

COMPREHENSIVE MENTAL HEALTH REFORM REQUIRES ACTION ON THE “MEDICAID INSTITUTIONS FOR MENTAL DISEASE EXCLUSION”

~~~

## The Medicaid Managed Care Final Rule Is Only One Step Toward Fixing the Problem

### THE PROBLEM:

The Medicaid Institutions for Mental Disease (IMD) exclusion prevents adult Medicaid beneficiaries (ages 21-64) from accessing short-term, acute care in psychiatric hospitals.

### THE IMPACT OF THE MEDICAID MANAGED CARE FINAL RULE:

On May 6, 2016, the Centers for Medicare and Medicaid Services (CMS) published a [final rule](#) (CMS-2390-F) that updates – for the first time in more than a decade – Medicaid and Children’s Health Insurance Program (CHIP) managed care regulations. The final rule includes a provision that allows Medicaid health plans to contract with Institutions for Mental Disease (IMDs), including psychiatric hospitals and crisis residential settings (undefined) for up to 15 days per month. The IMD provision will be effective on July 6, 2016.

#### **Benefits**

The Medicaid managed care final rule is a good step forward because now states and managed care plans will be able to contract with IMDs for stays of 15 days or less.

#### **Limitations / Why More Action Is Needed on the IMD Exclusion**

The IMD provision in the Medicaid managed care final rule is both a state and plan *option*. It is not a requirement.

The rule only applies to Medicaid beneficiaries who are enrolled in managed care plans that are fully at-risk (i.e., capitated). While there are no solid numbers on how many adult beneficiaries with a mental illness are enrolled in at-risk managed care plans, informed estimates would suggest that only about 50% of the beneficiaries would be subject to this new rule.

If beneficiaries are in a state (or in a part of a state) that does not use at-risk managed care arrangements, those beneficiaries will still not have access to IMDs. This sets up a double standard for those in managed care and those who are not.

It is also important to point out that even among those beneficiaries who are *not* enrolled in at-risk managed care arrangements, almost all (if not all) of these people still have to be authorized by an independent organization to receive hospitalization. This independent organization would monitor the stay and determine the number of days they would pay for based on medical necessity criteria. This independent authorization is another form of managed care, yet it is not subject to the final rule.

### WHAT CONGRESS CAN DO:

In comprehensive mental health reform legislation, Congress should **address the Medicaid IMD exclusion for non-managed care patients.**