

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



May 15, 2025

Juliet Charron
State Medicaid Director
State of Idaho, Department of Health and Welfare
P.O. Box 83720
Boise, ID 83720

Dear Director Charron:

The Centers for Medicare & Medicaid Services (CMS) is approving an amendment to Idaho's section 1115(a) demonstration entitled, "Idaho Behavioral Health Transformation" (Project Number 11-W-00339/10) (the "demonstration"), in accordance with section 1115(a) of the Social Security Act (the Act). With this approval, the demonstration amendment will become effective May 15, 2025, through September 30, 2025, the current expiration date of the demonstration.

CMS's approval of the demonstration amendment allows the state to end the expenditure authority that currently permits legally responsible individuals (LRIs) to provide 1905(a) personal care services (PCS) 60 calendar days after the effective date of this amendment. CMS's approval of this amendment allows the state to revert to how it operated its 1905(a) PCS program prior to the COVID-19 public health emergency (PHE) and is in compliance with Medicaid state plan requirements for 1905(a) PCS.

CMS's approval of this section 1115(a) demonstration amendment is subject to the limitations specified in Attachment G below, which is appended to the demonstration's expenditure authorities, special terms and conditions (STCs), and any supplemental attachments defining the nature, character, and extent of federal involvement in this project. Attachment G amends the demonstration's expenditure authorities and STCs as further specified therein, and should be considered as part of the broader set of expenditure authorities and STCs that CMS approved on March 29, 2024. Provided that CMS approves the state's pending application to extend this demonstration submitted on March 12, 2025, the amendments set forth in Attachment G will be incorporated into the expenditure authorities and STCs. The state may deviate from the Medicaid state plan requirements only to the extent those requirements have been specifically listed as waived or not applicable to expenditures under the demonstration.

Background

During the COVID-19 PHE, the traditional provider workforce was diminished leading to inadequate capacity to provide medically necessary services, such as PCS, that support activities of daily living. To alleviate this provider workforce shortage, CMS approved on March 23,

2020, Idaho’s request under section 1135 authority to provide payment to LRIs providing 1905(a) PCS. Section 1905(a)(24) of the Act prohibits family members from being paid providers of PCS. Under regulations at 42 CFR 440.167(b), a family member is defined as “legally responsible relative.” Section 1135(b)(1)(B) of the Act allowed for a waiver of this prohibition, to temporarily allow payment during the PHE for 1905(a) PCS rendered by LRIs (which could include legally responsible family caregivers), provided that the state made a reasonable assessment that the caregiver was capable of rendering such services. At the conclusion of the PHE on May 11, 2023, the section 1135 authority expired.

Because section 1135(b)(1)(B) authority could not be statutorily extended beyond May 11, 2023, on March 6, 2023, Idaho submitted a request to seek short-term continued authority for the payments to LRIs providing 1905(a) PCS under section 1115 COVID-19 PHE authority. CMS approved the state’s request on May 16, 2023, which allowed this authority to continue through six months following the end of the PHE.

To ensure this authority would continue beyond six months post the PHE, on November 7, 2023, Idaho submitted a section 1115 amendment application requesting an exemption from the limitations in 42 CFR 440.167 to allow LRIs to provide 1905(a) PCS to eligible beneficiaries under section 1115(a)(2) expenditure authority. To ensure there was adequate time to act on the amendment request, on November 8, 2023, CMS issued a temporary extension of the PHE authority through March 29, 2024. On March 29, 2024, CMS approved Idaho’s amendment request. On March 31, 2025, CMS approved a six-month temporary extension to the Idaho Behavioral Health Transformation section 1115 demonstration through September 30, 2025.

Extent and Scope of Demonstration

On December 20, 2024, Idaho submitted an amendment request to remove the LRI expenditure authority, and related STC, from this demonstration. According to the state, the flexibility to allow LRIs to provide 1905(a) PCS “has led to unanticipated and unsustainable growth in the program that cannot be appropriately managed and overseen within the State Medicaid Agency’s current resources.”¹ In addition, according to the state, “the State Medicaid Agency has identified a concerning volume of incidents of suspected fraud ... and health and safety concerns that the State Medicaid Agency cannot resolve within the program’s current parameters and staff capacity.”² According to the state, “the State Medicaid Agency is not currently resourced to continue to support [the flexibility of allowing LRIs to provide 1905(a) PCS] and ensure health and safety as well as operational integrity” given the growth in the program and concerning trends.³

