REPORT TO THE LEGISLATURE

Feasibility of New Medicaid Waiver for Dependent Children and Youth with Intellectual and Developmental Disabilities

ESSHB 1188 Sec. 5. 2(b)

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Executive Summary

During the 2023 legislative session, the Washington State Legislature passed Engrossed Second Substitute House Bill 1188, directing DSHS' Developmental Disabilities Administration to provide services "to eligible individuals under RCW 71A.12.370 through a Medicaid waiver beginning no later than Dec. 1, 2024." In addition, it also directed the department to "by Dec. 1, 2025, submit a report to the governor and the appropriate committees of the legislature on the feasibility of establishing a new Medicaid waiver tailored to meet the needs of dependent children and youth with developmental disabilities who are age 20 or younger and who meet the criteria identified in RCW 71A.12.370 and cannot be adequately served through one of the five Medicaid waivers administered by the department." This legislation aims to ensure timely access to critical services for children and youth subject to a dependency action with developmental disabilities who are not currently served by existing Medicaid waivers.

> "The waiver services have been good because they have allowed the youth to be stable in the home and helped the foster parents make the decision to move forward with adoption."

Effective May 1, 2025, Developmental Disabilities Administration moved under Home and Community Living Administration. The former Developmental Disabilities Administration is known as Developmental Disabilities Community Service Division within the Home and Community Living Administration.

In response to E2SHB 1188, DDCS has accomplished the following:

- Research on approaches taken by other states for supporting children and youth subject to a dependency action.
- Amendments and updates to DDCS HCBS Medicaid Waivers for enrollment and prioritization for children and youth meeting 1188 criteria, beginning Sept. 1, 2024.
- Review of DDCS services to identify if there are any service requests that DDCS has not been able to address.
- Collaboration with the community, people with lived experience and systems partners, such as the Department of Children Youth and Families and tribes, to gain their input and feedback.

> "He is very excited to use waiver respite to attend camp this summer."

Throughout this report, DDCS provides samples of collaborator contributions and recommendations. Comments were edited to redact identifiable information and to clarify language.

Recommendations

DDCS determined that a new Medicaid waiver is not needed. Based on outcomes and feedback from community collaborators,

the amendments to DDCS's five existing HCBS Medicaid Waivers in addition to the services provided by DCYF and other sources are meeting the goals of E2SHB 1188.

Instead, DDCS plans to consolidate the five existing HCBS Medicaid Waivers into two as outlined in DDCS's Medicaid 1915(c) Waiver Restructure Report submitted to the Legislature in December 2024. The goals outlined in the waiver restructure report are intended to address universal service delivery challenges. Waiver consolidation and redesign will support program improvements for children and youth who are subject to a dependency action and who have intellectual or developmental disabilities.

> She was able to use her waiver funds for specialized equipment for her mobility not covered by her state plan, that not only gives her the increased independence and freedom of getting around her yard, but it allows us to take the chair to other places that she's going in the community for her to be able to participate fully in more activities in her world. It has been so fun to be able to see her access this wonderful community play space with her peers.

Background

The Developmental Disabilities Community Services Division operates five 1915(c) HCBS Medicaid Waivers (see appendix). These waivers are designed by DDCS and approved by the Centers for Medicare and Medicaid Services as an alternative to an intermediate care facility for individuals with intellectual disabilities. CMS requires that HCBS Medicaid Waiver services are considered after all other sources of support are accessed first. HCBS Medicaid Waiver is the payor of last resort and cannot supplant the services and supports that are offered by other sources. HCBS Medicaid Waiver services are designed to complement Medicaid state plan services, Medicare services, other private health plan services or any other paid or unpaid resource. When an HCBS Medicaid Waiver serves children and youth, the services that a state offers in the waiver must also take into account the expanded benefits that must be provided to Medicaid children and youth beneficiaries who are under age 21, under the Early and Periodic Screening, Diagnostic and Treatment Medicaid state plan provisions.

Prior to implementation of E2SHB 1188, children and youth subject to a dependency action were not eligible for any of DDCS's HCBS Medicaid Waivers.

E2SHB 1188 directed the department to offer waiver services on all five DDCS HCBS Medicaid Waivers to supplement, but not supplant, the services covered under DCYF, tribes, or other relevant sources.

Implementation and Data Analysis

As of June of 2025, DDCS approved 212 HCBS Waiver requests for children and youth with unmet needs who met criteria in RCW 71A.12.370. At the time of this publication, 77 of those people are currently enrolled and receiving monthly waiver service(s) and 135 are in process of going through the financial eligibility review which is required prior to waiver enrollment.

