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# Disease Burden, Mortality, and Life Expectancy in the United States

**Ku L. Missed Opportunities: Using Medicaid Section 1115 Projects to Improve the Health of Medicaid and Medicare Beneficiaries. Milbank Q. 2026;104(SI):0524. https://doi.org/10.1111/1468-0009.70092**

## Introduction

Medicaid Section 1115 demonstration projects, commonly referred to as waivers, are widely used by states to test innovative approaches to improving population health through Medicaid programs. Waiver projects must be authorized by the Secretary of the Department of Health and Human Services (HHS), who determines whether the project promotes the objectives of the Medicaid program and meets federal "budget neutrality" requirements. In a *Milbank Quarterly* Perspective from the 2026 special issue, *Disease Burden, Mortality, and Life Expectancy in the United States: What Can State Policymakers Do to Meet the Challenges?*, Leighton Ku of George Washington University's Milken Institute School of Public Health proposes including Medicare savings in the budget neutrality limits, which currently require that federal Medicaid expenditures alone do not exceed what the federal government would have spent if the project was not adopted.

## Context

Section 1115 waivers provide states with flexibility to implement policies such as expanded eligibility, modified enrollment procedures, and expanded coverage for services that address health-related social needs, including mental health care, nutrition, and housing supports. According to Ku, modest improvements in Medicaid introduced through waivers could potentially yield substantial savings not only to Medicare but also to overall federal medical care expenditures. But there is currently no incentive for state Medicaid programs to propose or implement projects that lower overall medical costs, including Medicare spending.

Ku's four reasons for including Medicare expenditures in the calculation of federal budget neutrality include:

1. The shared program objectives of Medicare and Medicaid: to provide health insurance coverage and health care access for Americans who need it, consistent with the underlying goal of Section 1115 projects.
2. Medicare and Medicaid are both entitlement programs, which share the same statutory basis under the Social Security Act.
3. Federal agencies like the Centers for Medicare and Medicaid Services and the Office of Budget and Management are already responsible for assessing budget issues and interactions for both programs.
4. Medicaid and Medicare eligibility are inextricably connected: virtually all low-income Medicaid beneficiaries will become Medicare beneficiaries after turn 65, and millions of low-income Medicare beneficiates are simultaneously enrolled in Medicaid.

## Policy Solutions

Extending Medicaid Section 1115 budget neutrality policies to include Medicare expenditure savings could create incentives to develop novel Medicaid policies that improve the health of Medicare beneficiaries and lower Medicare expenditures, such as investments in Medicaid long-term care or diabetes prevention policies.

### Example: Diabetes Prevention

The Medicare Diabetes Prevention Program (DPP) offers sessions to prevent the onset of diabetes for Medicare beneficiaries who are prediabetic, obese, or have not been diagnosed with diabetes. Given that diabetes risks often occur before the age of 65 and Medicare eligibility, so large group of Medicaid beneficiaries could be eligible for DPP, which can delay the onset of Type 2 diabetes and reduce overall health care costs.

Ku points out that this policy change will require modification of the limitations imposed by Section 71118 of the One Big Beautiful Bill Act, which codified stricter federal budget neutrality requirements for Section 1115 demonstrations beginning in 2027.

"Fundamentally, permitting budget neutrality of Section 1115 projects to alsoinclude Medicare expenditures supports common sense and holistic budgeting, as well as improved strategies to improve health across the life span," he writes.

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