents post-PHE Medicaid enrollment. This demonstrates a downward trend in enrollment, likely due to a combination of improved economic conditions (countercyclical) and long-term impacts of increased mental health and substance abuse treatment initiatives across all payers.

Projected Expenditures

A trend rate of 5.1% is determined to be the best estimate of the President's Medicaid budget trend rate for these populations based on the latest CMS SUD/SMI 1115 approvals to calculate the estimated projected expenditures.

VIII. Evaluation Parameters

The state's proposed evaluation parameters to assess the impact of the demonstration on Medicaid workforce are listed in the table below.

SUD-related Demonstration Goals

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Evaluation Question: Does the demonstration increase access to and utilization of SUD treatment services?		
Increased rates of identification, initiation, and engagement in treatment for OUD and other SUDs.	The demonstration will increase the percentage of recipients who are referred to and engage in treatment for OUD and other SUDs.	• Data Source(s): Encounter and claims data. • Measure: Number and percentage of recipients with diagnoses of OUD and other SUDs. • Measure: Number and percentage of recipients who received treatment for OUD and other SUDs.
Increased adherence to and retention in treatment for OUD and other SUDs.	The demonstration will increase the percentage of recipients who adhere to treatment of OUD and other SUDs.	• Data Source(s): Encounter and claims data, pharmacy claims data. • Measure: Number and percentage of recipients receiving treatment for OUD and other SUDs, and length of time receiving treatment.
Reduced utilization of emergency department and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services.	The demonstration will decrease the rate of emergency department and inpatient visits within the recipient population for SUD.	• Data Source(s): Encounter and claims data. • Measure: Emergency department visits (all cause and behavioral health related). • Measure: Hospital inpatient admissions (all cause and behavioral health related). • Measure: Utilization of outpatient and preventive services.
Evaluation Question: Are rates of opioid-related overdose deaths impacted by the demonstration?		
Reduction in Overdose Deaths Particularly Those Due to Opioids	The demonstration will decrease the rate of overdose deaths due to opioids.	• Data Source(s): Encounter and claims data. • Measure: Emergency department visits for SUD.

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
		• Measure: Hospital inpatient admissions for SUD.
Evaluation Question: Do enrollees receiving SUD services experience improved health outcomes?		
Improved access to care for physical health conditions among recipients.	The demonstration will increase the percentage of recipients with SUD who experience care for comorbid conditions.	• Data Source(s): Encounter and claims data. • Measure: Utilization of outpatient and physician visits for physical health conditions. • Measure: Readmissions to SUD treatment.
Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate.	Among recipients receiving care for SUD, the demonstration will reduce readmissions to SUD treatment	• Data Source(s): Encounter and claims data, Vital Statistics data. • Measure: Readmissions to SUD treatment. • Measure: Number and rate of overdose deaths due to opioids. • Measure: Utilization of demonstration services.

SMI/SED-Related Demonstration Objectives

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
Evaluation Questions: Does the demonstration result in reductions in utilization and lengths of stay in emergency departments among Medicaid recipients with SMI or SED while awaiting mental health treatment in specialized settings? How do the demonstration effects on reducing utilization and lengths of stay in emergency departments among Medicaid recipients with SMI/SED vary by geographic area or recipient characteristics? How do demonstration activities contribute to reductions in utilization and lengths of stays in emergency departments among Medicaid recipients with SMI/SED while awaiting mental health treatment in specialized settings?		
Reduced utilization and lengths of stay in emergency departments among Medicaid recipients with SMI or SED while awaiting mental health treatment in specialized settings.	The demonstration will result in reductions in utilization of stays in emergency department among Medicaid recipients with SMI or SED while awaiting mental health treatment.	• Data Source(s): Encounter and claims data. • Measure: Emergency Department visits for mental and behavioral health. • Measure: Hospital inpatient admissions and length of

