



PUBLIC SECTOR SERVICES

IMD Waivers

Optimizing Medicaid Funding to Promote Access in Behavioral Health



Behavioral Health

The IMD Exclusion Rule, one of the oldest carve-outs in Medicaid, restricts Medicaid reimbursement for inpatient behavioral health care. Over the past decade, CMS has loosened this restriction in the face of growing support needs and advocacy. Most notably, since 2015 states have been able to request limited waivers of the IMD Exclusion Rule. These waivers allow states to claim FFP for inpatient behavioral health services under certain conditions for beneficiaries with Substance Use Disorder (SUD) and/or Serious Mental Illness (SMI). Today, 40 states (and counting) are using at least a partial IMD waiver as part of their broader behavioral health strategy.



Why do States use IMD waivers? A Selection of State Case Studies:

- **Alabama:** Alabama's SMI IMD waiver is targeted to specific regions where there is a lack of crisis care options. The goal of this waiver is to **help increase regional access to mental health crisis services**. Alabama will consider expanding beyond the initial target region based on data and experiences in the participating areas.
- **Arkansas:** Arkansas has an IMD waiver for both SUD and SMI and is using their waiver in part to help **support capacity building for acute crisis services**. Arkansas requires all IMDs to open acute crisis units to participate in the waiver. In this way, the state has directly tied provider reimbursement from the waiver to expanded crisis capacity.
- **Utah:** Utah also has an IMD waiver for both SUD and SMI intended to help make inpatient behavioral healthcare more financially viable for providers. The ultimate goal of this is to make it easier for IMDs to operate, thus **increasing inpatient provider availability and reducing emergency department waiting times** for treatment.

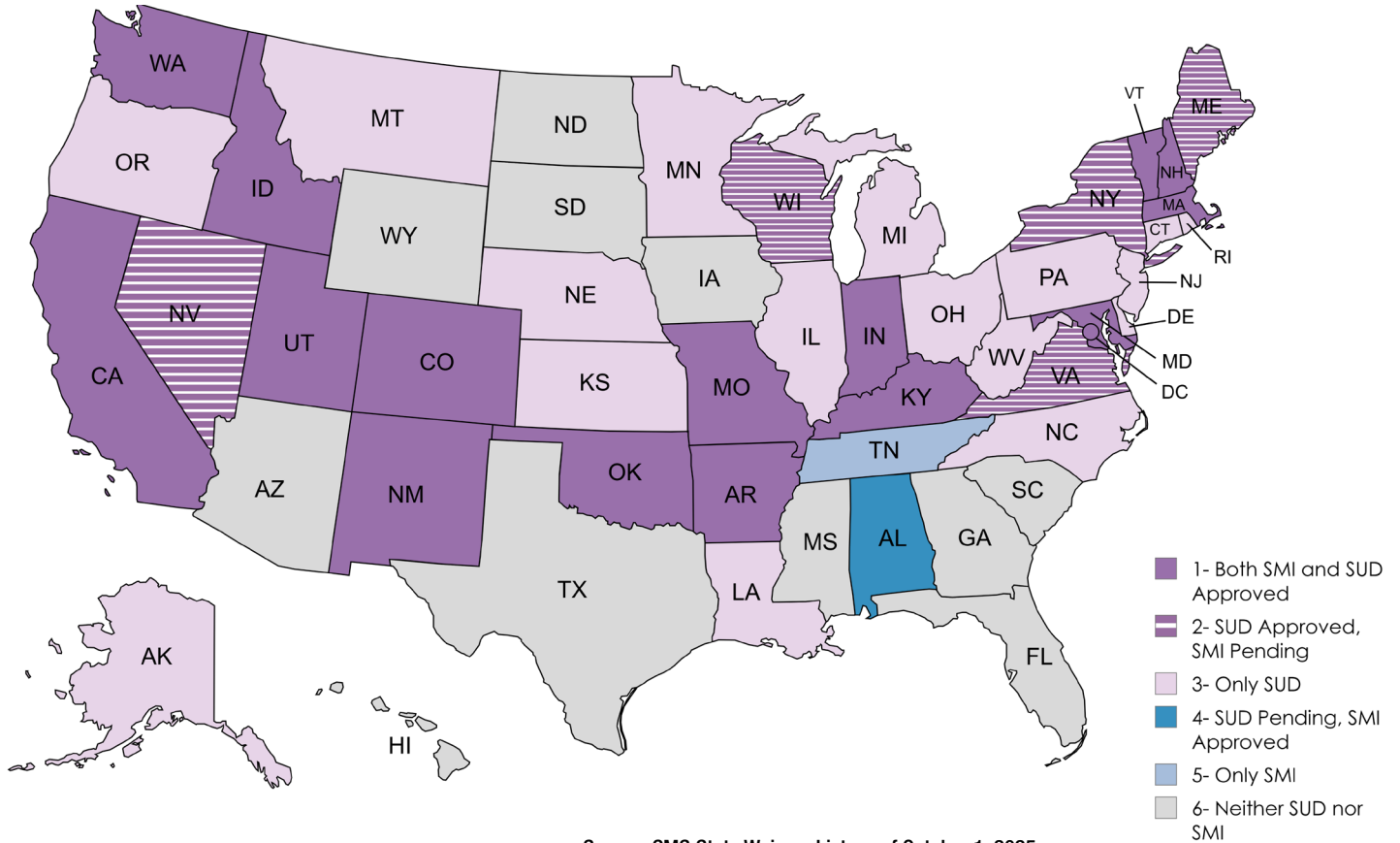
What is A&M's role?

- Track record of helping states to assess opportunities related to pursuing an IMD waiver
- Proprietary analysis of all approved and pending waivers to support guidance to clients
- Unparalleled human services transformation experience
- World-class project management expertise
- Deep understanding of stakeholder engagement

¹. SAMHSA URS Data, 2020

². CACTI compiled research, <https://www.criticaltime.org/publications/>

Which States are Pursuing IMD Waivers?



Source: CMS State Waivers List, as of October 1, 2025.

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