What other states have done around the 1115 Waiver?

States Using the Medicaid 1115 Waiver Pathway

Executive Summary

The Centers for Medicare & Medicaid Services (CMS) has approved Section 1115 Demonstration Waivers for four states—Arizona, California, New Mexico, and Oregon—to integrate Native American traditional healing practices into Medicaid programs. These waivers leverage 100% Federal Medical Assistance Percentage (FMAP) for services delivered through Indian Health Service (IHS), Tribal 638 facilities, and Urban Indian Organizations (UIOs).

North Dakota has the foundational Tribal Consultation policies needed to pursue this pathway. The 1115 Waiver is the proven, federally recognized mechanism to secure sustainable funding for culturally rooted care models, reduce reliance on grants, and advance health equity.

State Comparisons: Approved & Pending Waivers

State	Status	Key Features
Arizona	Approved Oct 2024	Covers traditional healing at IHS & Tribal 638 facilities; Tribal-led workgroup since 2015
California	Approved Oct 2024	Integrated into Drug Medi-Cal for SUD treatment; billing guidance issued Mar 2025
New Mexico	Approved Oct 2024	Reimbursement for services at IHS, Tribal, and UIO facilities; infrastructure support
Oregon	Approved Oct 2024	Includes sweat lodges, drumming; coverage at IHS, Tribal, UIO facilities

Utah	Pending	SB181 submitted Nov 2024; reimbursement for traditional healing in care plans
Washington	Draft	Building on 2023 Indian Health Improvement Plan; waiver in development

The following states received groundbreaking approval from the Centers for Medicare & Medicaid Services (CMS) in late 2024 for Section 1115 Demonstration Amendments to cover Traditional Health Care Practices.

State	**Waiver Mechanism & Focus**	**Key Features & Implementation Model**
Arizona	**Section 1115 Waiver Amendment (AHCCCS)**	The path began in 2015 with a collaborative **Traditional Healing Workgroup** led by Tribal representatives. Approved in October 2024 to cover traditional healing services delivered through **IHS and Tribally-operated facilities (638s)**. The goal is to develop policies for reimbursing services provided by conventional healers contracted with these facilities. This leverages the **100% FMAP** available for AI/AN services.
California	**Section 1115 Waiver Amendment (Drug Medi-Cal)**	Approved in October 2024. California initially focused on integrating these services for AI/AN enrollees with **Substance Use Disorder (SUD)** within the Drug Medi-Cal Organized Delivery System. This aims to use traditional healing practices to improve SUD outcomes and adherence to care.
New Mexico	**Section 1115 Waiver Amendment**	One of the first states to receive federal authority for this coverage (approved October 2024). It allows reimbursement for traditional health care services delivered by **Tribes, Nations, and Pueblos** at **IHS and Tribal 638 facilities**. The waiver explicitly provides federal match for expenditures related to **infrastructure**

		spending needed for implementation (e.g., billing system modifications).
Oregon	**Section 1115 Waiver Amendment**	Approved in October 2024. The amendment grants expenditure authority to cover traditional health care practices—which may include services such as sweat lodges and drumming—provided through **IHS, Tribal 638, or Urban Indian Organization (UIO) facilities**. It is intended to increase access to culturally appropriate care and improve outcomes.
Utah	**Pending 1115 Waiver Amendment (Medicaid Reform)**	Under Senate Bill 181 (Native American Health Amendments), Utah has formally requested approval of an 1115 Demonstration to reimburse traditional healing services provided in an eligible facility to AI/AN Medicaid enrollees. The services must be included in the member's **comprehensive care plan** to be deemed medically necessary, illustrating the goal of **integrating Western medicine with traditional healing**.

🧭 Emerging and Collaborative Models

While the search did not identify a complete, state-level model entirely separate from Medicaid and driven solely by tribal resolution, the most successful approaches leverage strong tribal consensus to inform **Medicaid waiver** design.

State	**Mechanism & Collaboration**	**Note on Tribal-Driven Integration**
Washington	**Draft Section 1115 Waiver Application (Traditional Health Care Practices)**	Washington State, in partnership with its 29 federally recognized Tribes, is actively pursuing an 1115 waiver. This application is a direct result of ongoing collaboration, building on the 2023 Washington State Indian Health Improvement Advisory Plan, which emphasizes empowering Tribes and strengthening Native communities through covered traditional practices.

Arizona/New Mexico/Oregon	**Formal Tribal Workgroups**	The successful approvals in these states were predicated on years of work by Tribal-led workgroups (such as Arizona's Traditional Healing Workgroup). These groups define what constitutes a traditional practice, identify qualifying entities (IHS/638s), and ensure the model respects the diversity of practices across different Tribes, which is the definition of a *Tribal-Driven Model* within a federal framework.

