

# 1115 Waiver: Healthcare Transformation

## *Implementation Planning Update*

June 2025



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# Progress Update

Welcome to our first Healthcare Transformation 1115 waiver update! Our team intends on sharing updates with all of you on a regular basis as we continue to work toward implementation of the Healthcare Transformation Waiver.

This slide deck includes information about the recent activities and accomplishments while framing out what is ahead.



# Key Updates:

- ❖ Meet the team
- ❖ Brief overview of the waiver
- ❖ Recent accomplishments
- ❖ A common question
- ❖ The work ahead
- ❖ How to stay informed



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# The Team



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SUD Pilots Lead





# It takes a village...

Lifting the design, planning, and implementation goes beyond our immediate team. We rely on the expertise of our contractors, HFS colleagues, and our sister agencies.

## HFS Partners:

- Division of Medical Programs
- Enrollment & Eligibility
- Billing & Claims
- Communications
- Finance
- Technical Services
- And more!

## Sister Agency Partners:

- Department of Human Services
- Department of Corrections
- Department of Juvenile Justice
- Department of Aging
- Housing Development Authority
- Illinois Criminal Justice Authority



# 1115 Basics



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# Key Terms and Definitions

Term	Acronym	Meaning
Centers for Medicare and Medicaid Services	CMS	The federal agency that is responsible for providing healthcare coverage through Medicare, Medicaid, the Children's Health Insurance Program, and the Health Insurance Marketplace.
Social Determinants of Health	SDOH	Conditions in the environments where people are born, live, learn, work, play, worship, and age that affect a wide-range of health, functioning, and quality of life outcomes and risks. SDOH are at the larger community and system level.
Health-Related Social Needs	HRSN	<p>Specific social and economic factors that individuals experience that affect their ability to maintain their health and well-being. Refers to factors such as financial instability, lack of access to healthy food, affordable &amp; stable housing and/or utilities, healthcare, and transportation. HRSN are specific to the individual person.</p> <p><i>For the 1115 waiver services, when referring to HRSN services, it is only <u>nutrition and housing-related services</u> available under the waiver.</i></p>



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# Key Terms and Definitions

## **Social determinants/drivers of health (SDOH) VS Health-related social needs:**

SDOH refers to community-level factors: conditions of the environments in which people are born, live, learn, work, play, worship, and age that all impact a wide-range of health, functioning, and quality-of-life outcomes and risks.

HRSN refers to the social and economic needs that individuals experience which affect their ability to maintain their health and well-being.



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# Key Terms and Definitions

Term	Acronym	Meaning
Special Terms and Conditions	STCs	The guiding requirements and expectations put forth by CMS for States to abide by in their waiver planning and implementation.
Community-Based Organizations	CBOs	Non-for-profit entities that operate in a specific community addressing issues impacting their communities.
Healthcare and Family Services	HFS	Illinois agency that serves as the state's administrator for Medicaid and other medical programs as well as operates Child Support Services.
Medicaid Technical Assistance Center	MTAC	A partnership between HFS and the University of Illinois that is operated by the Office of Medicaid Innovation; this is a cross-system educational resource to strengthen the business infrastructure of healthcare provider organizations in Illinois.



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# What is an 1115 waiver?

Section 1115(a) of the Social Security Act provides **waiver and expenditure authority** for state Medicaid programs to *test or demonstrate* impact of proposed **innovations** that would otherwise not be allowed under traditional Medicaid rules.

A waiver grants states flexibility allowing for innovative services to improve healthcare access and quality, reduce costs to the Medicaid system, and improve health outcomes.

# 1115 Fundamentals

## Approval

- Allows the addition of new services or introduction of flexibilities that would ordinarily not be allowable under Medicaid.
- Allows services and flexibilities to be targeted to priority populations, geographic areas, or designated pilot initiatives to demonstrate impact.

## Funding

- Authorizes federal **MATCHING** to offset state expenditures on approved demonstration services and flexibilities.
- **Matching available only for state expenditures that are not otherwise supported by another federal funding source.**
- Match rate is 51.38%\*; for every \$100 of state-only funding spent on HRSN, the federal government will return \$51.38 to the State.





