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Medicaid and Section 1115 Waivers in Vermont, Maine, and New Hampshire

In our report, we provide an overview of federal legislation regarding Medicaid. We examine Section 1115 waivers and their purpose. We then focus on Vermont's Section 1115 waiver, Vermont Choices for Care, and its demonstrated returns on investment. Finally, we compare Vermont Choices for Care to current Section 1115 waivers in Maine and New Hampshire.

Federal Overview of Medicaid

Medicaid is a program outlined by the *Medicare and Medicaid Act of 1965* which was an amendment to the *Social Security Act of 1935*.¹ The federal government oversees Medicaid via the Centers for Medicare and Medicaid Services under the Department of Health and Human Services.² All states have specific agencies that provide Medicaid services.³ Medicaid is funded by both state governments and the federal government.⁴

Federal and state governments deem Medicaid recipients eligible if they are low-income or have access to limited resources which makes it difficult to pay medical bills.⁵ Recipients qualify if they are pregnant, have children under 18, are 65 or older, or have a disability, although each state sets its own guidelines regarding eligibility and services.⁶ All states have their own Medicaid agency that administers state-specific Medicaid programs within federal guidelines.⁷

¹ Social Security Amendments of 1965, 42 U.S.C. § 1395 (1965).

² State of Vermont Agency of Human Services, *1115 Waiver Documents*. Accessed November 28, 2025, <https://humanservices.vermont.gov/about-us/medicaid-administration/global-commitment-health-1115-waiver/1115-waiver-documents>

³ Department of Health and Human Services, *State Profiles*. Accessed November 28, 2025, <https://www.medicaid.gov/state-overviews/state-profiles>

⁴ Medicaid payments are decided through a fiscal matching process between the federal government and the individual states. The percentage paid by the federal government is based on a state's per capita income as compared to the national average, with lower-income states receiving more federal funding. The Medicaid and CHIP Payment and Access Commission, "Medicaid Financing," August 2025, <https://www.macpac.gov/wp-content/uploads/2025/08/Medicaid-Financing.pdf>.

⁵ Department of Health and Human Services, *What is the Medicaid Program*, accessed November 28, 2025, <https://www.hhs.gov/answers/medicare-and-medicaid/what-is-the-medicaid-program/index.html>

⁶ Department of Health and Human Services, *What is the Medicaid Program*.

⁷ Department of Health and Human Services, *Medicaid & CHIP*, accessed November 28, 2025, <https://www.healthcare.gov/medicaid-chip/>

Purpose of Section 1115 Waivers

Section 1115 waivers provide states with the capabilities to establish experimental, pilot or demonstration projects that are found by the Secretary of Health and Human Services to be effective in assisting eligible people by paying for healthcare services.⁸ This includes both Medicaid and the Children's Health Insurance Program.⁹ These projects give states additional flexibility to design and improve their Medicaid programs and evaluate state-specific policy approaches to better serve Medicaid beneficiaries. Waivers are approved for an initial five-year period and can be extended for an additional three to five years based on the population served.¹⁰ If a waiver has been approved for at least one full extension cycle without substantial changes made, it can be eligible for the Centers for Medicare and Medicaid Services “fast track,” meaning the review process is faster. Federal approval requires waivers to stay within existing Medicaid funding limits, meaning all Section 1115 waivers must be budget neutral.¹¹

Federal Designated State Health and Investment Programs

The Centers for Medicare and Medicaid Services (CMS) issued a policy letter in April 2025 stating that it would cease all future funding for state proposals of Section 1115 waivers for the federal Designated State Health Program (DSHP) and the Designated State Investment Program (DSIP).¹² Existing programs will be funded until expiration.¹³ The initial purpose of DSHP and DSIP was to provide additional funding to help states expand Medicaid beyond what the federal government has already outlined by supporting nonmedical services, such as public health initiatives or health-related social need services.¹⁴

As of April 2025, CMS has stated it is not willing to renew or approve new proposals for DSHP or DSIP, although it has offered to help states determine if current services supported by these programs could qualify under standard state plans instead of under the Section 1115 waiver.¹⁵

⁸ 42 U.S.C. § 1359 (1965).