1. Revenue Potential and Funding Impact

Estimated Revenue Potential for ND

- Under a Section 1115 waiver, **all Medicaid-eligible AI/AN services provided through IHS, Tribal 638 facilities, or Urban Indian Organizations (UIOs) are reimbursed at 100% FMAP**. This means **the federal government covers the entire cost**, and the state pays **zero share** for these services.
- For Tribal and IHS facilities, this creates a **direct revenue stream** for traditional healing services that were previously unfunded or grant-dependent.
- While exact ND-specific revenue projections require utilization data, states like Arizona and Oregon anticipate **millions in annual reimbursements** for culturally rooted services, especially in behavioral health and substance use disorder treatment.
- **Key driver:** Every eligible service billed through Medicaid at IHS/Tribal facilities = **full federal reimbursement**, reducing reliance on short-term grants and increasing sustainability. [ihs.gov], [cms.gov], [azahcccs.gov]

Clarifying FMAP

- **Federal Medical Assistance Percentage (FMAP)** for AI/AN Medicaid beneficiaries = **100% for services "received through" IHS or Tribal facilities** (per Section 1905(b) of the Social Security Act).
- This applies to services provided directly or via care coordination agreements with non-Tribal providers, as long as the referral originates from an IHS/Tribal facility. [tribalselfgov.org], [npaihb.org]

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2. State Requirements and Resources

Cost/Resource Commitment for ND

- **Administrative Costs:**
  - Drafting waiver application and public notice
  - Tribal consultation sessions
  - Budget neutrality analysis
  - CMS negotiations and reporting
- **Staffing Needs:**
  - Medicaid policy analysts
  - Tribal liaison team
  - IT staff for billing system updates
- **Technical Requirements:**
  - Modify claims systems to accept new codes for traditional healing
  - Develop encounter reporting for managed care plans
- Estimated cost: **Low-to-moderate administrative investment** compared to long-term federal reimbursement benefits. [nachw.org]

CMS Requirements

- **Budget Neutrality:** Waiver must not increase federal costs beyond baseline projections.
- **Evaluation Protocols:** States must submit a plan to measure outcomes (e.g., improved behavioral health metrics).
- **Transparency:** Public comment period and Tribal consultation documentation.
- **Reporting:** Quarterly and annual reports on utilization and cost. [tribalheal…m.nihb.org]

Tribal Resources Needed

- **Data:** Utilization estimates for traditional healing services.
- **Certified Practitioners:** Identification and credentialing of traditional healers.
- **Governance Input:** Define eligible services and cultural protocols.
- **Infrastructure:** Facilities equipped to deliver services and bill Medicaid. [cms.gov], [medicaid.gov]

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3. State Models and Lessons Learned

Arizona

- **Model:** Tribal-led workgroup since 2015; services reimbursed at IHS/638 facilities; scope defined by each Tribe.
- **Lesson:** Early Tribal engagement critical; billing codes and encounter limits must align with Medicaid rules. [azahcccs.gov]

California

- **Model:** Integrated into Drug Medi-Cal Organized Delivery System for SUD treatment.

- **Lesson:** Start with behavioral health focus; leverage existing managed care infrastructure. [ictnews.org]

New Mexico

- **Model:** Waiver includes infrastructure funding for billing system upgrades; reimbursement for services at IHS, Tribal, and UIO facilities.
- **Lesson:** Address IT and administrative readiness early; include Urban Indian Organizations where feasible. [hca.nm.gov]

Oregon

- **Model:** Covers culturally rooted practices (e.g., sweat lodges, drumming) at IHS, Tribal, and UIO facilities.
- **Lesson:** Flexibility in defining services is essential; CMS does not mandate a fixed list—Tribes set scope. [chcs.org]

Key Takeaways for ND

- **Revenue Impact:** 100% FMAP = zero state cost for eligible services; significant new revenue for Tribal/IHS facilities.
- **State Role:** Administrative setup, CMS compliance, and IT updates—not direct service funding.
- **Tribal Role:** Governance, practitioner identification, and cultural integrity.
- **Proven Path:** Follow AZ/NM/OR model—start with behavioral health integration and Tribal-led design.

What has been done so far?

This summary synthesizes the strategic goals of the North Dakota Department of Health and Human Services (ND HHS) with the technical funding and implementation details required for Traditional Healthcare Services.

Video Theme: "Pathways to Permanent Healing"

Core Objective: To explain North Dakota's pursuit of a State Plan Amendment (SPA) for traditional healing, highlighting the financial sustainability and tribal autonomy it offers compared to other models.

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1. Revenue Potential & Funding Impact

The "100% Federal" Advantage

- **Zero State Cost:** Under current federal law (Section 1905(b) of the Social Security Act), Medicaid services provided "through" IHS or Tribal 638 facilities for American Indian/Alaska Native (AI/AN) beneficiaries are reimbursed at a **100% Federal Medical Assistance Percentage (FMAP)**. This means the federal government covers the entire cost, with zero share from the state.
- **Sustainable Revenue:** For Tribal and IHS facilities, this creates a direct, permanent revenue stream for services that were previously unfunded or relied on short-term grants.
- **Proven Impact:** While ND-specific data is being finalized, states like Arizona and Oregon anticipate millions in annual reimbursements for culturally rooted services, particularly in behavioral health and substance use treatment.