# Eligibility for 1115 Waiver benefits

Medicaid eligible, enrolled in managed care

- 80% of Medicaid members are enrolled in managed care in Illinois

Eligibility for specific benefits tied to clinical and social criteria consistent with federal CMS guidance and other states' approved waivers

- HFS is taking a broad and inclusive approach to eligibility for HRSN benefits

CMS approved five-year extension on July 2, 2024, resulting in ongoing implementation planning and completion of post-approval deliverables for HFS.



# Approved Benefits/Services

- **Health-related Social Needs [HRSN]:**
  - Housing Supports (including medical respite); Food/Nutrition Services
- **Re-entry Demonstration Initiative:**
  - Coverage of pre-release services 90 days prior to release
- **Violence Prevention & Intervention:**
- **Non-medical Transportation:**
- **Continuing Benefits/Services:**
  - Substance Use Disorder (SUD) case management
  - Residential and in-patient treatment for SUD (SUD treatment in IMDs: Institutions for Mental Diseases)
  - Supported employment

# Recent Milestones



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# CMS Approvals

CMS Approved	Approval Date	What does this mean?
Special Terms and Conditions (STCs)	07/02/2024	This document is the formal approval from CMS and outlines the extent and scope of the Healthcare Transformation 1115 waiver. The STCs include the waiver and expenditure authorities, as well as the special terms and conditions describing the approved benefits under this project.
HRSN Protocol	12/19/2024	This document outlines the State's proposed uses of health-related social needs infrastructure expenses, covered-services, processes for eligibility, processes to avoid service duplication, and affirmation that the State agrees to enhanced monitoring and evaluation requirements.
HRSN Implementation Plan	01/10/2025	This plan provides detail on the strategic approach to implementing HRSN services, including timelines for meeting implementation stages and milestones.

# Pending CMS Review

In-progress	Submission Date	What does this mean?
Reentry Implementation Plan	11/08/2024	This plan documents the state's approach to implementing the Reentry demonstration. The plan outlines key information on overall design as well as actions related to the five key milestones associated with reentry demonstrations.
Reentry Reinvestment Plan	02/28/2025	This document defines the amount of reinvestment required over the term of the demonstration, based on an assessment of the amount of projected expenditures.





# Upcoming CMS Deliverables

- **Monitoring Protocol**

- This document will detail the metrics for HRSN and Re-entry services that will be reported quarterly and annually to CMS.

- **Evaluation Design**

- The State must utilize an independent evaluator to design the evaluation to include findings about the process, outcomes, and impacts of services.
- The Center for Prevention Research and Development at the University of Illinois' School of Social Work is the independent evaluator.

*Note: The due date for these deliverables are pending as CMS is updating their monitoring and evaluation guidance.*



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# Status Update

*Implementation, Planning and Future Design*



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# SUD Programming – *Continuing Pilots*

- **Residential and Inpatient Treatment for Individuals with Substance Use Disorder Pilot:** *This pilot is intended to create access to substance use treatment in settings that qualify as an institution for mental disease [IMD].*
  - There are 16 SUPR-Licensed facilities that are participating in the pilot.
  - *Between 7/1/2024 and 12/31/2024, a total of 1,869 Medicaid beneficiaries received either medically monitored withdrawal management and/or sub-acute residential level 3.5 services through the pilot.*

**Review the Interim Evaluation Report:** <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/il-behave-health-transform-appvd-int-eval-rpt-04282023.pdf>



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# SUD Programming – *Continuing Pilots*

- **Substance Use Disorder Case Management Pilot:** *This pilot is intended to cover case management services to Medicaid beneficiaries with opiate use or substance use disorders that qualify for diversion into treatment from the criminal justice system.*
  - There are two SUPR-licensed designated providers participating in the pilot working with 13 court site locations throughout the State.
  - Between 7/1/2024 and 12/31/2024, a total of 563 Medicaid beneficiaries were determined eligible to participate in the pilot.