¹ Page 5 of the .pdf of the Idaho amendment application available at: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/id-behavioral-health-transformation-pa-12202024.pdf>

² Pages 5 to 6 of the .pdf of the Idaho amendment application available at: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/id-behavioral-health-transformation-pa-12202024.pdf>

³ Pages 5 to 6 of the .pdf of the Idaho amendment application available at: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/id-behavioral-health-transformation-pa-12202024.pdf>

CMS’s approval of this section 1115 demonstration amendment will not remove 1905(a) PCS as a state plan benefit and does not affect Medicaid eligibility or the 1905(a) PCS benefit offered under the state plan⁴. The 1905(a) PCS benefit will remain available to eligible beneficiaries as it has prior to the COVID-19 PHE and will be staffed by direct care professionals through provider agencies.

Idaho asserts its efforts to support PCS provider agencies to have sufficient capacity to meet beneficiaries’ demand and need for PCS. In the state’s 1115 amendment application, the state explains it “has actively engaged in marketing and outreach activities to bolster the direct care workforce in Idaho over the last two years and has observed an approximately 10 percent growth in the number of unduplicated direct care workers, not including parents and spouses, as identified in the State Medicaid Agency’s Electronic Visit Verification data.”⁵

In addition, the state is committed to working with its PCS provider agencies to ensure there is a sufficient provider network of non-LRI PCS providers. As required in section 1902(a)(30)(A) of the Act, the state must ensure that provider payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers to provide access to care and services so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area. CMS remains available if the state requires any additional technical assistance.

To effectuate this amendment, Idaho states that it intends to send beneficiaries a 60-day notice of the change in available providers, and CMS strongly supports that initiative. To support this transition, this amendment, as specified in Attachment G, will be effective 60 calendar days after the date of CMS’s approval. The state must also adhere to all standard Medicaid state plan requirements such as providing appropriate language services for individuals with limited English proficiency upon request and services for individuals living with disabilities through the provision of auxiliary aids and services.

Specifically, approval of this amendment removes Expenditure Authority #2 and STC #23 (which operationalizes Expenditure Authority #2) from the demonstration beginning 60 calendar days after the effective date of this approval, as further specified in Attachment G.

Budget Neutrality

CMS has long required, as a condition of demonstration approval, that demonstrations be “budget neutral,” meaning the federal costs of the state’s Medicaid program with the demonstration cannot exceed what the federal government’s Medicaid costs likely would have been in that state absent the demonstration.⁶ The demonstration amendment is projected to be

⁴ Idaho’s Medicaid program is generally administered through three Medicaid Alternative Benefit Plans (ABP), authorized under section 1937 of the Act and effectuated through the Medicaid state plan: 1) the Basic ABP; 2) the Enhanced ABP; and 3) the Medicare Medicaid Coordinated ABP. The state covers Personal Care Services, as defined at 1905(a)(24) of the Act, for individuals enrolled in the Enhanced ABP and the Medicare Medicaid Coordination ABP. CMS’s approval of this demonstration amendment does not impact the availability of Personal Care Services available through the ABPs.

⁵ Page 8 of the .pdf of the Idaho amendment application available at: <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/id-behavioral-health-transformation-pa-12202024.pdf>.

⁶<https://www.medicaid.gov/medicaid/section-1115-demonstrations/budget-neutrality/index.html>

budget neutral to the federal government, meaning the federal costs of the state’s Medicaid program with the demonstration cannot exceed what the federal government’s Medicaid costs in that state likely would have been without the demonstration. In requiring demonstrations to be budget neutral, CMS is constantly striving to achieve a balance between its interest in preserving the fiscal integrity of the Medicaid program and its interest in facilitating state innovation through section 1115 approvals. In practice, budget neutrality generally means that the total computable (i.e., both state and federal) costs for approved demonstration expenditures are limited to a certain amount for the demonstration approval period. This limit is called the budget neutrality expenditure limit and is based on a projection of the Medicaid expenditures that could have occurred absent the demonstration (the “without waiver” [WOW] costs). The state will be held to the budget neutrality monitoring and reporting requirements as outlined in the STCs.

The demonstration amendment is not expected to impact the overall number of people enrolled in the Medicaid program or increase expenditures beyond what those expenditures likely would have been without the demonstration. The amendment does not change the eligible populations, rather it ends the expenditure authority for LRIs to render PCS to beneficiaries eligible to receive 1905(a) PCS through the Idaho Medicaid state plan. Although the demonstration amendment ends the expenditure authority for LRIs to provide 1905(a) PCS, ending this authority is not expected to have an appreciable financial impact and is projected to be budget neutral to the federal government.