⁹ 42 U.S.C. § 1359 (1965).

¹⁰ Centers for Medicare and Medicaid Services, “About Section 1115 Demonstrations,” *Department of Health and Human Services*, accessed December 6, 2025, <https://www.medicaid.gov/medicaid/section-1115-demonstrations/about-section-1115-demonstrations>

¹¹ Centers for Medicare and Medicaid Services, “About Section 1115 Demonstrations.”

¹² Centers for Medicare and Medicaid Services, “Designated State Health Programs and Designated State Investment Programs,” *Department of Health and Human Services*, April 10, 2025. <https://www.medicaid.gov/resources-for-states/downloads/dshp-dsip.pdf>

¹³ Centers for Medicare and Medicaid Services, “About Section 1115 Demonstrations.”

¹⁴ Centers for Medicare and Medicaid Services, “About Section 1115 Demonstrations.”

¹⁵ Centers for Medicare and Medicaid Services, “Designated State Health Programs and Designated State Investment Programs.”

Workforce Initiatives

As of December 2025, Section 1115 waivers give states the jurisdiction to test workforce initiatives to recruit and retain healthcare workers.¹⁶ These include:

1. Recruitment bonuses;
2. Training and certification;
3. Residency slots; and,
4. Student loan repayment.¹⁷

Workforce initiatives have been approved as part of Section 1115 waivers in California, Massachusetts, New York, North Carolina, and Vermont, although the CMS Director Drew Snyder released an additional letter in July 2025 stating it will cease to fund all new or current workforce initiatives once they have expired.¹⁸

Under current law, Section 1115 waivers require states to provide a year of continuous Medicaid eligibility for children under the age of 19, or individuals who are postpartum.¹⁹ In the past, this law was extended to include longer periods depending on the type of care.²⁰

Continuous Eligibility

Similar to workforce initiatives and DSHP/DSIP, the current continuous eligibility initiative will be discontinued, meaning existing waivers will not be extended and new ones will not be approved.²¹ States are required to continue providing beneficiaries notifications if their continuous eligibility period is ending and must also conduct renewals for beneficiaries who have not had a determination in the last 12 months.²²

Section 1115 in Vermont

Vermont Choices for Care, the state's Section 1115 waiver, is the main option for long-term care in the state for eligible Vermonters 65 or older, people with physical disabilities, and mothers suffering from postpartum syndrome.²³ Recipients may choose to receive services in their home, the home of a family member, an Adult Family Care home, Enhanced Residential Care, or a

¹⁶ Centers for Medicare and Medicaid Services, "Section 1115 Demonstration Authority for Workforce Initiatives," *Department of Health and Human Services*, July 17, 2025. <https://www.medicaid.gov/resources-for-states/downloads/workforce-ltr-to-states.pdf>

¹⁷ Centers for Medicare and Medicaid Services, "Section 1115 Demonstration Authority for Workforce Initiatives."

¹⁸ Centers for Medicare and Medicaid Services, "Section 1115 Demonstration Authority for Workforce Initiatives."

¹⁹ Centers for Medicare and Medicaid Services, "Section 1115 Demonstration Authority for Continuous Eligibility Initiatives," *Department of Health and Human Services*, July 17, 2025. <https://www.medicaid.gov/resources-for-states/downloads/contin-elig-ltr-to-states.pdf>

²⁰ Centers for Medicare and Medicaid Services, "Subject: Section 1115 Demonstration Authority for Workforce Initiatives."

²¹ Centers for Medicare and Medicaid Services, "Subject: Section 1115 Demonstration Authority for Workforce Initiatives."

²² Centers for Medicare and Medicaid Services, "Subject: Section 1115 Demonstration Authority for Workforce Initiatives."

