

## INSTITUTIONS FOR MENTAL DISEASE (IMD) EXCLUSION WAIVER

### Proposal

- The Institutions for Mental Disease (IMD) exclusion is one of the few instances where Medicaid is not permitted to provide payment for medically-necessary services. It excludes states from receiving federal matching dollars for services provided by IMDs for individuals between 21 and 64 years old. An IMD is defined as a facility with more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases and chemical dependency disorders.
- Maryland is seeking an amendment to its HealthChoice §1115 demonstration that would allow for Medicaid payments for services in IMDs. Our request of an “IMD exclusion waiver” would target private IMDs treating individuals with either psychiatric care or substance use treatment needs and allow adults age 21 to 64 to continue to receive services in less costly IMDs rather than in general acute-care hospitals.

### Background

#### *§1115 Waiver Authority*

- The Centers for Medicare and Medicaid Services (CMS) has approved IMD exclusion waivers in the past. CMS approved IMD exclusion waivers that targeted facilities treating individuals with psychiatric needs. Maryland, along with nine other states, has previously received an IMD exclusion waiver. The other states include: Arizona, Delaware, Hawaii, Iowa, Massachusetts, Oregon, Rhode Island, Tennessee, and Vermont.
- Maryland’s IMD exclusion waiver began in 1997 and allowed adults between 21 and 64 with acute episodes of mental illness to receive Medicaid-covered treatment in IMDs rather than general acute hospitals. This is important for two reasons: first, general acute hospitals often lack the resources or expertise to provide the type of care psychiatric patients need; second, acute care hospitals are not the most cost effective way of providing psychiatric care to patients.
- CMS phased out the use of IMDs beginning in FY 2006. Maryland received 100 percent of the expected Federal Financial Participation for FY 2006, 50 percent for FY 2007 and 0 percent for FY 2008.

#### *Affordable Care Act Demonstrations*

- The Medicaid Emergency Psychiatric Demonstration, established under Section 2707 of the Affordable Care Act, makes Medicaid funds available to private psychiatric hospitals for emergency inpatient psychiatric care provided to Medicaid enrollees aged 21 to 64. The District of Columbia and 11 states were selected to participate in the Demonstration. Maryland was one of the states selected. The Demonstration is scheduled to sunset December 2015.

#### *Recent Action*

- On April 23, 2015, the Breaking Addiction Act of 2015 was introduced in the US House of Representatives. This legislation directs the Secretary of Health and Human Services (HHS) to accept applications to waive the IMD exclusion from states that seek to provide comprehensive addiction treatment.

### Why Request an IMD Exclusion Waiver?

- The IMD exclusion waiver will be instrumental in promoting access to high quality care and relieving some pressure on overcrowded general hospital emergency departments. Additionally, both Maryland and CMS will save money, since IMDs are lower cost facilities than acute hospitals.