



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

June 26, 2025

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

The Honorable Joseline Peña-Melnyk
House Health and Government Operations Committee
241 House Office Bldg.
Annapolis, MD 21401-1991

**RE: Report Required by Health - General §15-103.8 and HB 684 - Ch. 691 of the Acts of 2022;
IMD Services for Medicaid Participants with Serious Mental Illness and Substance Use
Disorder**

Dear Chair Beidle and Chair Peña-Melnyk:

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 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

¹ “Medicaid’s Institution for Mental Diseases (IMD) Exclusion.” *Congressional Research Service*, 5 Oct 2023, <https://crsreports.congress.gov/product/pdf/IF/IF10222>.

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

(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 waiver 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 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..

Under the current special terms and conditions (STCs) of the 1115 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 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 each quarter on IMD utilization. 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

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"

covered under the demonstration authority (as opposed to the CMS monitoring reports, which require all ages to be reported).

Table 1 below shows the number and cost of IMD admissions in CY 2022 and 2023. “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

In CY 2023, 15,740 Medicaid participants had 25,841 stays or admissions to IMDs consisting of 628,356 total bed days for an ALOS of 24.3 days and a cost of \$181,534,052. In CY 2023, 17,077 participants with 29,393 stays or admissions to IMDs consisting of 695,058 total bed days for an ALOS of 23.6 days and a cost of \$206,954,432.

Table 1. Total IMD Visits/Admissions and Cost, Any Behavioral Health Diagnosis, CY 2022 - 2023

Year	Service Type	Participants with at least one visit	Stays	Total Bed Days	ALOS	Total cost
2022	Professional	13,628	22,326	594,454	26.6	\$133,416,307
	Institutional	2,740	3,515	33,902	9.6	\$48,117,745
	Total	15,740	25,841	628,356	24.3	\$181,534,052
2023	Professional	14,709	25,610	657,132	25.7	\$152,320,030
	Institutional	2,988	3,783	37,926	10.0	\$54,634,401
	Total	17,007	29,393	695,058	23.6	\$206,954,432

Table 2 shows the number and cost of IMD admissions by primary diagnosis in CY 2022 and 2023. Over both years, SUD services provided in Professional settings accounted for the majority of participants, visits, and cost per year.

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>.

Table 2. Total IMD Visits/Admissions and Cost, by Primary Diagnosis, CY 2022 - 2023⁵

Year	Service Type	Primary Diagnosis	Participants with at least one visit	Stays	Total Bed Days	ALOS	Total cost
2022	Professional	SUD	13,628	22,326	594,454	26.6	\$133,416,307
	Institutional	Mental Health	2,439	3,058	31,444	10.3	\$46,005,533
		SUD	342	457	2,458	5.4	\$2,112,212
	Total		15,740	25,841	628,356	24.3	\$181,534,052
2023	Professional	SUD	14,709	25,610	657,132	25.7	\$152,320,030
	Institutional	Mental Health	2,654	3,286	35,280	10.7	\$52,199,024
		SUD	*	*	2,646	5.3	\$2,435,377
	Total		17,007	29,393	695,058	23.6	\$206,954,432

To date, CMS has not placed the Department on a corrective action plan or subjected the Department to hard limits on the number of days of a stay. No federal funding has been withheld by CMS for covered services. No participants have had their care cut short or moved/transferred to a lower level facility due to exceeding the day limit and ALOS requirements.

Table 3 shows the total number of Emergency Department (ED) visits that participants had before and after IMD treatment in both CY 2022 and 2023. In both CY2022 and CY2023, ED utilization declined following an IMD stay.

⁵ Values of 10 or fewer suppressed with an asterisk for participant privacy.

Table 3. Total Number of ED Visits for Any Reason, Pre- and Post-Treatment in an IMD for Medicaid Participants by IMD Diagnosis, CY 2022 - 2023

Year	6 Months Before IMD Visit						Within 6 months After IMD Visit			
	IMD Diagnosis	Total Participants	Any ED Visit		Number of visits	Visits per participant	Any ED Visit		Number of visits	Visits per participant
			#	%			#	%		
2022	Mental Health Only	2,108	1,733	82.2%	5,725	2.7	1,109	52.6%	3,867	1.8
	SUD Only	12,374	6,933	56.0%	21,474	1.7	5,626	45.5%	17,488	1.4
	MH + SUD	306	266	86.9%	1,698	5.5	237	77.5%	1,819	5.9
	Total	14,788	8,932	60.4%	28,897	2.0	6,972	47.1%	23,174	1.6
2023	Mental Health Only	2,189	1,738	79.4%	6,484	3.0	1,142	52.2%	4,730	2.2
	SUD Only	13,042	7,285	55.9%	22,766	1.7	6,056	46.4%	18,473	1.4
	MH + SUD	341	283	83.0%	1,853	5.4	247	72.4%	1,973	5.8
	Total	15,572	9,306	59.8%	31,103	2.0	7,445	47.8%	25,176	1.6

While similar to Table 3, Table 4 looks only at behavioral health-related ED visits participants, as opposed to all ED visits. For both CY 2022 and CY 2023, behavioral health-related ED utilization declined after an IMD stay.

Table 4. Total Number of ED Visits for A Behavioral Health Diagnosis, Pre- and Post-Treatment in an IMD, by IMD Diagnosis, CY 2022 - 2023

Year	6 Months Before IMD Visit						Within 6 months After IMD Visit			
	IMD Diagnosis	Total Participants	Any ED Visit		Number of visits	Visits per participant	Any ED Visit		Number of visits	Visits per participant
			#	%			#	%		
2022	Mental Health Only	2,108	1,234	58.5%	2,532	1.2	586	27.8%	1,418	0.7
	SUD Only	12,374	2,996	24.2%	6,031	0.5	1,702	13.8%	3,814	0.3
	MH + SUD	306	200	65.4%	830	2.7	179	58.5%	839	2.7
	Total	14,788	4,430	30.0%	9,393	0.6	2,467	16.7%	6,071	0.4
2023	Mental Health Only	2,189	1,280	58.5%	2,858	1.3	584	26.7%	1,557	0.7
	SUD Only	13,042	3,148	24.1%	6,120	0.5	1,918	14.7%	3,995	0.3
	MH + SUD	341	228	66.9%	922	2.7	176	51.6%	952	2.8
	Total	15,572	4,656	29.9%	9,900	0.6	2,678	17.2%	6,504	0.4

Next Steps

CMS approved the Department's SMI Implementation plan on July 20, 2022 and the SMI Monitoring Protocol on November 14, 2024. At the time of writing, the Department has submitted two SMI quarterly monitoring reports to CMS. 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. If further information about this program is needed, please contact Sarah Case-Herron, Director of Government Affairs (sarah.case-herron@maryland.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Meena Seshamani', with a stylized flourish at the end.

Meena Seshamani M.D., Ph.D
Secretary

cc: Tricia Roddy, Deputy Director, Maryland Medicaid Program
Sandra Kick, Director, Office of Medical Benefits Management
Alyssa Brown, Director, Office of Innovation, Research, and Development
Sarah Albert, Department of Legislative Services (5 copies)

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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: <ul style="list-style-type: none"> ● 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