Waivers: The Katie Beckett Waivers and The 1115 Waivers

What are Medicaid Waivers?
Medicaid Waivers are state-run programs that use federal and state funds to pay for health care for people with certain health conditions. Without Medicaid Waivers, thousands of children with special health care needs would either go without health care (because of their health condition and/or financial situation), or would be institutionalized in order to qualify for Medicaid. Medicaid Waivers permit states to use flexibility to design publicly financed health care systems outside of certain federal Medicaid statutory and regulatory requirements. Each state has different Waivers with different eligibility requirements or services. Two Medicaid statutes are currently waivered: 1915 and 1115.

Are Waivers All The Same?
All Waivers are not the same, although all are granted under the Health Care Financing Administration (HCFA) within the Department of Health and Human Services (DHHS). The Waiver program began in 1982, when the first Katie Beckett Waivers became part of a state’s Medicaid optional benefits allowed by the Secretary of Health and Human Services.

How Does A State Get A Waiver?
Medicaid Waivers must be filed by the governor, the legislature, or the department in state government with jurisdiction over the Medicaid program. The state Medicaid director is ultimately responsible for developing and implementing the entire Medicaid state plan, which must be filed with HCFA annually. Special rules and additional paperwork are needed should a state choose to ask for and eventually implement a Waiver. A Waiver must be approved before its inclusion in the Medicaid state plan process.

The 1915 Statute Includes Three Types of Medicaid Waivers:
- 1915 (b) allows a state to restrict the providers a Medicaid recipient may use for Medicaid services. There are certain additional restrictions still placed upon this type of Waiver.
- 1915 (c) waives (permits exceptions to) certain federal requirements to provide home and community based services as an alternative to institutionalization. These are often referred to as Katie Beckett Waivers and are limited in scope. These Waivers, for example, permit a family with a child with a special health care need to receive Medicaid in order to have health care services and supports that keep their child at home, rather than in a hospital or institution.
- 1915 (d) allows waivers of certain federal requirements to proved home and community based services to the elderly as a alternative to institutionalization.

What Is A 1115 Waiver?
The 1115 Waivers are often referred to as Medicaid Managed Care Waivers, because managed care is now common in almost all 1115 Waivers. Under the 1115 statute, the Secretary of Health and Human Services can allow states "to experiment, pilot or
demonstrate projects which are likely to assist in promoting the objectives of the Medicaid statute." Therefore, these Waivers are research and demonstration Waivers. However, restrictions on the 1115 Waivers are liberal, so states have great leeway in developing Medicaid Plans that suit their state’s health care goals. These Waivers can include the entire Medicaid-eligible population, including AFDC, SSI, and child support enforcement programs. When states accept the 1115 Waivers, there must be an evaluation process to ensure that those whom the original Medicaid law intended to include receive benefits and services. Many states now apply for 1115 Waivers in an attempt to provide health care to more of their poor and near-poor citizens, while also holding down costs through managed care. In some states, children with special health care needs are "carved out," or excluded, from the 1115 Waiver because there is concern that all the health care they need (specialists, therapies, some equipment and products) might not be available within the managed care component of the Waiver. However, eligible children still receive Medicaid and health care through the state’s regular Medicaid program.

**Can a State Have More Than One Waiver?**
States may choose to develop various Waivers to suit the needs of their populations. Some states currently have 1915 (c), 1915(d) and 1115 Waivers. However, these states must follow the guidelines provided by DHHS and HCFA.

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