Overview of Medicaid and the Self-Determination Program Waiver

January 2026

DDS Department of Developmental Services

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Medicaid – History

- Medicaid became law on July 30,1965 under Title XIX of the Social Security Act.
- Medicaid covered health insurance for specific categories of very low-income individuals:
  - Children;
  - Pregnant women; and
  - Families with dependent children on welfare.
- Medicaid did not initially provide coverage for childless adults and did not cover long-term care, except in institutions.

Medicaid – Structure

Federal

- The federal government establishes basic mandatory program requirements.
- Federal guidelines include:
  - Minimum coverage populations and services
  - Administrative requirements
  - Rules for receipt of federal funds

States and Territories

- States and territories establish their own requirements within the federal framework, including:
  - Eligibility standards
  - Available services
  - Provider payment policies
- Each state's Medicaid program must be approved by the Centers for Medicare and Medicaid Services (CMS).

Medicaid – Administration

Medicaid State Plan

The state plan is the agreement between a state and the federal government describing how the state administers its Medicaid program.

- To receive federal Medicaid funds, a state must have a state plan on file with the Centers for Medicare and Medicaid Services (CMS) that demonstrates an understanding of all federal Medicaid requirements.
- The state must submit a state plan amendment (SPA) to CMS for approval before making program modifications.

Medicaid Waivers

A state may apply for formal waivers of some statutory requirements for additional flexibility in design of its Medicaid programs.

- Waivers are generally referred to by the section of the Social Security Act that grants the relevant waiver authority (e.g., 1915(c) waiver, 1115 demonstration waiver)
- All states operate one or more Medicaid waivers.

What is "Waived"?

The federal government is ***"waiving"*** certain specific Medicaid requirements so that a state may offer Home and Community-Based Services (HCBS) to state-specified group(s) of Medicaid beneficiaries who require institutional-level care but prefer to live at home or in the community.

- **Statewideness**: ability to specify geographic locations to be served
- **Comparability**: ability to provide a service only to a targeted group of people
- **Income**: ability to have only the individuals' personal income considered for Medicaid eligibility

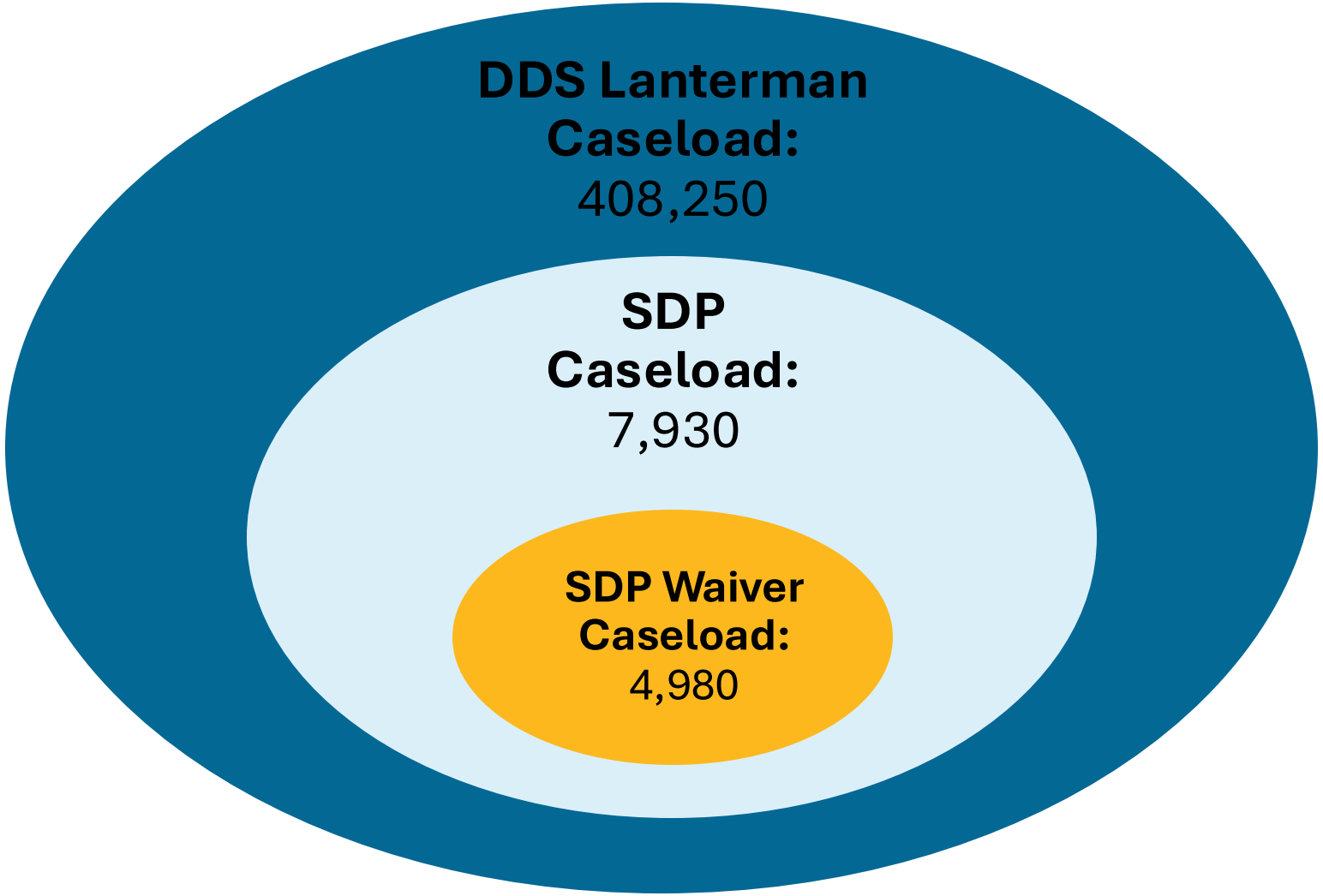
What is a "Waiver"?

