



Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

August 18, 2026

The Honorable Pamela Beidle
Senate Finance Committee
3 East Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Heather Bagnall
House Health Committee
241 House Office Bldg.
Annapolis, MD 21401-1991

RE: Health - General §15-103.10- IMD Services for Medicaid Participants with Serious Mental Illness and Substance Use Disorder (MSAR #16733)

Dear Chair Beidle and Chair Bagnall:

Pursuant to the requirements of Health - General §15-103.10 and House Bill 684 (Ch. 691 of the Acts of 2022), the Maryland Department of Health (the Department) respectfully submits this report.

This report details the average length-of-stay (ALOS) for Medicaid adult participants with serious mental illness (SMI) and/or substance use disorder (SUD) at an Institution of Mental Disease (IMD), any corrective action plans and limits on days of stay required by the Centers for Medicare and Medicaid Services (CMS), any federal funding withheld and additional State funding required, and data on whether Medicaid participants receiving IMD services were transferred to another facility. The data provided in this report covers the period of Calendar Year 2023 through CY 2024. Data from CY 2025 will be included in next year's report due to the claims runout period.

If you have any questions or comments concerning the report, please contact Meghan Lynch, Director of Government Affairs at meghan.lynch@maryland.gov.

Sincerely,

Meena Seshamani M.D., Ph.D.
Secretary

cc: Perrie Briskin, Deputy Secretary for Health Care Finance and Medicaid Director
Liz Schuelke, Chief of Staff, Health Care Finance and Medicaid
Lorena De Leon, Director, Office of Medical Benefits Management
Alyssa Brown, Director, Office of Innovation, Research, and Development
Nancy Brown, Deputy Director, Office of Innovation, Research, and Development
Sarah Albert, Department of Legislative Services (5 copies)



**IMD Services for Medicaid Participants with Serious
Mental Illness and Substance Use Disorder**

CY 2023 - CY 2024

Health - General §15-103.10

July 2026

Introduction

Pursuant to the requirements of HB 684 - *Md. Medical Assistance Program - Psychiatric Inpatient Care - Admissions Restrictions (Psychiatric Hospital Admissions Equity Act)*, Ch. 691 of the Acts of 2022, the Maryland Department of Health (the Department) respectfully submits this report on Psychiatric Inpatient Care - Admissions Restrictions. Specifically, this report details the average length-of-stay (ALOS) for Medicaid adult participants with serious mental illness (SMI) and/or substance use disorder (SUD) at an Institute of Mental Disease (IMD), any corrective action plans and limits on days of stay required by the Centers for Medicare and Medicaid Services (CMS), any federal funding withheld and additional State funding required, and data on whether Medicaid participants receiving IMD services were transferred to another facility.

Background

An “IMD” encompasses any hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of a person with certain behavioral health conditions, including SUD.¹ While many Medicaid services provided to participants with SUD or SMI are covered jointly with both federal and state funds, traditionally, stays in IMDs have been excluded from federal funding since the Medicaid program was first enacted in 1965. This exclusion was designed to ensure that states would maintain primary responsibility for funding inpatient psychiatric services, rather than the federal government.

In 2016, CMS approved the Department’s request to expand specialty SUD coverage to include SUD treatment in IMDs. Effective July 1, 2017, the approval permitted services to be provided to all full-benefit Medicaid-eligible individuals² aged 21 to 64 who reside in a non-public IMD for American Society of Addiction Medicine (ASAM) residential levels 3.3, 3.5, 3.7, and 3.7-WM (licensed as 3.7D in Maryland) for up to two non-consecutive 30-day stays annually.

On January 1, 2019, the Department phased in coverage of ASAM level 3.1. The Department extended coverage to individuals dually eligible for Medicare and Medicaid as of January 1, 2020.

In March 2019, the Department received approval for an additional Section 1115 HealthChoice demonstration amendment to allow coverage for ASAM level 4.0 for beneficiaries with a primary SUD and a secondary SMI diagnosis in inpatient hospital settings for up to 15 days per month. The Department implemented this coverage effective July 1, 2019.

In December 2021, CMS granted the Department authority via the Section 1115 HealthChoice demonstration to claim expenditures by the State for short term stays for Medicaid adults 21-64 who reside in a private IMD with an SMI diagnosis beginning on January 1, 2022. The days authorized are based on medical necessity and are covered when delivered by facilities located within Maryland, a contiguous state, or Washington, D.C..

On September 24, 2025, the Department submitted a Section 1115 HealthChoice demonstration

¹ “Medicaid’s Institution for Mental Diseases (IMD) Exclusion.” *Congressional Research Service*, 25 Feb 2025, <https://www.congress.gov/crs-product/IF10222>.

