

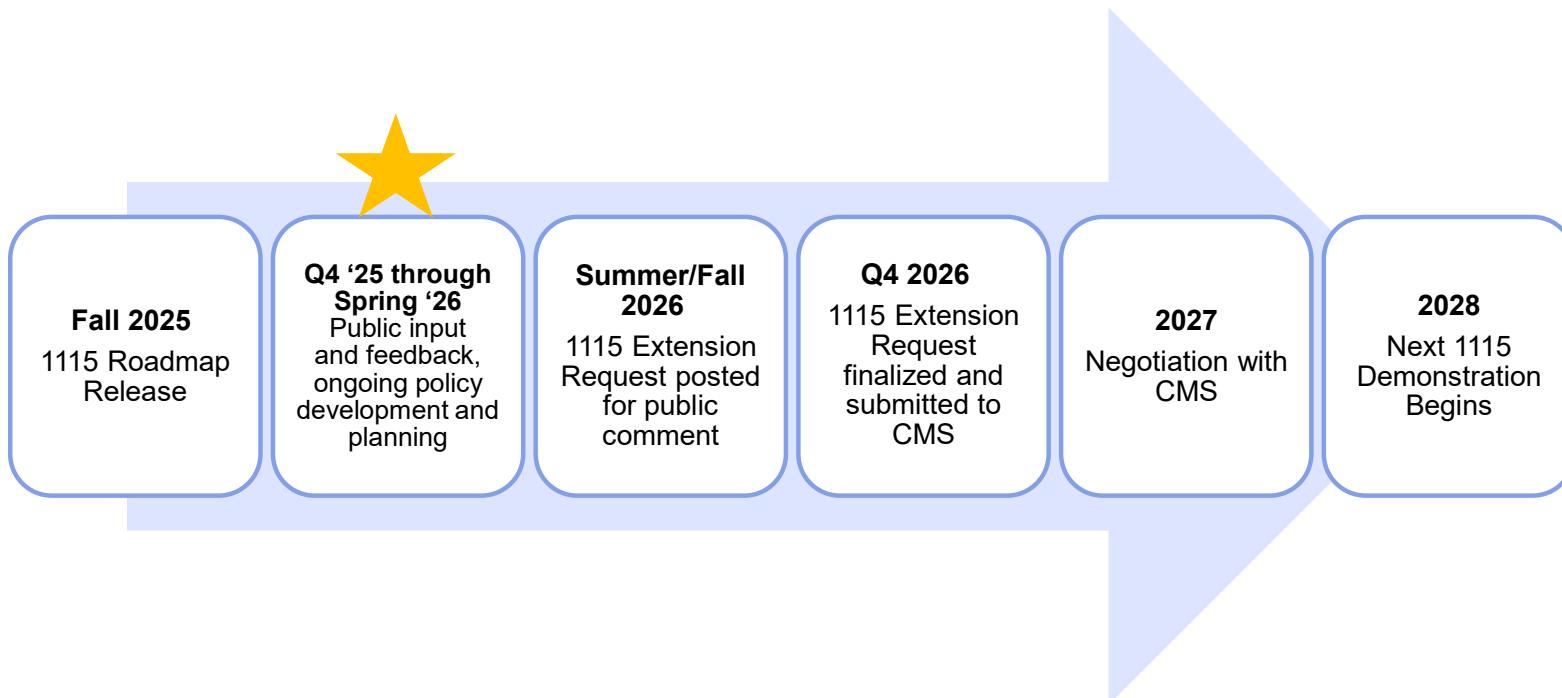


# **MassHealth's 2028-2032 1115 Waiver Demonstration – January 2026 Update**

Executive Office of Health and Human Services

**January 2026**

## Anticipated 2028-2032 1115 Demonstration Extension Development Timeline



- MassHealth plans to submit a request to CMS to extend its 1115 Demonstration Waiver in late-2026.
- MassHealth will provide updates and opportunities for public feedback and input throughout late 2025 and early 2026 as policy planning for 1115 initiatives continues.
- This document includes an update on certain aspects of the anticipated 1115 Demonstration Extension Request – it is not comprehensive, and MassHealth anticipates providing updates on other 1115 initiatives in the first half of 2026.
- All policy proposals presented in this document are preliminary, pre-decisional, and subject to change.