- Authorized under Section 1915(c) of the Social Security Act
- Supports individuals in the community who require an institutional level of care
- Nation-wide: ~260 active 1915(c) HCBS Waivers
- California: six 1915(c) HCBS Waivers
  - HCBS Alternatives Waiver (DHCS)
  - Assisted Living Waiver (DHCS)
  - Multipurpose Senior Services Waiver (CDA)
  - Medi-Cal Waiver Program (CDPH)
  - HCBS-DD Waiver (DDS)
  - **Self Determination Program Waiver (DDS)**

Lifecycle of a 1915(c) Waiver

- Initial approval period of three years, renewed every five years thereafter
- Annual fiscal and compliance reporting
- Waiver may be amended at any time
    - Amendments and renewals must be posted for public comment for 30 days prior to submission to CMS
    - CMS requires a minimum of 90 days between receiving and approving an amendment or renewal
    - Majority of amendments may not be retroactive
- Reporting after Waiver Year Three to demonstrate compliance with federal assurances in advance of renewal

Self Determination Program and Waiver - Stats



Self Determination Program and Waiver - Eligibility

SDP Eligibility:

- Meet Lanterman Eligibility Criteria
- Choose to live in a community setting

SDP *Waiver* Eligibility:

- Meet Lanterman Eligibility Criteria
- Choose to live in a community setting
- Require a level of care available in an intermediate care facility
- Medi-Cal eligible*

Self Determination Program Waiver Renewal: Timeline

- Drafting of SDP Waiver Renewal: August – October 2025
- Internal Review and Approval of Draft: November – December 2025
- Department of Health Care Services Review: January 2026
- Public Comment Period: February 2026
- Final Review and Approval for Submission to CMS: March 2026
- Submission to CMS by/before: March 31, 2026
- CMS Review: April – June 2026
- Anticipated CMS Approval by/before: July 1, 2026

Self Determination Program Waiver Renewal: Changes

Financial Management Services Updates

- Updates to reflect new requirements for Financial Management Service providers as appropriate

Individual Program Plan (IPP) and Budget Development

- Updates to reflect standardized IPP progress rolled out in early 2025
- Reflects changes to how budget is developed and updated

Quality Performance Measures

- Tweaks to measures to better reflect uniqueness of SDP Waiver relative to other federal authorities
- Changes based on recent CMS feedback