

CMS-Approved Waivers Break New Ground for Medicaid Coverage of American Indian and Alaska Native Traditional Health Care Practices

By Anne Smithey, Center for Health Care Strategies

On October 16, 2024, the Centers for Medicare & Medicaid Services (CMS) [approved 1115 waivers in four states](#) — **Arizona, California, New Mexico, and Oregon** — that, for the first time, allow state Medicaid agencies to cover American Indian and Alaska Native (AI/AN) traditional health care practices. These waiver approvals aim to support sovereign Tribal governments in providing health care services reflective of individual Tribes' cultures and healing knowledge. In each of the four states and at the federal level, the waivers and the terms of the approvals were developed in partnership with Tribal leaders through formal Tribal consultation processes, public comment periods, and advisory groups.

What are traditional health care practices and the effects of new Medicaid coverage?

[Traditional health care practices](#), also known as traditional healing or traditional medicine, are a form of culturally centered care that has been shown to [improve health and well-being](#), especially behavioral health and quality of life. This care can be offered as standalone services or [alongside](#) conventional Western (also known as allopathic) medical treatments to provide a multifaceted approach to health and well-being. Some traditional health care practices may be used across many cultures. For example, [commonly offered traditional practices](#) in Native American communities include talking circles, sweat lodges, and smudging. However, many other healing practices are unique to individual Native nations and locations. Because of the wide variability in traditional health care practices and the sometimes religious or spiritual meaning of these practices, the waiver approvals do not include a specific list of covered traditional healing services. Instead, the facilities providing these services can choose what to offer based on what will best meet the needs of the communities they serve.

Traditional health care practices have previously been offered at some Indian Health Service (IHS), Tribal, and urban Indian organization (UIO) health care facilities (collectively called I/T/U facilities). In the waiver approvals, CMS notes that these services have typically been paid for through a combination of IHS appropriations, Tribal revenues, and grant funding — but these funding sources can be insufficient and short-term. New Medicaid coverage of traditional medicine can increase access to traditional health care practices, improve health outcomes and well-being, bolster the finances of I/T/U facilities, and support the sustainability of traditional healing programs.

Who can access traditional health care practices using new Medicaid coverage?

The new waivers in [Arizona, New Mexico, and Oregon](#) allow anyone covered by Medicaid and [eligible for care through IHS](#) to receive traditional health care services. Eligibility for IHS generally includes AI/AN people who

are members of federally recognized Tribes and “eligible non-Indians,” such as some close family members of IHS-eligible Native people.

California’s waiver currently applies only to IHS-eligible people who are part of the state’s [Drug Medi-Cal Organization Delivery System](#), which focuses on substance use disorder treatment. However, CMS will allow California to expand its coverage to all Medicaid-covered IHS-eligible people without submitting a formal amendment to the waiver. The state would still need to conduct additional Tribal consultation and public comment periods to expand the eligible population.

All Medicaid benefits for AI/AN people received through IHS and Tribal facilities are paid for with a [100 percent federal match](#), in recognition of the [federal trust responsibility](#) to provide health care to Native people. This means states will receive a 100 percent federal match for traditional health care practices received by AI/AN people through IHS and Tribal facilities and UIOs that have [care coordination agreements](#) with IHS or Tribal facilities. States will receive their standard federal match for non-AI/AN, IHS-eligible people who are receiving traditional health care practices.

Where can traditional health care services be provided?

In **California**, **New Mexico**, and **Oregon**, traditional health care services can be accessed at IHS facilities, Tribal facilities, and UIOs. In **Arizona**, services can be accessed at IHS and Tribal facilities, or at UIOs provided they create a [care coordination agreement](#) with an IHS or Tribal facility. The ability to provide these services at UIOs through the waivers is a notable change from the [draft guidance](#) released in Spring 2024. This change was made in response to feedback gathered from Tribal leaders and I/T/U facilities through Tribal consultation and public comments.

General health care services delivered by I/T/U facilities are usually subject to the “[Four Walls requirement](#).” This rule requires that services be delivered within an I/T/U facility to be reimbursed by Medicaid. CMS recently [proposed some permanent exceptions](#) to the Four Walls requirement, but these changes have not been finalized. However, the 1115 waiver approvals determined that traditional health care practices are not considered “clinic services” as defined by statute and are, therefore, not subject to this requirement. As a result, these services can be delivered in any relevant location — such as a clinic, the patient’s home, or sacred or ceremonial sites — and still be eligible for reimbursement.

Who will be certified to provide traditional health care services?

Participants in Tribal consultations strongly encouraged CMS to develop a flexible framework that respects Tribal sovereignty and reflects the diversity of traditional practices among the [574 federally recognized Tribes](#) in the United States. To this end, the facility providing the services is responsible for determining: (1) which services are offered; and (2) who can serve as a practitioner of traditional medicine. This allows I/T/U facilities to hire practitioners who are accepted by the community, and to provide services that feel most applicable and valuable to community members.

Staff providing traditional healing services must be employed by or contracted with the facility. I/T/U facilities must document how they determined the practitioners’ qualifications to offer these services and provide determination details to the state, upon request.

Is there support for implementation?

While many I/T/U facilities have experience providing traditional health care practices, they will need to develop infrastructure and processes to meet Medicaid billing and documentation requirements. Some I/T/U facilities that have not offered traditional healing in the past or want to expand existing programs may have a longer road to implementation — which could require community engagement, workforce training, and/or development of new workflows. States may also need [legislative approval](#) to cover this new benefit.

Two states — **New Mexico** and **Oregon** — requested and received CMS approval for federal funding to support implementation. Each state can access a fixed amount of federal matching funds, which can be used to update technology, develop workflows and operational practices, train and recruit workforce, and conduct community outreach and engagement.

What's next?

The groundbreaking approval of these waivers has the potential to improve outcomes and decrease health disparities for Native people served by Medicaid, by improving access to culturally centered health care practices that have been used over many generations. Tribal and state leaders in **Arizona, California, New Mexico, and Oregon** are gearing up for implementation. Across the country, these approvals create a blueprint for other states to work in partnership with Tribal leaders to design and submit their own waivers.



ABOUT THE CENTER FOR HEALTH CARE STRATEGIES

The Center for Health Care Strategies (CHCS) is a policy design and implementation partner devoted to improving outcomes for people enrolled in Medicaid. CHCS supports partners across sectors and disciplines to make more effective, efficient, and equitable care possible for millions of people across the nation. For more information, visit www.chcs.org.