Monitoring and Evaluation

Consistent with CMS’s requirements for monitoring and evaluation of section 1115 demonstrations, and as outlined in the STCs, the state is required to continue conducting systematic monitoring and robust evaluation of the remaining demonstration components.

Consideration of Public Comments

CMS held a federal comment period from January 2, 2025, through February 1, 2025, for the demonstration amendment and received 950 comments. All commenters opposed approval of the amendment. The majority of commenters shared that allowing LRIs to provide PCS improved the quality of care for beneficiaries. Other commenters shared concerns about access to PCS providers and the challenges of PCS workforce shortages. Almost a third of commenters advocated for allowing LRIs to render PCS because the income provides financial stability for families. Parents of individuals requiring PCS described challenges maintaining other types of employment due to inconsistent coverage from traditional PCS providers. One quarter of commenters expressed concerns of potential loss of progress and adverse outcomes if they were forced to pursue PCS through a non-LRI provider.

States are not required to permit the use of LRIs to provide PCS. In fact, the Medicaid statute prohibits LRIs from providing 1905(a) PCS absent section 1115 authority. In addition, the state is committed to working with the PCS provider agencies to ensure the availability of PCS providers. The state is also committed to providing information to beneficiaries on how to identify and obtain a new non-LRI PCS provider.

After careful review of the public comments submitted during the federal public comment period and the information received from the state public comment period, CMS has concluded that the demonstration amendment is likely to promote the objectives of the Medicaid program under title XIX of the Act.

Other Information

CMS's approval of this amendment is conditioned on compliance with the demonstration project's expenditure authorities and STCs, as previously approved and amended by Attachment G, defining the nature, character, and extent of anticipated federal involvement in the project. The award is subject to your written acknowledgement of the award and acceptance of Attachment G within 30 days of the date of this letter.

Your project officer for this demonstration is Mr. Alex Desatoff. He is available to answer any questions concerning your section 1115 demonstration. Mr. Desatoff may be reached at Alexei.Desatoff@cms.hhs.gov.

If you have any questions regarding this approval, please contact Ms. Jacey Cooper, Director, State Demonstrations Group, Center for Medicaid and CHIP Services, at (410) 786-9686.

Sincerely,



Drew Snyder
Deputy Administrator and Director

cc: Courtenay Savage, State Monitoring Lead, CMS Medicaid and CHIP Operations Group

Attachment G

**CENTERS FOR MEDICARE & MEDICAID SERVICES
AMENDMENTS TO EXPENDITURE AUTHORITIES AND SPECIAL TERMS AND
CONDITIONS**

NUMBER: 11-W-00339/10

TITLE: Idaho Behavioral Health Transformation

AWARDEE: Idaho Department of Health and Welfare

This Attachment G is appended to the STCs effective May 15, 2025 (the “Effective Date”).

As further specified herein, this Attachment G amends the state’s section 1115 demonstration entitled “Idaho Behavioral Health Transformation” (Project Number 11-W-00339/10), as approved on April 17, 2020, amended and restated on March 29, 2024, and temporarily extended on March 31, 2025, beginning on the Effective Date through September 30, 2025.

As discussed in the Centers for Medicare & Medicaid Services’ (CMS) approval letter, the Secretary of Health and Human Services has determined that the Idaho Behavioral Health Transformation demonstration, including the amendments described below, is likely to assist in promoting the objectives of title XIX of the Act.

1. **Amendment to Expenditure Authorities.** Beginning 60 calendar days after the Effective Date of this Attachment G, this Attachment G hereby amends the expenditure authorities, as amended and restated on March 29, 2024, for this demonstration to remove Expenditure Authority #2, entitled “Use of Legally Responsible Individuals to Render Personal Care Services (PCS),” in its entirety.
2. **Amendment to Special Terms and Conditions (STCs).** Beginning 60 calendar days after the Effective Date of this Attachment G, this Attachment G hereby amends the STCs, as amended and restated on March 29, 2024, for this demonstration to remove STC #23, entitled “Use of Legally Responsible Individuals to Render Personal Care Services (PCS),” in its entirety.
3. Except to the extent amended herein, existing expenditure authorities and STCs currently approved and set forth in this demonstration remain in full force and effect.