² “Full-benefit” participants are covered under this extension of SUD coverage, as opposed to individuals with a more limited package of services, such as Family Planning.

extension application to CMS, including expenditure authority for IMD treatment for SUD or SMI, from January 1, 2027 through December 31, 2031.

Under the current special terms and conditions (STCs) of the Section 1115 HealthChoice demonstration, the Department must adhere to the following guidelines with respect to ALOS:

- SMI: The state may claim federal financial participation (FFP) for services furnished to beneficiaries age 21-64 during IMD stays of up to 60 days, as long as the state shows at its midpoint assessment that it is meeting the requirement of a 30 day or less ALOS. Demonstration services furnished to beneficiaries whose stays in IMDs exceed 60 days are not eligible for FFP under this demonstration.
- SUD: The state may claim FFP for services furnished to beneficiaries age 21-64, including dual eligibles, and must aim for a statewide ALOS of 30 days or less in residential and inpatient treatment settings.

Notably, consistently exceeding the 30-day statewide participant ALOS may jeopardize the Department's ability to draw down federal matching dollars for SMI or SUD residential services or result in CMS placing a hard cap on coverage for SMI services of 45 days. Either scenario would result in increases in expenditures using state-only funds.

The waiver expansion of SUD and SMI IMD does not include room and board, which is paid for with state-only funds by the Department's Behavioral Health Administration (BHA). A listing of the current full continuum of care in Maryland according to ASAM criteria may be found in Appendix A.

IMD Utilization

The Department submits measures to CMS on IMD utilization annually. This is an ongoing requirement as a part of the STCs. Measures submitted to CMS may be collected on a monthly, quarterly, or annual basis.³ The data below is all annual data specifically representing participants covered under the demonstration authority.

Table 1 below shows the number and cost of IMD admissions in CY 2023 and 2024. "Professional" fee or medical services include SUD IMD admissions at ASAM levels 3.1, 3.3, 3.5, 3.7, and 3.7 WM (withdrawal management). "Institutional" or facility fee services cover both SUD and SMI IMD admissions based on a primary diagnosis of behavioral health, as defined by COMAR.⁴

³ For the purposes of this report, the ALOS calculation differs from prior reporting as that conformed to CMS Monitoring Report technical specifications for Measure #36, *Average Length of Stay in IMDs*. The calculations within this report included participants who received treatment in an IMD that were identified by fee-for-service (FFS) claims with certain procedure codes in combination with certain revenue codes and provider types, and with diagnosis codes in accordance with COMAR, [10.67.08.02](#). Participants with stays in IMDs were limited to adults aged 22 to 64 years of age as of the date of service. Certain services are covered pursuant to other authorities, including the "inpatient psychiatric services for individuals under age 21" benefit under 42 CFR 440.160, 441 Subpart D, and 483 Subpart G or the definition of a qualified residential treatment program in STC 4.22 until the participant turns 22 years old. The data in this report is limited to individuals 22-64 as a result.

⁴ Defined under "behavioral health program" as (a) A substance-related disorders program; (b) A mental health disorders program; (c) An addictive disorder program; or (d) A program that consists of a combination of disorder programs listed above. COMAR, *10.63.01.02 Definitions*, June 6, 2025, <https://dsd.maryland.gov/regulations/Pages/10.63.01.02.aspx>.

In CY 2023, 17,004 Medicaid participants had 29,390 stays or admissions to IMDs consisting of 695,048 total bed days for an ALOS of 23.6 days and a cost of \$206,942,688.00. In CY 2024, 17,848 participants had 34,240 stays or admissions to IMDs consisting of 763,621 total bed days for an ALOS of 22.3 days and a cost of \$243,450,748.04.

Table 1. Total IMD Visits/Admissions and Cost, Any Behavioral Health Diagnosis, CY 2023 - 2024						
Year	Service Type	Participants with at least one visit	Stays	Total Bed Days	ALOS	Total cost
2023	Professional	14,708	25,609	657,131	25.7	\$152,319,607.20
2023	Institutional	2,986	3,781	37,917	10.0	\$54,623,080.80
2023	Total	17,004	29,390	695,048	23.6	\$206,942,688.00
2024	Professional	15,510	30,234	722,727	23.9	\$179,418,791.33
2024	Institutional	3,050	4,006	40,894	10.2	\$64,031,956.71
2024	Total	17,848	34,240	763,621	22.3	\$243,450,748.04

Table 2 below shows the number and cost of IMD admissions by primary diagnosis in CY 2023 and 2024. Over both years, SUD services provided in Professional settings accounted for the majority of participants, visits, and cost per year.

