NATIONAL ASSOCIATION OF PSYCHIATRIC HEALTH SYSTEMS
ADVOCATING FOR BEHAVIORAL HEALTH
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June 1, 2017

The Honorable Seema Verma, Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
The Hubert H. Humphrey Building
200 Independence Avenue, SW
Room 445-G
Washington, DC 20201

Dear Ms. Verma,

RE: Request by state of Arizona to amend its Arizona Health Care Cost Containment (AHCCCS) Demonstration (IMDs)

On behalf of the National Association of Psychiatric Health Systems (NAPHS) and the more than 800 hospitals and other mental health and addiction treatment facilities NAPHS represents, we strongly support Arizona's Section 1115 amendment request to restore access to behavioral health services for Medicaid beneficiaries and ensure those beneficiaries receive the treatment they need in the most appropriate setting.

For more than three decades, Arizona's Medicaid program – the Arizona Health Care Cost Containment System (AHCCCS) – has been at the forefront of managed care and utilizing cutting-edge approaches to building their healthcare delivery system. As part of that effort, AHCCCS has successfully used inpatient behavioral health facilities (IMDs or Institutions for Mental Disease) "in lieu of" general hospitals to provide evidence-based and cost-effective behavioral health services. However, the 15-day IMD cap in the Centers for Medicare and Medicaid Services' (CMS') managed care regulation eliminates this flexibility and imposes burdens on Arizona with no measurable benefit to the state's Medicaid population. Without approval of Arizona's request, CMS's 15-day cap will force Arizona to make a series of delivery system changes that will lead to more expensive care and worse health outcomes for Medicaid beneficiaries with behavioral health conditions.

Specifically, if the request is not granted, there will be increased utilization of hospital emergency departments and increased inpatient stays at general hospitals by beneficiaries with severe and persistent mental health conditions. Under the CMS rule, patients who have received care in an IMD for 15 days and still require inpatient treatment may be discharged or transferred to a general hospital, or the IMD would not be paid for the care delivered beyond the 15 days. Neither of these are clinically or financially appropriate options. CMS's website states that when psychiatric beds are not available "many Medicaid enrollees with acute psychiatric needs, such as those expressing suicidal or homicidal thoughts, are diverted to general hospital emergency departments, which often lack the resources or expertise to care for these patients. For the Medicaid beneficiary, this may result first in a delay in treatment, and then when treatment is provided, inadequate care. General hospitals may delay the provision of care until a bed becomes available, or inappropriately assign them to medical beds." (See https://innovation.cms.gov/initiatives/medicaid-emergency-psychiatric-demo/). A Government Accountability Office (GAO-09-347) report on hospital EDs also concluded that difficulties in transferring, admitting, or discharging psychiatric patients from emergency departments were factors contributing to

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emergency department overcrowding. By capping the number of days, patients will be forced into care settings that are not clinically appropriate and not cost-effective. Additionally, decreasing the availability of inpatient psychiatric care will increase demand for an already-scarce resource.

According to a recent article in the *Journal of the American Medical Association*, "limited access to inpatient care is likely a contributing factor for the increasing U.S. suicide rate" (*Increase in US Suicide Rates and the Critical Decline in Psychiatric Beds*, December 27, 2016, Volume 316, Number 24). The article goes on to connect the 35% decrease in the number of psychiatric beds between 1998 and 2013 to the 24% increase in the suicide rate between 1999 and 2014. Given the growing evidence on the importance of inpatient care in the larger continuum of care for those with behavioral health conditions, it is critical to ensure that states like Arizona have the capacity to provide patients with mental health needs short-term, acute care in a psychiatric hospital.

Arizona's waiver amendment proposal will restore flexibility, provide cost-effective services, minimize the disruption to patients, and maintain access to all appropriate behavioral healthcare services. NAPHS supports this effort, looks forward to future discussions with CMS, and thanks the agency in advance for their full and fair consideration of Arizona's proposal.

Sincerely,

/s/

Scott Dziengelski
Director of Policy and Regulatory Affairs