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
		stay for mental and behavioral health. • Measure: Utilization of demonstration services.
Evaluation Question: Does the demonstration result in reductions in preventable readmissions to acute care hospitals and residential settings? How do the demonstration effects on reducing preventable readmissions to acute care hospitals and residential settings vary by geographic area or recipient characteristics? How do demonstration activities contribute to reductions in preventable readmissions to acute care hospitals and residential settings? Does the demonstration result in increased screening and intervention for comorbid SUD and physical health conditions during acute care psychiatric inpatient and residential stays and increased treatment for such conditions after discharge?		
Reduced preventable readmissions to acute care hospitals and residential settings.	The demonstration will result in reductions in preventable readmissions to acute care hospitals and residential settings.	• Data Source(s): Encounter and claims data. • Measure: Readmissions to acute care hospitals and residential settings. • Measure: Utilization of demonstration services.
Evaluation Questions: To what extent does the demonstration result in improved availability of crisis outreach and response services throughout the state? To what extent does the demonstration result in improved availability of intensive outpatient services and partial hospitalization? To what extent does the demonstration improve the availability of crisis stabilization services provided during acute short-term stays in each of the following: public and private psychiatric hospitals, residential treatment facilities, general hospital psychiatric units, and community-based settings?		
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.	The demonstration will result in improved availability of crisis stabilization services throughout the state.	• Data Source(s): Encounter and claims data. • Measure: Number of crisis stabilization services providers providing services to Medicaid recipients. • Measure: Utilization of crisis stabilization services, by type.
Evaluation Questions: Does the demonstration result in improved access of recipients with SMI/SED to community-based services to address their chronic mental health needs? To what extent does the demonstration result in improved availability of community-based services		

Objective/Goal	Hypothesis	Associated Performance Measures and/or Data Sources
needed to comprehensively address the chronic mental health needs of recipients with SMI/SED? To what extent does the demonstration result in improved access of SMI/SED recipients to specific types of community-based services? How do the demonstration effects on access to community-based services vary by geographic area or recipient characteristics? Does the integration of primary and behavioral health care to address the chronic mental health care needs of recipients with SMI/SED improve under the demonstration?		
Improved access to community-based services to address the chronic mental health care needs of recipients with SMI/SED, including through increased integration of primary and behavioral health care.	Access of recipients with SMI/SED to community-based services to address their chronic mental health care needs will improve under the demonstration, including through increased integration of primary and behavioral health care.	• Data Source(s): Encounter and claims data. • Measure: Utilization of community-based (e.g., outpatient, physician) mental and behavioral health services.
Evaluation Questions: Does the demonstration result in improved care coordination for recipients with SMI/SED? Does the demonstration result in improved continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities? Does the demonstration result in improved discharge planning and outcomes regarding housing for recipients transitioning out of acute psychiatric care in hospitals and residential treatment facilities? How do demonstration activities contribute to improved continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities?		
Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.	The demonstration will result in improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities.	• Data Source(s): Encounter and claims data. • Measure: Utilization of community-based (e.g., outpatient, physician) mental and behavioral health services after episodes of acute care in hospitals and residential treatment facilities. • Measure: Length of time without a readmission following episodes of acute care in hospitals and residential treatment facilities.

IX. Proposed Waiver and Expenditure Authorities

Florida seeks expenditure authority under Section 1115(a) for services provided to otherwise eligible individuals under age 21 in QRTPs and for residential substance use disorder stays. Additionally, the State seeks expenditure authority for short-term inpatient stays, residential substance use disorder stays in facilities that qualify as IMDs for enrollees ages 21-64.

This demonstration will include all eligible individuals ages 21-64 (and under 21 where applicable) who are eligible for Medicaid and does not impose any additional eligibility criteria.

X. Public Notice and Comment Process

As announced in the abbreviated public notice and in the Florida Administrative Registrar on November 20, 2025, the draft section 1115 demonstration proposal and related public notice materials are posted for a 30-day public comment period starting November 20, 2025 through December 19, 2025 on the Federal Waivers home page located on the Agency's website: https://ahca.myflorida.com/medicaid/medicaid-policy-quality-and-operations/medicaid-policy-and-quality/medicaid-policy/federal-authorities/federal-waivers.

The Agency will hold two public meetings on the proposed application in geographically distinct areas of the state as listed below:

Public Meeting 1:
December 8, 2025
1:00 P.M. – 2:00 P.M.

Zora Neal Hurston State Building
400 W Robinson St
North Tower, Room N109
Orlando, FL 32801

Public Meeting 2:
December 11, 2025
1:00 P.M. – 2:00 P.M.