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2. Why North Dakota Chose the SPA Path

The video should highlight the strategic decision to pursue a **State Plan Amendment (SPA)** over a Section 1115 Waiver:

Feature	State Plan Amendment (SPA)	Section 1115 Waiver
Permanence	**Permanent** change to the state plan	Temporary demonstration (expires/renews)
Speed	3–6 month approval timeframe	Can take several years to approve
"Red Tape"	Reduces administrative burden and costs	Requires rigorous monitoring/evaluation

Monitoring	Minimal; less invasive to practices	Requires invasive regular evaluations

Key Message: The SPA was chosen because it is the quickest, most sustainable path to getting funds directly to service delivery rather than administrative overhead

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3. Implementation Requirements

State Responsibilities

- **Administrative:** Drafting the SPA, managing CMS negotiations, and conducting Tribal consultations
- **Technical:** Modifying IT billing systems to accept new codes for traditional healing practices.
- **Staffing:** Utilizing Medicaid policy analysts and Tribal liaison teams to define service lengths and provider types

Tribal Resources Needed

- **Practitioner Identification:** Tribes lead the process of credentialing and defining traditional healers
- **Governance:** Tribes set the scope of services to ensure cultural protocols remain intact
- **Infrastructure:** Facilities must be equipped to deliver services and bill Medicaid effectively.

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4. Lessons from Other States

While North Dakota is pursuing a SPA for speed, it draws lessons from states using 1115 Waivers:

- **Arizona:** Emphasizes that Tribal-led workgroups are critical for defining scope.
- **Oregon:** Shows that CMS allows flexibility; Tribes—not the federal government—should set the scope of practices like sweat lodges or drumming.
- **New Mexico:** Highlights the need for early IT readiness to handle Medicaid billing.

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5. Current Status & Next Steps

- **The Challenge:** CMS has signaled a plan to disapprove the current SPA.
- **The Action:** A critical meeting is scheduled with CMS on **June 25, 2025, at 12:00 PM CT**

- **The Call to Action:** Tribal partners are encouraged to attend this meeting to ask questions and urge CMS to approve the SPA to ensure permanent, sustainable healthcare

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Video Script Outline: Traditional Healthcare Pathways

Video Goal: To inform tribal partners and stakeholders about the North Dakota State Plan Amendment (SPA) for traditional healthcare services, emphasizing the upcoming CMS meeting and the potential for sustainable funding.

Scene 1: The Vision for Traditional Healing

- **Visual:** Opening montage of tribal flags and images of community health
- **Voiceover/Text:** For the past 11 months, tribal partners and the state have worked together to establish Medicaid coverage for traditional healthcare
- **Key Message:** The goal is to integrate culturally rooted healing practices into the permanent Medicaid framework.

Scene 2: Why the SPA? (Speed and Sustainability)

- **Visual:** Comparison chart appearing on screen showing SPA vs. Section 1115 Waiver
- **Voiceover/Text:**
    - **Speed:** A SPA can be approved in 3–6 months, whereas 1115 Waivers can take several years
    - **Permanence:** Unlike temporary waivers, a SPA is a permanent change to the Medicaid plan
    - **Less Red Tape:** It reduces administrative costs and avoids invasive monitoring of traditional practices
- **Revenue Impact:**
    - Services provided through IHS or Tribal 638 facilities receive **100% FMAP**, meaning the federal government covers the entire cost with zero state share .
    - This transforms traditional healing from grant-dependent programs into sustainable revenue streams .

Scene 3: The Role of Tribal Sovereignty

- **Visual:** Icons representing Tribal Governance, Practitioner Credentialing, and Infrastructure.
- **Voiceover/Text:**
    - **Tribal Led:** Tribal partners define the services, the length of care, and who qualifies as a traditional healthcare provider

    - **Integrity:** The scope of practice is set by the Tribes, ensuring cultural protocols are protected from federal mandates
    - **Proven Success:** North Dakota is following models from states like Arizona and Oregon to ensure flexibility in defining culturally rooted care .

Scene 4: The Current Challenge (CMS Update)

- **Visual:** Urgent "CMS Update" graphic
- **Voiceover/Text:** CMS has signaled they plan to disapprove the SPA for traditional healthcare
- **Call to Action:**
    - A critical meeting with CMS held on **June 25, 2025, at 12:00 PM CT**
    - This is the moment for tribal leaders and partners to encourage approval and ask direct questions

Scene 5: Closing and Contact

- **Visual:** Contact information screen.
- **Voiceover/Text:** Reach out to mrunnels@nd.gov for the meeting link or more information Together, we can ensure these paths to healing are permanent
- **Final Logo:** North Dakota Health & Human Services – "Be Legendary"