²³ State of Vermont Adult Services Division, *Choices for Care Program*. Accessed November 24, 2025, <https://asd.vermont.gov/services/choices-for-care-program>

nursing facility.²⁴ This 1115 waiver has operated since 2005, and its current demonstration will expire on December 31, 2027.²⁵ The stated purpose of the waiver, and the many options for care contained within, is to give Vermonters flexibility in how the state delivers and pays for health services, as well as to invest in services beyond typical Medicaid-state-plan services.²⁶

Vermont Choices for Care expenses are matched by Federal Financial Participation (FFP), the federal government's share of the costs for a state's Medicaid program expenditures.²⁷ Vermont's Section 1115 waiver permits FFP for populations or actions unauthorized under the Medicaid State Plan, including any Vermonter lacking direct eligibility for Medicaid or Medicare cost-sharing expenses.²⁸ FFP permits Community Rehabilitation and Treatment Services for individuals upwards of 185% of the federal poverty limit (\$27,861 for a single-person household). It also offers the Vermont Prescription Assistance Program (VPharm) to reduce prescription medication costs, as well as Substance Use Disorder treatment in Institutions for Mental Diseases all at reduced costs for recipients.²⁹ Like all other 1115 waivers, Vermont must demonstrate that its plan is budget-neutral, so that federal spending under the waiver will not exceed what would have occurred without it.³⁰

Vermont Global Commitment to Health is an extension of Vermont's Medicaid Section 1115 demonstration, intended to let the state "continue to test, monitor, and evaluate a managed care-like delivery system."³¹ Vermont uses a public managed-care-like model, wherein the state pays a fixed monthly payment to a managed-care entity who can then administer care to Vermonters.³² Vermont uses a 1115 waiver because it permits federal funds to be used in settings

²⁴ State of Vermont Adult Services Division, *Choices for Care Program*.

²⁵ CMS Newsroom, "Vermont Global Commitment to Health Section 1115 Demonstration Extension Approval," June 28, 2022, <https://www.cms.gov/newsroom/press-releases/vermont-global-commitment-health-section-1115-demonstration-extension-approval>

²⁶ National Opinion Research Center, "Evaluating Vermont's Medicaid Global Commitment to Health Waiver," accessed November 24, 2025, <https://www.norc.umd.edu/research/projects/vermont-global-commitment-health-demonstration-evaluation.html>

²⁷ Centers for Medicare and Medicaid, "Medicaid Administrative Claiming," *Department of Health and Human Services*, accessed November 24, 2025, <https://www.medicaid.gov/medicaid/financial-management/medicaid-administrative-claiming>

²⁸ State of Vermont Department of Human Services, *Medicaid State Plan*, August 1991. <https://humanservices.vermont.gov/sites/ahsnew/files/documents/MedicaidPolicy/MedicaidStatePlan/Section%20%20-%20pgs%2010-18.pdf>

²⁹ Centers for Medicare and Medicaid Services, "Global Commitment to Health Section 1115 Demonstration," *Department of Health and Human Services*, December 3, 2020. <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/vt-global-commitment-to-health-covid19-phe-amend-appvl-12032020.pdf>

³⁰ Ashley Berliner, "The Global Commitment to Health Demonstration," presentation to the Vermont Legislature, February 2, 2023, accessed December 15, 2025, <https://legislature.vermont.gov/Documents/2024/WorkGroups/House%20Human%20Services/Global%20Commitment/W~Ashley%20Berliner~The%20Global%20Commitment%20to%20Health%20Demonstration%20-%20Presentation~2-2-2023.pdf>

³¹ CMS Newsroom, "Vermont Global Commitment to Health Section 1115 Demonstration Extension Approval."