The Agency for Health Care Administration
2727 Mahan Drive, Building 3
Tallahassee, FL 32308

To register to attend Public Meeting 2 *virtually*, do so at:
https://events.gcc.teams.microsoft.com/event/4e6c7323-04a4-4051-b3c4-065f4e725a5a@583c5f19-3b64-4ced-b59e-e8649bdc4aa6

Interested parties may submit written comments electronically via email to FLMedicaidWaivers@ahca.myflorida.com or may send written comments concerning the proposed new demonstration to:

Agency for Health Care Administration
Institutions for Mental Disease Demonstration
2727 Mahan Drive, MS #20
Tallahassee, Florida 32308

Hard copies of the proposed application can be obtained by contacting the Agency at 850-412-4003 or by email at FLMedicaidWaivers@ahca.myflorida.com.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least seven days before the workshop/meeting by contacting the Agency at 850-412-4003 or by email at FLMedicaidWaivers@ahca.myflorida.com.

If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1 (800) 955-8771 (TTY) or 1 (800) 955-8770 (Voice).

Attachment III – Abbreviated Public Notice

Florida Agency for Health Care Administration's
New Section 1115 Medicaid Demonstration for
Institutions for Mental Disease

ABBREVIATED PUBLIC NOTICE

The Florida Agency for Health Care Administration (Agency) intends to submit to the Centers for Medicare & Medicaid Services (CMS) a proposal to implement a new section 1115 (Title XIX) Institutions for Mental Disease (IMD) demonstration that offers program coverage to individuals diagnosed with Serious Mental Illness or Serious Emotional Disorder (SMI/SED) and/or substance use disorder (SUD). The proposed five-year demonstration will be called "Florida Institutions for Mental Disease Section 1115 Demonstration." This section 1115 demonstration will operate in collaboration with Florida's section 1115 Managed Medical Assistance Waiver to provide institutional support for individuals enrolled in Florida's Statewide Medicaid Managed Care (SMMC) program. The state is requesting authority for Federal Financial Participation (FFP) for substance abuse detoxification, recovery support services, and psychiatric treatment in IMDs. Florida is seeking a proposed effective date of July 1, 2026.

The Agency provides this notice in accordance with federal requirements to inform the public that we are providing a 30-day public comment period on the proposed new demonstration starting on November 20, 2025. The draft application proposal and more detailed information for submitting public comments will be available on that date at: https://ahca.myflorida.com/medicaid/medicaid-policy-quality-and-operations/medicaid-policy-and-quality/medicaid-policy/federal-authorities/federal-waivers.

Hard copies of the proposed application may be obtained by contacting the Agency at 850-412-4003 or by email at FLMedicaidWaivers@ahca.myflorida.com. The Agency will hold two public meetings to solicit comments on the proposed demonstration in geographically distinct areas of the state as listed below:

Public Meeting 1:
December 8, 2025
1:00 P.M. - 2:00 P.M.

Zora Neal Hurston Building
400 West Robison Street,
North Tower, Room N109
Orlando, FL 32801

Public Meeting 2:

December 11, 2025
1:00 P.M. – 2:00 P.M.

The Agency for Health Care Administration
2727 Mahan Drive, Building 3
Tallahassee, FL 32308

To register to attend Public Meeting 2 *virtually*, do so at:
https://events.gcc.teams.microsoft.com/event/4e6c7323-04a4-4051-b3c4-065f4e725a5a@583c5f19-3b64-4ced-b59e-e8649bdc4aa6

Attachment IV – Florida Administrative Register Notice

Notice of Meeting/Workshop Hearing

Florida Administrative Register Notice

AGENCY FOR HEALTH CARE ADMINISTRATION

Medicaid

The Agency for Health Care Administration (Agency) announces meetings to which all persons are invited.

DATES AND TIMES: December 8, 2025, 1:00 p.m. – 2:00 p.m.; December 11, 2025, 1:00 p.m. – 2:00 p.m.

