

# Case Study: Section 1115 demonstration waivers

**Mercer Government**  
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## How Mercer Government can help

Our consulting team brings states unmatched expertise in navigating the 1115 demonstration waiver process. With deep experience across CMS, state agencies, health plans, and more, our consultants understand the complexities from every angle. Our team offers valuable perspectives from both personal and professional standpoints, adding critical insight into equity-driven waiver design.

We've successfully guided states through every stage of waiver development and approval — from policy design to fiscal analysis and financial modeling. Whether you're initiating a new waiver or tackling a complex renewal, we have the talent and experience to get you across the finish line.



## Case study



### Situation

Mercer consulted with two states to receive 1115 waiver approval that includes support for individuals exiting incarceration.



### Challenge

Historically, Medicaid could not cover most healthcare services for individuals during incarceration, creating a critical gap in coverage and care continuity during reentry. These states have taken steps to close that gap by pursuing Section 1115 demonstration waivers — but navigating federal approval and designing compliant, effective programs is complex.

Recent federal guidance has created a new opportunity for states to draw down federal Medicaid dollars to supplement existing state funding. In doing so, states can reinvest “savings” into reentry services that support successful transitions from incarceration to the community.

For years, advocates — including some Medicaid agencies — have called attention to the challenges of relying on justice systems to provide healthcare.

Limited funding, inconsistent access, and a lack of coordination have left individuals without critical care at a time of heightened vulnerability. Data continues to show the downstream consequences: preventable emergency department use, increased risk of overdose, and higher rates of recidivism. In many cases, people with serious mental illness end up incarcerated rather than receiving the treatment they need.



### Action

Mercer has partnered closely with state Medicaid agencies to develop waiver proposals that align with federal guidelines while reflecting each state's unique needs. We provided:

- Policy and program design for in-reach services prior to release
- Cross-agency collaboration strategies (e.g., Medicaid and corrections)
- Financial modeling to demonstrate cost-effectiveness
- Waiver drafting and submission support
- Federal negotiation support with CMS



### Results

Both states successfully received 1115 approval to extend Medicaid coverage and services to individuals up to 90 days prior to release. These waivers aim to reduce recidivism, improve health outcomes, and strengthen care continuity — setting a precedent for other states to follow.

### Why it matters

With federal approval in hand, these states are among the first wave of states leading the way in using Medicaid as a tool to support reentry. Mercer's role in navigating the complexities of the waiver process demonstrates our ability to align policy with people — helping states advance equity, access, and public health outcomes.

Mercer is currently consulting with two states for the development of their 1115 justice involved waivers with upcoming submissions dates to CMS. We are also drafting a scope of work for a request from another state. Additionally, Mercer is completing the evaluation design requirements for a state's existing justice 1115 waiver.



## For more information

Visit our website at [www.mercer-government.mercer.com](https://www.mercer-government.mercer.com) to view our experience, services, and client feedback.