³² Selina Hickman, "Vermont Medicaid: Global Commitment to Health Waiver," accessed November 24, 2025. <https://legislature.vermont.gov/Documents/2018/WorkGroups/Senate%20Health%20and%20Welfare/Vermont%20Agency%20of%20Human%20Services/W~Selina%20Hickman~Vermont%20Medicaid-%20%20Global%20Commitment%20to%20Health%20Waiver~1-11-2017.pdf>

broadier than Medicaid alone; the state has greater financial predictability via capped funding, which aids with budgeting and long-term planning.³³

Medicaid Programs with Demonstrated Returns on Investment

Vermont's Blueprint for Health is a statewide strategy to increase access to patient-centered care, emphasizing populations struggling with Opioid Use Disorder. The state database collects population data and analytics, which can be accessed by policymakers and communities to cater their health initiatives to the needs of their residents.³⁴ This program, through various analyses of its return on investment, was found to save an estimated \$5.8 million in medical expenditures for every \$1 million invested through an annualized cost-gain ratio.³⁵ Care teams and medical-home infrastructure reduce avoidable hospitalizations by better coordinating care. In the State's 2017 Annual Report, Blueprint Patient-Centered Medical Homes and Community Health Teams "were able to avert between \$50.8 million and \$102.1 million in total risk-adjusted medical expenditures."³⁶

Hub-and-Spoke is Vermont's Medication-Assisted Treatment program for Opioid Use Disorder, where patients are permitted to take FDA-approved medications in combination with counseling and behavioral therapies to treat substance use disorders.³⁷ Medication-Assisted Treatment was founded in the state to reduce Medicaid inpatient and emergency department use. Cost-benefit analyses used in Vermont's Results First inventory indicate positive net benefits for Hub-and-Spoke models.³⁸ Effective Substance Use Disorder treatment lowers the residual costs of acute care, prevents overdoses, and reduces long-term health complications. In 2017, Vermont's Joint Fiscal Office determined methadone therapy with health home services in the Hubs had an 88% chance of being cost-effective. For every \$1 spent on the program, the state saw a monetary return of \$1.66, comprised of increased employment earnings and payment of taxes to the state.³⁹

³³ Kaiser Family Foundation, "Vermont's Global Commitment Waiver: Implications for the Medicaid Program," April 29, 2006. <https://www.kff.org/medicaid/issue-brief/vermonts-global-commitment-waiver-implications-for-the>

³⁴ State of Vermont Blueprint for Health, *Vermont Blueprint for Health*, accessed November 24, 2025. <https://blueprintforhealth.vermont.gov/>

³⁵ Vermont Agency of Human Services, *Blueprint for Health Internal and External Return on Investment (ROI) References*, January 20, 2023. <https://legislature.vermont.gov/Documents/2024/WorkGroups/Senate%20Health%20and%20Welfare/Agency%20of%20Human%20Services/Blueprint%20for%20Health/W~John%20Saroyan~Blueprint%20for%20Health%20Return%20on%20Investment~1-20-2023.pdf>

³⁶ State of Vermont Blueprint for Health, *Blueprint Annual Reports*, accessed November 24, 2025, <https://blueprintforhealth.vermont.gov/annual-reports>

³⁷ Mary Kate Mohlman, Beth Tanzman, Karl Finison, Melanie Pinette and Craig Jones "Impact of Medication-Assisted Treatment for Opioid Addiction on Medicaid Expenditures and Health Services Utilization Rates in Vermont," *Journal of Substance Abuse Treatment* 67 (2016): 6-9. <https://www.onpointhealthdata.org/docs/resources/impact-medication-assisted-treatment-opioid-addiction-medicaid-expenditures-health-services-utilization-rates-vermont.pdf>

³⁸ Crime Research Group Inc., "Vermont Results First Inventory and Benefit-Cost Analysis," December 2017. <https://ljfo.vermont.gov/assets/docs/reports/20c85df18e/VT-Results-First-Inventory-Benefit-Cost-Analysis-Hub-Spoke-Model-2017.pdf>

³⁹ Crime Research Group Inc., "Vermont Results First Inventory and Benefit-Cost Analysis."

