

Medicaid Waiver Payments for Innovative SUD Programs Show Promising Results

Health Equity

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Since 2015, 38 states (including Washington, D.C.) have received Medicaid Section 1115 demonstration waiver approvals that permit them to use Medicaid funds to pay Institutions for Mental Disease (IMD) for short-term residential and inpatient treatment of patients with substance use disorders (SUDs) during the applicable waiver period. IMDs include certain psychiatric and SUD treatment facilities with greater than 16 beds that are primarily engaged in serving patients with mental health issues or SUDs. On July 9, KFF published a [brief](#) that assessed the outcomes of the IMD waivers. KFF's early evaluations suggest improved SUD treatment access across multiple measures, including increased SUD residential and inpatient care and improved access to medications to treat opioid use disorder. But numerous challenges, including housing instability, administrative barriers, fragmented and uneven treatment systems, and workforce shortages, continue to threaten the long-term sustainability and success of these programs.