PLACES: December 8, 2025: Zora Neal Hurston State Building, 400 W Robinson St, North Tower, Room N109, Orlando, FL 32801

December 11, 2025: Agency for Health Care Administration, 2727 Mahan Drive, Building 3, Tallahassee, FL 32308; Registration for virtual option: https://events.gcc.teams.microsoft.com/event/4e6c7323-04a4-4051-b3c4-065f4e725a5a@583c5f19-3b64-4ced-b59e-e8649bdc4aa6

GENERAL SUBJECT MATTER TO BE CONSIDERED: The Agency intends to submit to the Centers for Medicare & Medicaid Services (CMS) a proposal to implement a new section 1115 (Title XIX) Institutions for Mental Disease (IMD) demonstration that offers program coverage to individuals diagnosed with Serious Mental Illness or Serious Emotional Disorder (SMI/SED) and/or substance use disorder (SUD). The proposed five-year demonstration will be called “Florida Institutions for Mental Disease Section 1115 Demonstration.” This section 1115 demonstration will operate in collaboration with Florida’s section 1115 Managed Medical Assistance Waiver to provide institutional support for individuals enrolled in Florida’s Statewide Medicaid Managed Care (SMMC) program.

The Agency provides this notice in accordance with federal requirements to inform the public that we are providing a 30-day public comment period on the proposed amendment starting on November 20, 2025. The draft amendment request and more detailed information for submitting public comments will be available on that date at: https://ahca.myflorida.com/medicaid/medicaid-policy-quality-and-operations/medicaid-policy-and-quality/medicaid-policy/federal-authorities/federal-waivers.

Hard copies of the application or a copy of the meeting agendas may be obtained by contacting the Agency at (850) 412-4003 or by email at FLMedicaidWaivers@ahca.myflorida.com.

Comments may be submitted via mail or email.

Mail comments and suggestions to: Agency for Health Care Administration, Managed Medical Assistance Amendment Eligibility Redetermination Exemption, 2727 Mahan Drive, MS #20, Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: the Agency at (850)412-4003 or by email at FLMedicaidWaivers@ahca.myflorida.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

	A	B	C	D	E	F	G
1	**5 YEARS OF HISTORIC DATA**						
2							
3	**SPECIFY TIME PERIOD AND ELIGIBILITY GROUP DEPICTED:**						
4		***PHE***	***PHE***	***PHE***	***post-PHE***	***post-PHE***	
5	**MEG 1 SMI Ages 21-64**	**SFY20-21**	**SFY 21-22**	**SFY22-23**	**SFY 23-24**	**SFY 24-25**	**5-YEARS**
6	**TOTAL EXPENDITURES**	$ 1,212,060,623.57	$ 1,565,466,906.30	$ 1,738,305,843.42	$ 1,347,922,939.23	$ 918,222,491.37	$ 6,781,978,804
7	**ELIGIBLE MEMBER MONTHS**	1,693,455	2,188,937	2,623,918	1,954,809	1,098,990	
8	**PMPM COST**	$ 715.73	$ 715.17	$ 662.48	$ 689.54	$ 835.51	
9	**TREND RATES**						**5-YEAR**
10				**ANNUAL CHANGE**			**AVERAGE**
11	TOTAL EXPENDITURE		29.16%	11.04%	-22.46%	-31.88%	-6.71%
12	ELIGIBLE MEMBER MONTHS		29.26%	19.87%	-25.50%	-43.78%	-10.25%
13	PMPM COST		-0.08%	-7.37%	4.08%	21.17%	3.94%
14							
15	**MEG 2 SUD Ages 21-64**	**SFY20-21**	**SFY 21-22**	**SFY22-23**	**SFY 23-24**	**SFY 24-25**	**5-YEARS**
16	**TOTAL EXPENDITURES**	$ 1,510,555,626.48	$ 1,748,650,358.98	$ 1,778,067,052	$ 1,497,597,304.24	$ 1,230,099,456.35	$ 7,764,969,798
17	**ELIGIBLE MEMBER MONTHS**	2,436,469	2,913,082	3,135,254	2,295,221	1,659,728	
18	**PMPM COST**	$ 619.98	$ 600.28	$ 567.12	$ 652.49	$ 741.15	
19	**TREND RATES**						**5-YEAR**
20				**ANNUAL CHANGE**			**AVERAGE**
21	TOTAL EXPENDITURE		15.76%	1.68%	-15.77%	-17.86%	-5.00%
22	ELIGIBLE MEMBER MONTHS		19.56%	7.63%	-26.79%	-27.69%	-9.15%
23	PMPM COST		-3.18%	-5.52%	15.05%	13.59%	4.56%
24							
25	**Narrative Description:**						
26							
27	Source: FL Medicaid EDW ADS tables						
28	Created: 7/15/2025						
29	SMI identified by individuals with MMA rate cell indicating SMI for DOS 7/1/2020 to 6/30/2025.						
30	SUD identified by diagnosis in range F1% on at least one paid FFS claim, or at least one plan submitted encounter that was not denied by plan, with DOS on after 7/1/2019, excluding individuals already identified as SMI.						
31							
32	Historical information is used just to show the trend baseline. Enrollment numbers increased SFY20/21through SFY22/23 due to impact of PHE. SFY23/24 and SFY24/25 represents post-PHE Medicaid enrollment, which continues to show a downward trend in enrollment, likely due to a combination of improved economic conditions (countercyclical) and long-term impacts of increased mental health and substance abuse treatment initiatives across all payers.						
33	Capitation rates have been increasing post-PHE, likely in response to a combination of upward pressure on prices due to persistent higher rates of inflation, and an increased average acuity level of the Medicaid population as disenrollments are expected to primarily consist of relatively younger and healthier people.						
34	Total expenditures decrease overall due to post-PHE reduced enrollment.						