State Comparisons

Maine

In Maine, the Office of MaineCare Services, existing within the State's Department of Health and Human Services, is the agency administering MaineCare, the state's Medicaid program.⁴⁰ Current Section 1115 waivers in Maine include the Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS (Health Care Reform Demonstration) and the Maine Substance Use Disorder Care Initiative.⁴¹

The Health Care Reform Demonstration was approved in February of 2000, reapproved in April 2019, and will expire on December 12, 2038.⁴² The purpose of this waiver is to test whether providing a comprehensive package of services, such as anti-retroviral therapies, to individuals with HIV/AIDS will improve the health of that population.⁴³ The waiver seeks to improve the health of this population by enhancing access to healthcare services, halting the progression of HIV/AIDS status via provision of early care, and expanding coverage of services to additional low-income individuals.⁴⁴ The waiver includes two groups: HIV-positive individuals at or below 133% of the federal poverty level who are eligible for MaineCare, and enrollees who are HIV-positive and at or below 250% of the federal poverty level, but do not otherwise meet MaineCare's eligibility requirements.⁴⁵

The Maine Substance Use Disorder Care Initiative was approved December 22, 2020.⁴⁶ As the waiver is set to expire on December 31, 2025, the Maine Department of Health and Human Services seeks to renew and expand this waiver for another five years.⁴⁷ The waiver authorizes Maine to receive Federal Financial Participation for services described in the MaineCare state plan when provided to members receiving Substance Use Disorder treatment in Institutions for

⁴⁰ Maine Department of Health and Human Services, *Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS*, March 31, 2025, <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/me-hiv-annual-monit-rpt-jan-dec-2024-04112025.pdf>

⁴¹ Medicaid.gov, "State Waivers List: Maine," accessed November 25, 2025, https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list?q=maine&filter%5Bfield_approval_date%5D%5Bgte%5D=&filter%5Bfield_approval_date%5D%5Blte%5D=&filter%5Bfield_effective_date%5D%5Bgte%5D=&filter%5Bfield_effective_date%5D%5Blte%5D=&limit=10&sort=&page=0

⁴² Maine Department of Health and Human Services, *Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS*, March 31, 2025, <https://www.medicaid.gov/medicaid/section-1115-demonstrations/downloads/me-hiv-annual-monit-rpt-jan-dec-2024-04112025.pdf>

⁴³ Maine Department of Health and Human Services, *Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS*.

⁴⁴ Maine Department of Health and Human Services, *Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS*.

⁴⁵ Maine Department of Health and Human Services, *Maine Medicaid Section 1115 Health Care Reform Demonstration for Individuals with HIV/AIDS*.

⁴⁶ Medicaid.gov, "State Waivers List: Maine."

⁴⁷ State of Maine Department of Health and Human Services, *Notice of MaineCare 1115 Waiver Renewal Application, 'Maine Substance Use Disorder (SUD) Care Initiative,'* March 21, 2025. <https://www.maine.gov/dhhs/oms/providers/provider-bulletins/notice-mainecare-1115-waiver-renewal-application-maine-substance-use-disorder-sud-care>

Mental Diseases.⁴⁸ It allows Maine to waive the federal Institutions for Mental Diseases exclusion that prohibits the use of federal Medicaid funds to be used for care provided to adult patients in Substance Use Disorder residential treatment facilities larger than 16 beds, with the goal of reducing overdose deaths, improving access to treatment, and decreasing the number of preventable visits.⁴⁹ With the desired renewal and expansion of the waiver, the Maine Department of Health and Human Services proposes a new name: the Maine Whole Person Care Waiver.⁵⁰ Under the Maine Whole Person Care Waiver, the new vision would focus on a holistic approach; healthcare would encompass both medical services and address food insecurity, continuity of healthcare, and access to traditional healing methods for Maine's native population.⁵¹

New Hampshire

New Hampshire has one current Section 1115 waiver: the New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access.⁵² The waiver was approved July 10, 2018, and is set to expire June 30, 2029.⁵³

