



# Leveraging State Plan Amendments and Medicaid Waivers to Expand School Mental Health Services in Medicaid



Medicaid is an important funding source for school mental health (SMH) services. Every state's Medicaid program has different requirements for reimbursing SMH services. In many cases, states are required to obtain approval for a **State Plan Amendment (SPA)** and/or a **Medicaid waiver** from the federal government to make changes to these requirements. Below, we introduce SPAs and Medicaid Waivers, and we describe examples of how states have used SPAs and Medicaid waivers to expand coverage of SMH services in their Medicaid programs.



## What is a State Plan Amendment (SPA)?

A **SPA** is a formal amendment to a Medicaid state plan. The state plan is an important document that specifies several key provisions of the state's Medicaid program, including:

- Standards for determining eligibility
- Services covered
- Processes for reimbursing providers
- Other administrative and operational details





## What is a Medicaid waiver?

A **Medicaid waiver** is a written approval from the Centers for Medicare and Medicaid Services (CMS), allowing the state to deviate from federal Medicaid requirements and to explore innovative program designs. Here are common types of Medicaid waivers:

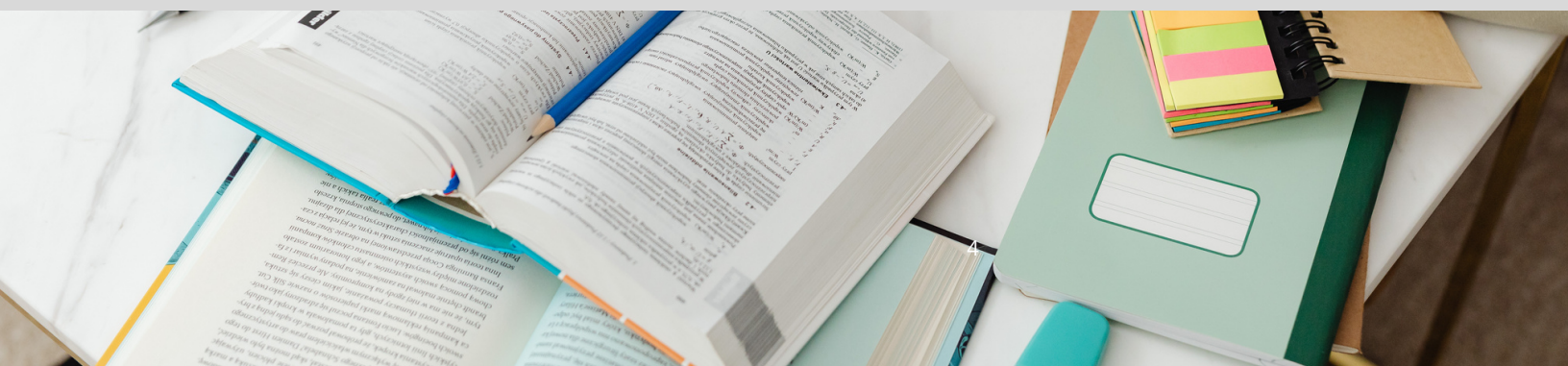
- [Section 1115 Waivers](#): Authorize states to administer experimental, pilot, or demonstration projects.
- [Section 1915 \(b\) Waivers](#): Allow states to restrict enrollees' choice of provider, to administer regional programs, and to provide enhanced service coverage to some enrollees. States typically use these waivers to implement Medicaid managed care programs.
- [Section 1915 \(c\) Waivers](#): Allow states to provide home-and-community-based services to some Medicaid enrollees as an alternative to institutional care.
- [Section 1135 Waivers](#): Allow states to waive or modify certain Medicaid requirements to address a federally-declared public health emergency.



## What changes can be made with a SPA or a Medicaid waiver?

Generally, a state can use a SPA to update its Medicaid state plan and to make changes that meet federal requirements for Medicaid programs. If making the proposed change would mean violating a federal requirement, a Medicaid waiver will be required.

Many changes to Medicaid programs -- for example, changes to the amount Medicaid pays for a particular mental health service -- do not require a SPA or a Medicaid waiver. Knowing whether a proposed change can be made with a SPA or a Medicaid waiver (or neither) requires an in-depth understanding of federal Medicaid regulations and the state's Medicaid laws and policies.