	A	B	C	D	E	F	G	H	I	J
1	**DEMONSTRATION WITHOUT WAIVER (WOW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS**									
2										
3										
4	**ELIGIBILITY**	**TREND**	**MONTHS**	**BASE YEAR**	**DEMONSTRATION YEARS (DY)**					**TOTAL**
5	**GROUP**	**RATE 1**	**OF AGING**	**SFY 24/25**	**SFY 26/27**	**SFY 27/28**	**SFY 28/29**	**SFY 29/30**	**SFY 30/31**	**WOW**
6										
7	**MEG 1 SMI Ages 21-64**									
8	**Pop Type:**	**Medicaid**								
9	Eligible Member Months	1.0%	12	140,000	141,400	142,814	144,242	145,685	147,141	
10	PMPM Cost	5.1%	12	$ 878.13	$ 922.91	$ 969.98	$ 1,019.45	$ 1,071.44	$ 1,126.08	
11	IMD PMPM	5.1%	12	$ 14,198.32	$ 14,922.43	$ 15,683.47	$ 16,483.33	$ 17,323.98	$ 18,207.50	
12	Total Expenditure				$ 2,240,531,076	$ 2,378,345,808	$ 2,524,638,443	$ 2,679,928,694	$ 2,844,770,164	$ 12,668,214,186
13										
14	**MEG 2 SUD Ages 21-64**									
15	**Pop Type:**	**Medicaid**								
16	Eligible Member Months	1.0%	12	41,817	42,235	42,657	43,084	43,515	43,950	
17	PMPM Cost	5.1%	12	$ 778.94	$ 818.67	$ 860.42	$ 904.30	$ 950.42	$ 998.89	
18	IMD PMPM	5.1%	12	$ 14,198.32	$ 14,922.43	$ 15,683.47	$ 16,483.33	$ 17,323.98	$ 18,207.50	
19	Total Expenditure				$ 664,825,359	$ 705,718,506	$ 749,127,321	$ 795,206,180	$ 844,119,119	$ 3,758,996,484
20										
21	**Narrative Description:**									
22										
23	Trend rate of 5.1% determined to be the best estimate of the current President's Medicaid budget trend rate for these populations based on the latest CMS SUD/SMI 1115 approvals.									
24	Enrollment growth currently estimated at 1%, which is in line with long term estimates of a Medicaid enrollment growth rate of 0.7% (National Health Expenditure Projections 2024-2033, June 2025).									
25	Current Medicaid inpatient rates for the IMD for Individuals Age 65 and older inpatient rates were used as a proxy for room and board costs.									
26	Projected IMD enrollment based upon utilization data provided by the Florida Department of Children and Services.									
27	Projected SMI Member Months for DY24/25:	140,000								
28	Projected SUD Member Months for DY24/25:	41,817								
29										
30	Line 10 are costs that include traditional service costs, including care coordination and co-occurring physical and behavioral health conditions.									
31	Line 11 is a reasonable estimate of room and board costs.									