DDCS HCBS Medicaid Waiver Approvals and Enrollment for RCW 71A.12.370 as of 6/2025

	Subject to a dependency action or receiving extended foster care services as defined in RCW 74.13.020	Exited a dependency or discontinued extended foster care services as defined in RCW 74.13.020	Total
Approved	**47**	**88**	**135**
Enrolled	**39**	**38**	**77**
Total	**86**	**126**	**212**

DDCS reviews and approves HCBS Medicaid Waiver requests weekly. Children and youth with unmet needs that meet RCW 71A.12.370 criteria are a priority population, and are approved without regard to the capacity limits available on each of the five HCBS Medicaid Waivers. This means, that even when the number of waiver slots available are full, DDCS must still approve and enroll children and youth with unmet needs that meet RCW 71A.12.370 criteria.

Information on approaches taken by other states

A national review of state Medicaid programs was conducted to see how other states serve youth subject to a dependency action through HCBS Medicaid Waivers.

DDCS found that Medicaid services vary and are not easily replicated from state to state due to each state's Medicaid and dependency program structure and benefit options. Some states have multiple HCBS Medicaid Waiver options, and the populations served can extend beyond just people with diagnoses that fall under intellectual and developmental disabilities. States that offer comprehensive state plan options may also have a less comprehensive HCBS Medicaid Waiver structure because state plan services are accessed first.

> "The individual's caregiver certainly feels more supported in their abilities to manage his needs with waiver services, and I think that it not only supports the needs of children, but their primary caregivers as well."

There are states who offer HCBS Medicaid Waiver services to eligible children and youth subject to a dependency when other resources in that state are not sufficient to meet their needs. Some of the information we found includes:

- All states provide assurances to CMS that HCBS Medicaid Waiver services will not pay for maintenance (including room and board) or supervision of children who are under the state's custody. Some states have processes in place to reduce the amount a child or youth qualifies for under an HCBS Medicaid Waiver to account for the price of services being furnished under child welfare:
  - Minnesota's Developmental Disabilities Waiver identifies if a person is under the state's custody then a portion of those services are taken out of the waiver funding for participant directed services.

  - Oregon's Children's Extraordinary Needs Waiver includes a payment system that accounts for the services and supports provided by their child welfare system.

- Some HCBS Medicaid Waiver services for children subject to a dependency action are designed to fill gaps by supporting only those with the highest level of support needs:
  - Wisconsin's Children's Long Term Care Support Waiver offers services to supplement existing child welfare services for children assessed to have an exceptional level of care need.
- Qualifications and processes are put in place for HCBS Medicaid Waiver services to support instances where it is determined that without the addition of waiver services, the child or youth's placement has little likelihood of being sustained:
  - New York's Children's Waiver respite eligibility requires that the foster child is assessed as having a high level of special needs, and/or it is determined that the waiver respite is needed for the primary caregiver as an additional support to sustain placement.

> This youth will be transitioning into a parent's care in the fall and the team is looking forward to utilizing Staff and Family Consultation to support them with this move.

This research highlighted the complexity of implementing waiver services to children or youth subject to a dependency action.

Service utilization and collaborator input

DDCS collected data through outreach, interviews, listening sessions, and service utilization reviews. DDCS asked how the HCBS Medicaid Waiver services have helped the children and youth so far. We also asked if there are other services missing, either from the waiver or other resources.

A significant portion of the feedback and comments were not unique to just children and youth who are subject to a dependency action but to all people receiving waiver services. Feedback included:

- To make some services available on all five waivers. For example, Music and Equine Therapy which are currently only available on one waiver.
- Simplification of services.
- More information on how to access waiver services.
- Easier access to waiver enrollment.

These comments mirrored themes in DDCS's 2024 Medicaid 1915(c) Waiver Restructure Report to the Legislature which outlines plans to enhance service accessibility and better align services to the needs of waiver participants.

> The DDCS team we have been working with has been exceptional, and very supportive.

DDCS has updated information on our internet site about how to request waiver services. DDCS recently published Policy 4.30 which outlines steps DDCS staff must take to support waiver requests for children and youth subject to a dependency action. DDCS and DCYF are working on a Service Level Agreement between DSHS DDCS and DCYF that will outline specific roles and responsibilities when a DDCS HCBS Medicaid Waiver is requested for a child or youth subject to a dependency action.