**MassHealth's draft goals for the 2028-2032 1115 Demonstration build upon successes from its most recent Demonstration, while aligning with current priorities and acknowledging headwinds**

**Goal 1**

Continue to promote value by **improving access, quality, and efficiency**

**Goal 2**

**Strengthen innovative care delivery** for primary care, behavioral health, and pediatric care, focusing on prevention, chronic disease management, and shifting the delivery system away from siloed, fee-for-service health care

**Goal 3**

**Support the Commonwealth's safety net**, including through ongoing, predictable funding for safety net providers with a continued linkage to accountable care

**Goal 4**

**Maintain near-universal coverage** for all eligible Commonwealth residents

**MassHealth is sharing additional details regarding a subset of initiatives we anticipate requesting authority for in our next 1115 Demonstration extension request**

- 1 ACO Program and Primary Care Sub-Capitation Program**
- 2 Behavioral Health Inpatient and Diversionary Services**
- 3 Contingency Management**
- 4 Health Related Social Needs Services**
- 5 Reentry Demonstration**

## ACO Program and Primary Care Sub-Capitation Program

**MassHealth anticipates requesting renewed authority for the ACO Program and the Primary Care Sub-Capitation Program in the next 1115 Demonstration extension.**

### Background

- CMS approved authority for the ACO program in 2017 and again in 2022. As part of the 2022 Demonstration request, MassHealth also received authority to implement the Primary Care Sub-Capitation Program (sub-cap) to help further its goals in shifting the delivery system away from fee for service medicine and towards integrated value-based care.
- ACOs are responsible for the cost, quality of care, and experience of their members. Since initial launch, MassHealth's ACO Program has been successful in reducing costs while improving quality. MassHealth ACOs also have expectations to coordinate care for their members, address health related social needs, and are held accountable to quality and equity standards.
- MassHealth's sub-cap program shifts primary care payment from fee for service to a prospective capitation, incentivizing and enabling team-based, integrated primary care, better supporting primary care providers and MassHealth members.

### Details

- MassHealth anticipates requesting to:
  - Renew authority for MassHealth managed care programs, including the ACO program.
  - Renew authority for the primary care sub-cap program.
- MassHealth may consider changes to the ACO program to continue to improve access, quality, and efficiency, and welcome feedback on ways to improve the program.

## Behavioral Health Inpatient and Diversionary Services

MassHealth anticipates requesting renewed authority for services delivered in "Institutions for Mental Diseases" and certain diversionary BH services in the next 1115 Demonstration extension.

### Background

- Behavioral health services authorized through the 1115 demonstration, including for substance use disorder (SUD), serious mental illness (SMI), and serious emotional disturbance (SED), provide critical supports for MassHealth members, including through diversionary services and services provided in Institutions for Mental Diseases (IMDs).
- Traditionally, federal funds cannot be claimed for care provided in IMDs. 1115 demonstration authority allows for federal reimbursement of IMD-based treatment for members with SUD, SMI, and SED.
- Investments in SUD and mental health care have helped stabilize the behavioral health system, improve access for MassHealth members, helped reduce opioid-related overdose deaths, and improve ED boarding statewide.

### Details

- MassHealth anticipates requesting to:
  - Renew authority to receive federal funds for care delivered in residential and inpatient settings that qualify as institutions for mental diseases.
  - Renew authority for Acute Treatment Services, Clinical Stabilization Service, Residential Rehabilitation Service, Program of Assertive Community Treatment, Transitional Care Units, Recovery Coaching, Recovery Support Navigation, and the Community Support Program.
  - Discontinue authority for American Society for Addiction Medicine (ASAM) 3.3. which was eliminated by ASAM recently as a level of care.

## Contingency Management

**MassHealth is considering requesting new authority to pay for Contingency Management in the next 1115 Demonstration extension.**

### Background

- Contingency management (CM) is a behavioral therapy that uses a system of rewards and incentives to help people change specific behaviors like maintaining sobriety.
- By offering tangible rewards for desired actions, CM directly encourages and strengthens positive habits. This approach focuses on positive reinforcement, making healthy choices more appealing and beneficial.
- CM is the most clinically effective treatment for stimulant use disorder. There is currently no FDA-approved medication for stimulant use disorder.
  - ~40k MassHealth members have a diagnosis of stimulant use disorder

### Details

- MassHealth is considering requesting new expenditure authority for Contingency Management.
- MassHealth is in the process of developing a proposal for eligibility, duration of treatment, incentive methodology for a CM program for stimulant use disorder.
  - California, Delaware, Hawaii, Montana, and Washington have authority via their 1115 Demonstrations for CM. Michigan, Maine, and Oregon have requested authority, currently pending with CMS.