Table 2. Total IMD Visits/Admissions and Cost, by Primary Diagnosis, CY 2023 - 2024							
Year	Service Type	Primary Diagnosis	Participants with at least one visit	Stays	Total Bed Days	ALOS	Total cost
2023	Professional	SUD	14,709	25,609	657,131	25.7	\$152,319,607.20
2023	Institutional	Mental Health	2,652	3,284	35,271	10.7	\$52,187,703.59
2023	Institutional	SUD	387	497	2,646	5.3	\$2,435,377.21
2023	Total	-	17,004	29,390	695,048	24.6	\$206,942,688.00
2024	Professional	SUD	15,514	30,234	722,727	23.9	\$179,418,791.33
2024	Institutional	Mental Health	2,760	3,601	38,696	10.7	\$61,886,304.50
2024	Institutional	SUD	334	405	2,198	5.4	\$2,145,652.21
2024	Total	-	17,848	34,240	763,621	23.1	\$243,450,748.04

To date, the Department has not been placed on a corrective action plan by CMS, nor have hard limits been imposed on the stay durations. CMS has not withheld federal funding for covered services. Furthermore, no participants have had their care cut short or moved/transferred to lower

level facilities as a result of exceeding day limits and ALOS requirements.

One of the stated goals of IMD treatment is to divert participants who would otherwise seek treatment at an Emergency Department (ED) to a level of care and care setting that is more able to meet the complex behavioral health needs of participants with SUD and SMI. In both CY 2023 and CY 2024, ED utilization declined following an IMD stay.

Tables 3 and 4 below show the total number of ED visits that participants had six months before and after IMD treatment in both CY 2023 and 2024. In CY 2023, 15,570 IMD participants had a total of 30,156 individual visits to the ED for any reason including behavioral health which averaged at 1.9 visits per participant in the six months prior to their IMD stay. Following six months of the IMD stay of this same population, total ED visits dropped to 24,624 visits with an average of 1.6 visits per participant. This represents an overall reduction of approximately 5,500 total visits and 0.3 visits per participant in CY 2023.

Similarly, in CY 2024, the population of 16,509 IMD participants had 31,968 individual visits to the ED for any reason including behavioral health in the six months prior to their IMD stay, maintaining a rate of 1.9 visits per participant. In the subsequent six months of the IMD stay, visits decreased to 26,509, resulting in a post-stay rate of 1.6 visits per participant. This matched the previous year's decrease of approximately 5,500 total visits and 0.3 visits per participant.

Table 3 - 4. Total Number of ED Visits for Any Reason, Pre- and Post-Treatment in an IMD for Medicaid Participants by IMD Diagnosis, CY 2023 - 2024

Table 3. Total Number of ED Visits for Any Reason, 6 Months Pre IMD Treatment						
Year	IMD Diagnosis	Total Participants	Any ED Visit- #	Any ED Visit- %	Number of visits	Visits per participant
2023	MH Only	2,185	1,735	79.4%	6,291	2.9
2023	SUD Only	13,042	7,279	55.8%	22,042	1.7
2023	MH + SUD	343	283	82.5%	1,823	5.3
2023	Total	15,570	9,297	59.7%	30,156	1.9
2024	MH Only	2,313	1,860	80.4%	6,079	2.6
2024	SUD Only	13,830	7,527	54.4%	24,162	1.7
2024	MH + SUD	366	298	81.4%	1,727	4.7
2024	Total	16,509	9,685	58.7%	31,968	1.9

Table 4. Total Number of ED Visits for Any Reason, 6 Months Post IMD Treatment						
Year	IMD Diagnosis	Total Participants	Any ED Visit- #	Any ED Visit- %	Number of visits	Visits per participant
2023	MH Only	2,185	1,138	52.1%	4,620	2.1
2023	SUD Only	13,042	6,059	46.5%	18,079	1.4
2023	MH + SUD	343	251	73.2%	1,925	5.6
2023	Total	15,570	7,448	47.8%	24,624	1.6
2024	MH Only	2,313	1,179	51.0%	4,270	1.8
2024	SUD Only	13,830	6,279	45.4%	20,049	1.4
2024	MH + SUD	366	280	76.5%	2,190	6.0
2024	Total	16,509	7,738	46.9%	26,509	1.6

While similar to Tables 3 and 4, Tables 5 and 6 below look only at behavioral health-related ED visits, as opposed to all ED visits. For both CY 2023 and CY 2024, behavioral health-related ED utilization declined after an IMD stay. In CY 2023, the population of 15,570 IMD participants had 9,744 individual visits to the ED for a behavioral health diagnosis in the six months prior to their stay in an IMD at a rate of 0.6 visits per participant. Following a six month IMD stay, the same population's behavioral health related ED visits decreased to 6,489 at a rate of 0.4 visits per participant. This represents an overall decrease of approximately 3,300 total visits and 0.2 visits per participant in CY 2023.

In CY 2024, the population of 16,509 IMD participants had 10,428 individual visits to the ED for a behavioral health diagnosis in the six months prior to their stay in an IMD that year, at a rate of 0.6 visits per participant. That same population incurred 6,941 visits in the six months following their stay in an IMD that year, at a rate of 0.4 visits per participant, indicating a decrease of approximately 3,500 total visits and 0.2 visits per participant.

