MACPAC

# The Medicaid Institution for Mental Diseases (IMD) Exclusion

**Medicaid and CHIP Payment and Access Commission**
Sarah Melecki and Katie Weider

# Overview

- Past Commission work related to behavioral health
- Definition of Medicaid IMD exclusion
- Rationale for the exclusion
- Changes to the exclusion
- Today's behavioral health delivery system
- Implications of the exclusion
- Proposals to modify the exclusion
- Next steps

# Past Commission Work

- Chapter on behavioral health in the Medicaid program in MACPAC's June 2015 Report to Congress
- Contractor catalog of behavioral health integration efforts in Medicaid
- Chapter on behavioral and physical health integration in MACPAC's March 2016 Report to Congress, including the Medicaid IMD exclusion as a barrier to integration

# What is the Medicaid IMD Exclusion?

- The Medicaid IMD exclusion prohibits federal financial participation (FFP) for inpatient psychiatric care provided in an IMD with more than 16 beds.

# Rationale for the Medicaid IMD Exclusion

- States' role as the primary payer for inpatient behavioral health services
- Preference for community-based services

# Changes to the Medicaid IMD Exclusion

- The original definition included a state option to provide care for individuals age 65 and older in inpatient psychiatric institutions (1965)
- State option to cover IMD services for individuals under the age of 21 with FFP (1972)
- Exemption from the Medicaid definition of an IMD for facilities with 16 or fewer beds (1988)

# Changes to the Medicaid IMD Exclusion (continued)

- Secretarial authority to allow facilities other than hospitals to qualify as providers of inpatient psychiatric services for individuals under the age of 21 (1990)

- Definition of psychiatric residential treatment facilities (PRTF) finalized by CMS, allowing PRTFs to provide inpatient psychiatric services to individuals under the age of 21 (2001)

# Methods for IMD Payment

- Section 1115 waivers
- Medicaid Emergency Psychiatric Demonstration
- Medicaid managed care proposed rule
- Disproportionate share hospital payments

# Current Behavioral Health Delivery System

- Concerns regarding access to inpatient psychiatric services
- Reduction in institutional lengths of stay for behavioral health conditions
- Increased accreditation requirements for facilities

# Implications of the Medicaid IMD Exclusion

- Beneficiaries
  - Coverage varies based on age
  - Potential conflicts with EPSDT
- States
  - Limits ability to target home and community based waivers to adults with behavioral health disorders
  - Recoupment of funding due to inability to identify to whom the Medicaid IMD exclusion applies

# Implications of the Medicaid IMD Exclusion (continued)

- Providers
  - Barrier to integrating physical and behavioral health
  - Barrier to serving Medicaid beneficiaries with behavioral health disorders
  - Encourages structural re-organization
  - Unique barriers for substance use treatment facilities
    - All substance use treatment facilities with more than 16 beds are IMDs
    - Certain substance use treatments, such as detoxification and rehabilitation services, often require long stays in an inpatient facility

# Proposals to Modify the Medicaid IMD Exclusion

- Make the exclusion a state option
- Allow FFP for services for IMD patients
- Allow IMD coverage with limit on length of stay
- Increase number of beds in IMD definition
- Remove substance use disorder treatment from IMD definition
- Allow IMD coverage under managed care
- Utilize IMD demonstration programs and waivers

# Next Steps

- Based on Commissioner feedback, staff can develop more detailed analysis of options and the criteria needed for the Commission to move forward in its discussion of the future of the Medicaid IMD exclusion

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