## Health-Related Social Needs (HRSN)

**MassHealth anticipates requesting renewed authority for HRSN Services in the next 1115 Demonstration extension.**

### Background

- MassHealth utilizes HRSN services as an important lever to address the health needs of our members. These services have demonstrated impact including reducing health care utilization and costs.
- MassHealth has a long history of covering housing-related services as Medicaid benefits. Under the most recent demonstration, *HRSN Required Housing Services* includes Community Supports Program for Homeless Individuals (CSP-HI), Community Supports Program-Tenancy Preservation Program (CSP-TPP), and Homeless Medical Respite Services (HMRS).
- Between 2020 and 2025, MassHealth piloted *HRSN Supplemental Services*, specifically nutrition and housing supports through a grant-based approach, and in 2025, MassHealth transitioned these to the ACO managed care benefit.
- All HRSN services are authorized under the 1115 Demonstration. In 2025, CMS rescinded prior HRSN guidance<sup>1</sup> and MassHealth is awaiting further federal guidance.

### Details

- MassHealth anticipates requesting to maintain authority for all HRSN Required Housing Services (CSP-HI, CSP-TPP, HMRS), and Supplemental Housing Services (Housing Search, Transitional Goods, Housing Navigation and Healthy Homes).
  - MassHealth is also considering requesting continued authority for housing services not currently implemented in the HRSN Supplemental Services framework including Home Modifications and Utility Assistance.
- MassHealth anticipates requesting to maintain authority for all HRSN Supplemental Nutrition Services (Home Delivered Meals, Food Boxes, Food Prescriptions, Nutrition Education, Kitchen Supplies).
  - MassHealth is also considering requesting continued authority for nutrition services not currently implemented in the HRSN Supplemental Services framework including: Feeding the Household, Nutrition Transportation, Application Assistance, and Benefits Maintenance.

<sup>1</sup> CMCS Informational Bulletin, March 4, 2025: <https://www.hhs.gov/guidance/sites/default/files/hhs-guidance-documents/AID/cib03042025.pdf>

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## Reentry Demonstration Initiative

**MassHealth anticipates requesting to renew authority for the Reentry Demonstration Initiative and expand the Community Supports Program for Individuals with Justice Involvement in the next 1115 Demonstration extension.**

### Background

- In 2023, CMS issued guidance for states using 1115 Demonstrations to cover certain Medicaid services for individuals in the period immediately prior to release from incarceration.
- MassHealth's "Reentry Demonstration" was approved to allow coverage for certain services 90 days prior to release, with aims to:
  - Reduce churn and improve continuity of care and outcomes after release
  - Address poor health outcomes in youth and adults involved with the justice system
  - Leverage Medicaid financing for health care services provided in correctional settings
- MassHealth is working with correctional partners and anticipates launching the Reentry Demonstration in phases, beginning in 2026.

### Details

- MassHealth anticipates requesting to continue authority for the Reentry Demonstration Initiative.
  - This includes requesting authority to expand Community Supports Program for Individuals with Justice Involvement (CSP-JI) to allow for services to be provided during the pre-release period by community providers.

## Opportunities to engage – how you can participate and provide feedback on MassHealth’s next 1115 Demonstration proposal



MassHealth will host virtual meetings on the 1115 Demonstration Extension update on

- Monday February 9, 2026 from 12-1:30PM
- Wednesday February 25, 2026 from 12-1:30PM



For feedback, input, or questions regarding the 1115 Demonstration, and/or for technical assistance for public meetings, please reach out to: [1115WaiverComments@mass.gov](mailto:1115WaiverComments@mass.gov)

**MassHealth looks forward to further engagement and input on the 1115 Demonstration throughout 2026 as we prepare Massachusetts’ proposal to CMS**