This waiver authorizes the state to receive Federal Financial Participation for the provision of state Medicaid services to enrollees diagnosed with Substance Use Disorders, including Opioid Use Disorders, who are short-term residents in residential and inpatient treatment facilities meeting the definition of an Institutions for Mental Diseases.⁵⁴ This waiver is described as one aspect of a larger strategy to combat the nation's opioid epidemic, and is meant to assist New Hampshire in increasing the identification and engagement of Medicaid enrollees diagnosed with

⁴⁸ State of Maine Department of Health and Human Services, *Notice of MaineCare 1115 Waiver Renewal Application*, 'Maine Substance Use Disorder (SUD) Care Initiative.'

⁴⁹ State of Maine Department of Health and Human Services, *Federal Government Approves Maine DHHS Plan to Expand Substance Use Disorder Treatment*, December 22, 2020. https://www.maine.gov/tools/whatsnew/index.php?topic=DHS+Press+Releases&id=3823212&v=dhhs_article_2020

⁵⁰ State of Maine Department of Health and Human Services, *Notice of MaineCare 1115 Waiver Renewal Application*, 'Maine Substance Use Disorder (SUD) Care Initiative.'

⁵¹ State of Maine Department of Health and Human Services, *The Department of Health and Human Services Introduces Maine's Whole Person Care Waiver*, March 28, 2025. <https://www.maine.gov/dhhs/blog/department-health-and-human-services-introduces-maines-whole-person-care-waiver-2025-03-28>

⁵² Medicaid.gov, "State Waivers List: Maine," accessed November 25, 2025. https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list?q=maine&filter%5Bfield_approval_date%5D%5Bgte%5D=&filter%5Bfield_approval_date%5D%5Blte%5D=&filter%5Bfield_effective_date%5D%5Bgte%5D=&filter%5Bfield_effective_date%5D%5Blte%5D=&limit=10&sort=&page=0

⁵³ Centers for Medicare and Medicaid Services "New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access," *Department of Health and Human Services*, July 10, 2018. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nh/sud-treatment-recovery-access/nh-sud-treatment-recovery-access-stcs-07102018.pdf>

⁵⁴ Centers for Medicare and Medicaid Services "New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access," *Department of Health and Human Services*, July 10, 2018. <https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/nh/sud-treatment-recovery-access/nh-sud-treatment-recovery-access-stcs-07102018.pdf>

Opioid Use Disorders or other Substance Use Disorders; increase retention in the treatment of these disorders; and reduce overdose deaths.⁵⁵

The waiver was renewed in 2024 for a five-year extension.⁵⁶ The renewal of the waiver intends to accomplish the same goals as those set in 2018—to provide medical assistance to individuals with substance use disorders, serious mental illnesses, and serious emotional disturbances. However, the renewal of the waiver also seeks some extensions of its applicability. In the extension of the waiver, the state introduced a new program: the Reentry Demonstration Initiative, which provides services for eligible incarcerated individuals up to 45 days before their release. The extension looks to expand New Hampshire's authority to receive Federal Financial Participation to provide dentures to eligible adults residing in nursing facilities once every five years based on medical necessity. Overall, the renewal and extension of New Hampshire's Section 1115 waiver intends to continue promoting prevention, intervention, recovery, and whole person care for individuals suffering from Substance Use Disorders, mental illnesses, and emotional disturbances.⁵⁷

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Contact: Professor Anthony “Jack” Gierzynski, 517 Old Mill, The University of Vermont, Burlington, VT 05405, phone 802-656-7973, email agierzyn@uvm.edu.

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⁵⁵ Centers for Medicare and Medicaid Services “New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access.”

⁵⁶ Centers for Medicare and Medicaid Services “New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access.”

⁵⁷ Centers for Medicare and Medicaid Services “New Hampshire Substance Use Disorder Serious Mental Illness and Serious Emotional Disturbance Treatment Recovery and Access.”