**Review the Interim Evaluation Report:** <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/il-behave-health-transform-appvd-int-eval-rpt-04282023.pdf>



# Ongoing Planning for New Services

- **Stakeholder engagement:**
  - Monthly provider workgroups based on specific benefit areas: Healthcare Providers, Medical Respite Providers, Carceral Systems, Housing Providers, Food and Nutrition Providers
  - Regular consultation with key stakeholders, e.g., Managed Care Organizations, field experts, and sister agencies
- **Workgroup and Consultation Purpose:**
  - Gather feedback on design elements
  - Gather insight into provider capacity to provide services and bill for services, and identify capacity building needs
  - Develop an understanding of existing referral processes and eligibility criteria



# HRSN Services

## *Current and Future Planning*

- Develop program requirements and design:
  - Customer journey, including the eligibility determination and referral process.
  - Establish service definitions including benefit-specific eligibility requirements and provider qualifications.
  - Reimbursement rates and methodology.
- Evaluate and design the establishment of regionally-based lead organizations to support community-based organizations (CBOs) delivering HRSN services and to ensure that Medicaid customers have access to HRSN services.
  - This may include CBO capacity development and training, establishing and maintaining a network of HRSN providers, and serving as connection between the CBOs and MCOs.



# Reentry Demonstration

## *Coverage of Pre-Release Services*

- The Reentry Demonstration approval waives the federal inmate exclusion rule, which prohibits Medicaid from paying for health care for individuals who are incarcerated.
- Illinois received approval to cover a specific set of services while an individual is incarcerated, in a 90-day time frame prior to release.
- Regular planning meetings currently occurring with carceral partners to determine operational changes needed to meet CMS milestones and achieve scope of pre-release services expected under this demonstration.



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# When will HRSN benefits be available?



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## Anticipated Timing

- HFS recognizes the critical need for these benefits to be available to support Illinoisians. Therefore, HFS is considering a *phased-in* approach to begin with a select number of HRSN services for providers who are able to enroll in Medicaid and bill.
- Simultaneously, we are developing capacity and systems to support non-traditional providers to be able to provide services and bill under the 1115 Medicaid waiver, which take time to procure and develop.





# State Investment

Recognizing the need to minimize the administrative burden on community-based organizations in accessing Medicaid reimbursement HFS is considering the design and implementation resources to support CBOs:

- HFS' FY26 budget includes funding to support the implementation of the Healthcare Transformation Waiver.
- HFS is exploring the use of technology to assist in referral and access to services as well as billing processes for non-traditional Medicaid providers. Further information will be shared publicly when decisions have been made.

# Federal Changes



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# Federal Policy Impact on Waiver Development

## CMS HRSN Guidance Rescission:

- On March 4, 2025, CMS issued a [memo](#) (known as a CIB: CMCS Informational Bulletin) stating that previously published guidance on Health-related Social Needs was rescinded.
- The CMS announcement included language stating that "***rescinding of this guidance does NOT negate existing approvals.***"
- Illinois received approval of its Special Terms and Conditions on July 2, 2024, and received CMS approval of HRSN Operational Protocols and HRSN Implementation Plan.
- At this time, we continue our operational planning related to the 1115 waiver based on these approvals.





# Federal Policy Impact on Waiver Development

## State Medicaid Director Letter RE: Designated State Health Programs (DSHP) and Designated State Investment Programs (DSIP)

- On April 10, 2025, CMS issued a letter indicating they do not anticipate approving new proposals or renewals of 1115 demonstrations that use DSHP or DSIP funding.
- Neither DSHP nor DSIP are a part of Illinois' 1115 waiver. Therefore, this memo does not impact our implementation planning.

# Communications



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# How to keep informed:

**Check our Website for updates and official documents:**

<https://hfs.illinois.gov/medicalproviders/cc/1115transformation.html>

**Regular Updates:**

*Join our list-serve to gain access to quarterly updates related to the design and implementation of the waiver.*

<https://lp.constantcontactpages.com/sl/dCByh5V/1115>

**Have Questions?:**

*We invite all of you to contact us with questions through our dedicated inbox.*

[HFS.1115waiver@illinois.gov](mailto:HFS.1115waiver@illinois.gov)

**Technology Procurement:**

*Potential vendors who believe they may have products that can support the technology and billing processes are encouraged to monitor the Illinois Procurement BidBuy System related to the CARRS billing component.*

[BidBuy - /view/login/login.xhtml](/view/login/login.xhtml)