While many comments focused on waivers, others highlighted gaps in broader systems outside the scope of the waiver program such as:

> "Waiver services helped him to move to an environment where he feels like he is an adult. DDCS Waiver is helping him create team members for supports for an autonomous and dignified life."

DCYF

- DCYF providers could benefit from additional training specific to the unique needs of children and youth living with an intellectual or developmental disability.

In response to these comments, opportunities to collaborate and share provider training resources across systems were identified.

Medicaid State Plan

- Foster youth with dual intellectual or developmental disability and mental health diagnoses need easier access to mental health, behavioral health, and crisis services.

In response to these comments, opportunities were identified to collaborate with the Health Care Authority about the unique needs of this population. While DDCS offers some stabilization services, managed care organizations and state plan services are the primary source of medically necessary mental health, behavioral health, and crisis services. DDCS will continue to work with HCA partners on how to best support people who are represented across systems with their dual behavioral health and intellectual/developmental disability support needs. This topic was also an identified need in the 2024 Medicaid 1915(c) Waiver Restructure Report.

> "This youth is excited to consider residential habilitation options in the future."

Assessment of additional service needs

Through DDCS analysis, additional services specific to children and youth subject to a dependency action are not needed because current services are adequately meeting their needs. Some of the waiver services that are benefiting these children and youth include residential habilitation, stabilization, life skills, community engagement, staff and family consultation, assistive technology and specialized equipment and supplies.

DDCS has identified areas of improvement for all eligible individuals including children and youth in dependency, such as enhancing existing social engagement and community participation services, as well as more life skill provider options for skill building and planning. Service improvement can occur through our future plans for waiver consolidation and restructuring as outlined in our Medicaid 1915(c) Waiver Restructure Report.

> The relationship with his assigned DDCS Case Resource Manager is great and they have a great rapport. She has taken an active role in getting what he needs – he is always happy to see his DDCS Case Resource Manager.

Conclusion

DDCS is seeing positive impacts from the expanded access to our waivers. Access to waivers for children and youth subject to a dependency action:

- Fills disability-related gaps by providing services not offered through DCYF, tribes, Medicaid state plan, school, or other resources.
- Connects children and youth and their support system to the DDCS system earlier.
- Helps prevent gaps when youth age out of DCYF services.
- Provides better planning for support needs upon transition to adulthood.

Opportunities for enhanced services from DCYF and HCA were identified, but those services fall outside of the allowable benefit of a Medicaid waiver. DDCS will continue to collaborate with our system partners to improve service delivery options for people with intellectual and developmental disabilities. DDCS remains committed to ongoing partnership with DCYF, HCA, and Tribal Nations to ensure cross-system alignment and responsive service delivery.

Appendix: Current DDA 1915(c) HCBS Medicaid Waivers

Basic Plus

The Basic Plus Waiver serves people who live with family or in their own home or in another setting with assistance. These waiver services help people meet their health and welfare needs in their own home, their family's home or in other settings. The waiver provides respite, assistive technology, employment supports, community inclusion and other services. The Basic Plus Waiver currently has the capacity to service up to 13,400 participants.

Core

The Core Waiver serves people who require residential habilitation services or live at home but are at immediate risk of out-of-home placement. Individuals must have an identified health and welfare need for residential services that cannot be met by the Basic Plus Waiver. This waiver provides residential habilitation, specialized equipment and supplies, employment supports and community inclusion as well as other services. The Core Waiver currently has the capacity to service up to 5,702 participants.

Individual and Family Services

The IFS Waiver supports people residing in the family home who have a natural support system. The family or caregiver's ability to continue caring for the client may be at risk but can be continued with the addition of services. This waiver has budgets, based on participant needs, that are renewed annually and can be used to purchase a variety of services. The IFS Waiver currently has the capacity to service up to 8,000 participants.

Community Protection

The Community Protection Waiver offers residential supports to people who have been assessed to require 24-hour onsite staff supervision to ensure the safety of themselves and others. The CP Waiver currently has the capacity to service up to 504 participants.

Children's Intensive In-home Behavioral Support

The CIIBS Waiver supports children and youth, ages 8 through 20, to remain living in their family home while complex behavioral and habilitative issues are addressed through intensive care coordination that brings together a team of formal and informal supports to craft a wrap-around care plan. The waiver improves support to families and strengthens their child's success in the family home and community. The CIIBS Waiver currently has the capacity to service up to 200 participants.

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