DEMONSTRATION WITH WAIVER (WW) BUDGET PROJECTION: COVERAGE COSTS FOR POPULATIONS

ELIGIBILITY GROUP	BASE YEAR SFY 24/25	DEMO TREND RATE	DEMONSTRATION YEARS (DY) SFY 26/27	SFY 27/28	SFY 28/29	SFY 29/30	SFY 30/31	TOTAL WW
MEG 1 SMI Ages 21-64								
Pop Type:	**Medicaid**							
Eligible Member Months	140,000	1.0%	141,400	142,814	144,242	145,685	147,141	
PMPM Cost	$ 878.13	5.1%	$ 922.91	$ 969.98	$ 1,019.45	$ 1,071.44	$ 1,126.08	
IMD PMPM	$ 14,198.32	5.1%	$ 14,922.43	$ 15,683.47	$ 16,483.33	$ 17,323.98	$ 18,207.50	
Total Expenditure			**$ 2,240,531,076**	**$ 2,378,345,808**	**$ 2,524,638,443**	**$ 2,679,928,694**	**$ 2,844,770,164**	**$ 12,668,214,186**
MEG 2 SUD Ages 21-64								
Pop Type:	**Medicaid**							
Eligible Member Months	41,817	1.0%	42,235	42,657	43,084	43,515	43,950	
PMPM Cost	$ 778.94	5.1%	$ 818.67	$ 860.42	$ 904.30	$ 950.42	$ 998.89	
IMD PMPM	$ 14,198.32	5.1%	$ 14,922.43	$ 15,683.47	$ 16,483.33	$ 17,323.98	$ 18,207.50	
Total Expenditure			**$ 664,825,359**	**$ 705,718,506**	**$ 749,127,321**	**$ 795,206,180**	**$ 844,119,119**	**$ 3,758,996,484**

Narrative Description:

Created: 7/17/2025
Source for IMD costs: Florida Medicaid IMD for Individuals Age 65 and older inpatient rates and Florida Department of Children and Families
Current Medicaid inpatient rates for the IMD for Individuals Age 65 and older inpatient rates were used as a proxy for room and board costs.

NOTES
For a per capita budget neutrality model, the trend for member months is the same in the with-waiver projections as in the without-waiver projections. This is the default setting.

Projected IMD enrollment based upon utilization data provided by the Florida Department of Children and Services.
Projected SMI Member Months for DY24/25: 140,000

Projected SUD Member Months for DY24/25: 41,817

Budget Neutrality Summary - HYPOTHETICALS ANALYSIS

Without-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY)					TOTAL
	SFY 25/26	SFY 26/25	SFY 27/28	SFY28/29	SFY 29/30	
Medicaid Populations						
MEG 1 SMI Ages 21-64	$ 2,240,531,076	$ 2,378,345,808	$ 2,524,638,443	$ 2,679,928,694	$ 2,844,770,164	$ 12,668,214,186
MEG 2 SUD Ages 21-64	$ 664,825,359	$ 705,718,506	$ 749,127,321	$ 795,206,180	$ 844,119,119	$ 3,758,996,484
TOTAL	$ 2,905,356,435	$ 3,084,064,314	$ 3,273,765,764	$ 3,475,134,875	$ 3,688,889,283	$ 16,427,210,670

With-Waiver Total Expenditures

	DEMONSTRATION YEARS (DY)					TOTAL
	SFY 25/26	SFY 26/25	SFY 27/28	SFY28/29	SFY 29/30	
Medicaid Populations						
MEG 1 SMI Ages 21-64	$ 2,240,531,076	$ 2,378,345,808	$ 2,524,638,443	$ 2,679,928,694	$ 2,844,770,164	$ 12,668,214,186
MEG 2 SUD Ages 21-64	$ 664,825,359	$ 705,718,506	$ 749,127,321	$ 795,206,180	$ 844,119,119	$ 3,758,996,484
TOTAL	$ 2,905,356,435	$ 3,084,064,314	$ 3,273,765,764	$ 3,475,134,875	$ 3,688,889,283	$ 16,427,210,670

VARIANCE	$ -	$ -	$ -	$ -	$ -	$ -