## Comparing State Plan Amendments and Medicaid Waivers

	State Plan Amendments (SPA)	Medicaid Waivers
Who submits a SPA or Medicaid waiver?	<b>State Medicaid agencies</b> submit SPAs to the Centers for Medicare and Medicaid Services (CMS).	<b>State Medicaid agencies</b> submit Medicaid waivers to CMS.
What kind of Medicaid reforms can be achieved by a SPA or Medicaid waiver?	A SPA is required when a state seeks to <b>update or to make changes to its Medicaid state plan</b> . For example, many states leveraged SPAs to add new providers who are eligible for Medicaid reimbursement to their Medicaid state plans.	A Medicaid waiver is required when a proposed reform requires <b>waiving one or more federal requirements</b> for Medicaid programs (e.g., comparability, statewide coverage terms, and freedom of choice). For example, mandating certain Medicaid eligibility groups to enroll in Medicaid managed care programs requires a Medicaid waiver.
Are SPAs and Medicaid waivers subject to any budgetary requirements*?	<b>No.</b> SPA approvals are not contingent on any budgetary requirements. However, states are required to specify the expected federal financial impact associated with the proposed changes in a SPA.	<b>Yes.</b> Different types of Medicaid waivers are subject to different budgetary requirements. Please see the following MACPAC websites for the budgetary requirements associated with each of three common types of Medicaid waivers: <ul style="list-style-type: none"> <li>• <a href="#">Section 1115 Waivers</a></li> <li>• <a href="#">Section 1915 (b) Waivers</a></li> <li>• <a href="#">Section 1915 (c) Waivers</a></li> </ul>

\*Some policies are required to meet certain budgetary requirements. For example, budget neutrality requires that federal spending associated with the proposed change will not exceed what it would have been without the proposed change.

## Comparing State Plan Amendments and Medicaid Waivers (Cont.)

	State Plan Amendments (SPA)	Medicaid Waivers
How long does it take for CMS to review and approve a SPA or Medicaid waiver?	<p>Once a SPA is received, CMS has <b>90 days</b> to review it. If CMS does not make a decision in 90 days, the proposed change automatically goes into effect.</p> <p>Note: During the 90-day review period, CMS may request the state to provide additional information for review, and a new 90-day review period will start when CMS receives the requested information.</p>	<p>The review timeframe <b>varies by waiver type</b>. In general, Sections 1915 (b) waivers and 1915 (c) waivers have the same 90-day review period as SPAs. There is no requirement on the timeframe for CMS to review and approve a Section 1115 waiver.</p>
Do SPAs or Medicaid waivers need to be renewed periodically?	<p><b>No.</b> Once a SPA is approved by CMS, it does not expire.</p>	<p><b>Yes,</b> all waivers require periodic renewal. The frequency of renewal varies by waiver type, typically ranging from once every two years to once every five years.</p>



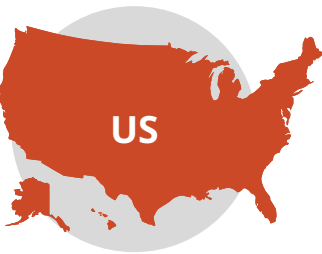
## Examples of how states leverage SPAs and Medicaid waivers to expand school mental health (SMH) services



**California** leveraged a **SPA** ([CA 15-021](#), approved in April 2020) to expand the list of providers eligible for Medicaid reimbursement for school-based services, including SMH services. With this SPA in place, the state's Medicaid program ("Medi-Cal") can reimburse these newly added providers (e.g., registered marriage and family therapist interns, registered associate clinical social workers) for covered SMH services.



**Louisiana** leveraged a **SPA** ([LA 19-0005](#), approved in April 2020) to expand the state's school-based Medicaid program to include all EPSDT-covered services (e.g., applied behavioral analysis-based services). The SPA also expanded the list of providers who are eligible for billing Medicaid for school-based services (including SMH services).



As of 2022, **48 states and D.C.** have leveraged **Section 1915 (c) waivers** to provide community-based services for children with mental illness. Through these waivers, states provide home- and community-based services for children with significant physical and cognitive limitations, including children with autism, mental illness, and serious emotional disturbance. 1915 (c) waivers allow these children to receive a wide range of services such as psychosocial rehabilitation in a home or in community settings (including schools).

### References

1. Medicaid and CHIP Payment and Access Commission (MACPAC). State plan. <https://www.macpac.gov/subtopic/state-plan/>. Accessed August 2, 2022.
2. MACPAC. Waivers. <https://www.macpac.gov/topics/waivers/>, Accessed August 2, 2022.
3. MACPAC. State Management of Home- and Community-Based Services Waiver Waiting Lists. 2020. <https://www.macpac.gov/wp-content/uploads/2020/08/State-Management-of-Home-and-Community-Based-Services-Waiver-Waiting-Lists.pdf>. Accessed August 2, 2022.
4. Apling RN and Herz EJ. Report for Congress: Individuals with Disabilities Education Act (IDEA) and Medicaid. 2003. [https://www.everycrsreport.com/files/20030131\\_RL31722\\_c06d2a4ba7bb606a29e31f09dfa071b109e3ff80.pdf](https://www.everycrsreport.com/files/20030131_RL31722_c06d2a4ba7bb606a29e31f09dfa071b109e3ff80.pdf). Accessed August 2, 2022.
5. Centers for Medicare & Medicaid Services. 1915 (c) Waivers by State. <https://www.cms.gov/Outreach-and-Education/American-Indian-Alaska-Native/AIAN/LTSS-TA-Center/info/1915-c-waivers-by-state>. Accessed August 2, 2022.