

June 2012

CMS Medicaid Emergency Psychiatric Demonstration

State Medicaid agencies were invited by the Centers for Medicare and Medicaid Services (CMS) on August 9th to apply for participation in the Medicaid Emergency Psychiatric Demonstration. The Demonstration is designed to assess whether the expansion of Medicaid coverage to include emergency services provided in **private** inpatient psychiatric hospitals improves access to, and the quality of, medically necessary care, and whether this change in payment policy is cost-effective. The Demonstration defines psychiatric emergencies as expressions of suicidal or homicidal thoughts or gestures resulting in a determination that the patient is dangerous to himself or to others. **Applicants for the Demonstration are limited to Medicaid agencies** in the states, the District of Columbia, and Territories of the U.S.

Background

Section 2707 of the Affordable Care Act authorizes a 3-year Demonstration project under which psychiatric hospitals that are not publicly owned, or operated would receive Medicaid payment, to the extent of a state specific allotment, for providing emergency services required, pursuant to the Emergency Medical Treatment and Labor Act (EMTALA), for Medicaid recipients aged 21 to 64.

Since the Medicaid program was first enacted, there has been a preclusion of funding for inpatient treatment of adults between the ages of 21 and 64 in any institution for mental diseases (IMD) with 17 or more beds (or any other needed care for such inpatients). The movement toward deinstitutionalization of long-term psychiatric inpatients, and the closure of state psychiatric hospitals, has meant that fewer patients are served in large institutions for behavioral health disorders. Instead, an increased number of patients receive emergency psychiatric care in overcrowded emergency departments in general acute care hospitals. This increased use has forced many hospitals to resort to “psychiatric boarding” – the delay of care of a person with behavioral health conditions until a hospital bed becomes available.

Goals of the Demonstration

The primary goal of the Demonstration is to assess whether the expansion of Medicaid coverage to include certain emergency services provided in private inpatient psychiatric hospitals improves access to medically necessary care.

The Demonstration will also test whether such expanded coverage will reduce the burden on general acute care hospital emergency rooms and whether and how differences in behavioral health delivery systems including the availability of various types and combinations of beds in the state, the level and types of investments in community-based behavioral health services by the state (e.g., Assertive Community Treatment) and the design of the state’s Medicaid program itself

(including the degree of specialized managed behavioral health care) fundamentally affect the impact of any IMD policy changes on cost, quality, and access to behavioral health care.

Funding Process

The Demonstration will be conducted for a period of 3 consecutive years. Payments to participating States will be an amount each quarter equal to the Federal medical assistance percentage of expenditures for services provided under this Demonstration. A total of \$75 million in Federal matching funds has been appropriated for the conduct of the Demonstration. In order to achieve an equitable distribution sufficient to allow the fullest participation of each State during the Demonstration period, funding limits will be determined for participating states based on yearly estimates of the number of individuals eligible for the Demonstration and the cost of the inpatient services provided. Furthermore, the states selected will be limited in number to ensure that sufficient funds are available in each participating state to enable an informative assessment of the effect of waiving the IMD exclusion for emergency care in private psychiatric hospitals in those states.

CMS Evaluation Process

CMS is required to conduct an independent evaluation to determine the impact of the Demonstration on the functioning of the health and behavioral health service system within the participating states, and on individuals enrolled in the Medicaid program. The evaluation is to include but not limited to: (1) An assessment of the Demonstration in relation to access to inpatient behavioral health services under the Medicaid program, including average lengths of inpatient stays and emergency department visits; (2) An assessment of discharge planning by participating hospitals; and (3) An assessment of the impact of the Demonstration project on the costs of the full range of behavioral health services (including inpatient, emergency, and ambulatory care).

Update

On March 13, the CMS Center for Medicare and Medicaid Innovation announced that 11 states (AL, CA, CT, IL, ME, MD, MO, NC, RI, WA, and WV) and the District of Columbia have been selected to participate in the Medicaid Emergency Psychiatric Demonstration, authorized through Section 2702 of the Affordable Care Act. At state option, private psychiatric hospitals will be able to provide emergency care to individuals residing in their facility and will be reimbursed by Medicaid.

For additional information, visit:

<http://inovations.cms.gov/initiatives/medicaid-emergency-psychiatric-demo>

Details on CMS Medicaid Emergency Psychiatric Demonstration Grants

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participate in the Medicaid Emergency Psychiatric Demonstration, authorized through Section 2702 of the Affordable Care Act. At state option, private psychiatric hospitals will be able to provide emergency care to individuals residing in their facility and will be reimbursed by Medicaid. Currently, Medicaid does not allow for public or private Institutions for Mental Diseases (IMDs) with 17 or more beds to be reimbursed for any services rendered to adults aged 21-64, known as the IMD exclusion.

The demonstrations are being conducted to test if increased access to immediate emergency psychiatric services to adults in this age group residing in private psychiatric hospitals will improve the quality and timeliness of emergency care and if this will reduce costs to state Medicaid programs.

The demonstrations will also test if this expanded coverage will reduce the burden on general hospital emergency room departments, which is where these individuals typically receive emergency psychiatric care. The demonstration grants provide up to \$75 million in federal Medicaid matching funds over three years.

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