Table 5 - 6. Total Number of ED Visits for A Behavioral Health Diagnosis, Pre- and Post-Treatment in an IMD, by IMD Diagnosis, CY 2023 - 2024

Table 5. Total Number of ED Visits for A Behavioral Health Diagnosis, 6 Months Pre IMD Treatment						
Year	IMD Diagnosis	Total Participants	BH ED Visit- #	BH ED Visit- %	Number of visits	Visits per participant
2023	MH Only	2,185	1,265	57.9%	2,829	1.3
2023	SUD Only	13,042	3,119	23.9%	5,996	0.5
2023	MH + SUD	343	228	66.5%	919	2.7
2023	Total	15,570	4,612	29.6%	9,744	0.6
2024	MH Only	2,313	1,360	58.8%	2,708	1.2
2024	SUD Only	13,830	3,317	24.0%	6,860	0.5
2024	MH + SUD	366	239	65.3%	860	2.3
2024	Total	16,509	4,916	29.8%	10,428	0.6

Table 6. Total Number of ED Visits for A Behavioral Health Diagnosis, 6 Months Post IMD Treatment						
Year	IMD Diagnosis	Total Participants	BH ED Visit- #	BH ED Visit- %	Number of visits	Visits per participant
2023	MH Only	2,185	580	26.5%	1,556	0.7
2023	SUD Only	13,042	1,905	14.6%	3,979	0.3
2023	MH + SUD	343	178	51.9%	954	2.8
2023	Total	15,570	2,663	17.1%	6,489	0.4
2024	MH Only	2,313	564	24.4%	1,459	0.6
2024	SUD Only	13,830	1,906	13.8%	4,464	0.3
2024	MH + SUD	366	198	54.1%	1,018	2.8
2024	Total	16,509	2,668	16.2%	6,941	0.4

Next Steps

In 2025, the Department submitted all required SUD and SMI monitoring reports for the Demonstration period, including SMI Annual Availability Assessments for CY 2022-2024, retrospective SMI Monitoring Reports, SUD and SMI Quarterly Monitoring Reports, the SUD Midpoint Assessment, SMI Midpoint Assessment, and the Annual 1115 Monitoring Report.⁵ Additionally, on September 24, 2025, the Department submitted a Section 1115 HealthChoice demonstration extension application to CMS, including expenditure authority for IMD treatment for SUD or SMI, from January 1, 2027 through December 31, 2031. The Department will continue to work with CMS on measuring and analyzing SUD and SMI IMD data as part of the ongoing monitoring reports.

The Department will provide updates to the General Assembly in future reports annually on or before July 1.

⁵ Publicly available monitoring reports are available on the CMS Maryland HealthChoice demonstration page: <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/81931>

Appendix A. Current Continuum of Care in Maryland by ASAM Criteria

CURRENT CONTINUUM OF CARE IN MARYLAND	
SUD Services	ASAM Criteria
SBIRT	N/A
Substance Use Disorder Assessment (CSAA)	N/A
Peer Recovery Support Services	N/A
Group Outpatient Therapy	Level 1-Outpatient Service
Individual Outpatient Therapy	Level 1-Outpatient Service
Ambulatory Detoxification	Level 1-Outpatient Service
Intensive outpatient (IOP)	Level 2.1- Intensive Outpatient Service
Partial Hospitalization	Level 2.5- Partial Hospitalization
Clinically Managed Low-Intensity Residential Services	Level 3.1 - Residential/Inpatient Services
Clinically Managed Population-Specific High-Intensity Residential Services	Level 3.3 - Residential/Inpatient Services
Clinically Managed High-Intensity Residential Services	Level 3.5 - Residential/Inpatient Services
Medically Monitored Intensive Inpatient Services	Level 3.7 - Residential/Inpatient Services
Medically Monitored Intensive Inpatient Services	Level 3.7-WM (Withdrawal Management) - Residential/Inpatient Services
Medically Managed Intensive Inpatient Services	Level 4.0 - Inpatient Services
Methadone/Buprenorphine: Induction and Maintenance	Level OMT- Opioid Maintenance Therapy
Medicaid covers all FDA-covered pharmaceuticals. Additional medication-assisted treatment covered with clinical criteria: ● Buprenorphine/Naloxone combination therapies: Bunavail, Suboxone, Suboxone Film, and Zubsolv ● Campral ● Naltrexone ● Subutex – Buprenorphine ● Vivitrol ● Brixadi	N/A
ICF-A: Under 21	Medically monitored intensive inpatient treatment Level 3.7-WM Level 3.7 Level 3.5
Intensive Inpatient Services	Level 4 – Inpatient Services and Level 4.0 WM