Inpatient Psychiatric Treatment Coverage

FACT SHEET

March 2013

In California's duals demonstration, participating health plans will be responsible for providing enrollees access to all medically necessary behavioral health services currently covered by Medicare and Medicaid. This paper provides a brief summary of coverage responsibilities for inpatient mental health treatment.

Dual eligible beneficiaries with mental illness may be treated in inpatient psychiatric facilities (IPFs), either general acute care hospitals or specialized acute hospital-based units. To be admitted to an IPF, patients generally have to be considered dangerous to themselves or others or gravely disabled due to their mental illness. As is the case for stays in general acute care hospitals, beneficiaries treated in IPFs are responsible for a deductible for the first admission during a benefit period or "spell of illness,"[1] and for a copayment between days 61 and 90. Beneficiaries treated for psychiatric conditions in IPFs are covered for 90 days of care per benefit period, with a 60-day lifetime reserve. Under the 60-day reserve, beneficiaries are liable for a higher copayment for each day.[2]

Over their lifetimes, beneficiaries are limited to 190 days of treatment in freestanding psychiatric hospitals. This restriction – intended to limit the federal government's role in paying for long-term custodial care for mental illnesses – applies only to services in freestanding inpatient psychiatric facilities. The limitation does not apply to inpatient psychiatric services in a specialized psychiatric unit of a general acute care hospital.[3]

Today, in California, County Mental Health Plans (MHPs) are responsible for paying the balance of state's share of inpatient psychiatric care costs not covered by Medicare for dual eligible beneficiaries who meet the medical necessity criteria for specialty mental health services.[4] The County MHP also is responsible for local hospital administrative days. These are days, as determined by the county, that a patient's stay in the hospital goes beyond the need for acute care and there is a lack of beds available in step-down facilities.

Under the duals demonstration, participating health plans will be responsible for all the Medicare reimbursable mental health services, including inpatient care. County MHPs will be responsible for any Medicare cost sharing (deductibles or copayments) for inpatient care, as they pay them today.

Institutions for Mental Diseases (IMD)

IMD Exclusion

Under federal law and regulation federal matching dollars (FFP) are not available for any expenditures for services in IMDs for any patients older than 21 and younger than 65[5]. Therefore, Medi-Cal does not reimburse for IMD services or any other normally covered services delivered in IMDs for Medi-Cal

[1] A benefit period, also called a "spell of illness," starts on the first day that a Medicare patient enters a hospital and ends when the person has not received inpatient hospital or skilled nursing facility levels of care for 60 days in a row. There may be multiple benefit periods, and thus, multiple deductibles per year.
[2] http://www.hapnetwork.org/original-medicare/ship-resource-guide/hospital-insurnace-part-a.pdf
[3] MEDPAC. Psychiatric Hospital Service Payment System. October 2011. Available at: http://www.medpac.gov/documents/MedPAC_Payment_Basics_11_psych.pdf
[4] Title 9, California Code of Regulations (CCR), Sections 1820.205, 1830.205, and 1830.210
[5] Title 42, CFR, § 435.1009

beneficiaries ages 22 to 64. This is known as the "IMD exclusion." The IMD exclusion applies only to Medicaid (called Medi-Cal in California and authorized under Title 19 of the Social Security Act) and does not apply to Medicare (Title 18 of the Social Security Act).

IMD Definition

A facility is an IMD if it has over 16 beds, is primarily engaged in providing diagnosis, treatment or care of persons with mental disorders, including medical attention, nursing care, and related services. A facility's license type is not a defining characteristic of an IMD. The federal definition of an IMD is at Title 42, Code of Federal Regulations (CFR), § 435.1010.[6]

Several facility types in California meet the definition of an IMD and fall into the Medi-Cal "IMD exclusion".[8] The following table lists :

Type of IMD	Facilities in 8 CCI counties[7]	Beds in 8 CCI counties
Free standing psychiatric hospitals with more than 16 beds	17	1,577
PHFs – Psychiatric health facilities with more than 16 beds *(Few of these facilities are Medicare-certified).*	2	50
SNF-STP – Skilled Nursing Facilities with Special Treatment Programs with more than 50 percent of total beds for patients institutionalized because of mental health diagnoses.	16	1,542
MHRC - Mental Health Rehabilitation Center. (These faciltieis are not reimbursable by Medicare or Medi-Cal.)	8	725
State hospital – Most state hospital patients are related to the criminal justice system. Counties purchase less than 10% of beds for people subject to civil commitments.		

IMD Reimbursement for Dual Eligibles

IMD services may be reimbursed by Medicare, regardless of beneficiary age, but only if the facility is Medicare-certified and the beneficiary meets medical necessity criteria for Medicare coverage. Medicare coverage is available for treatment in certified, free-standing psychiatric hospitals regardless of bed size up to a lifetime maximum of 190 days. MHRCs are not covered by Medicare or Medi-Cal, and few PHFs are Medicare-certified.

SNF-IMDs are locked long-term care facilities with more than 50% of beds dedicated to psychiatric care. Patients placed in locked mental health treatment facilities must be conserved by the court under the grave disability provisions of the LPS Act. Medicare reimburses long-term nursing care only for a limited time (up to 100 days) following a qualifying hospital stay, and so rarely would placement for custodial care in a SNF-IMD be Medicare reimbursable. Today, Medi-Cal fee-for-service reimburses the SNF-IMD facility charges for Medi-Cal beneficiaries 21 and younger and 65 and older. People age 65 and older more commonly are placed in SNF-STPs not classified as IMDs. The Medi-Cal fee-for-service program pays these facility charges. Under the duals demonstration, health plans will be responsible for these charges paid by Medi-Cal fee-for-service today.

[6] DMH LETTER NO. 02-06. Available here: http://www.dhcs.ca.gov/formsandpubs/MHArchiveLtrs/MH-Ltr02-06.pdf
[7] Eight Demonstration counties: Alameda, San Mateo, Santa Clara, Los Angeles, Orange, San Diego, San Bernardino, Riverside
[8] DHCS maintains a list of IMDs in California; it is posted on the DHCS website here: http://www.dhcs.ca.gov/services/MH/Pages/MedCCC-Library.aspx

Frequently Asked Questions

1. **Are dual eligibles receiving county specialty mental health services carved out of the duals demonstration?**

   No. Dual eligibles with serious mental illness are eligible for enrollment into the demonstration.

2. **How will the financing work for Medicare-covered mental health services?**

   The demonstration health plans will receive a capitated payment that will include all mental health services currently covered by Medicare. Medi-Cal specialty mental health and Drug Medi-Cal services will be carved out of the demonstration capitation and remain the responsibility of the counties. Dual eligible beneficiaries enrolled in the demonstration will need to receive Medicare mental health services from providers who work with their health plan.

3. **Are county expenditures for Institute for Mental Disease (IMD) for dual eligibles included in the health plan capitation rate?**

   No. The county's payments for any IMD expenditures, and for any other Medi-Cal specialty mental health services, are excluded from the demonstration health plans' capitation payment.

4. **Will demonstration plan members age 22 to 64 years of age stay enrolled in the demonstration plan even if they are in an IMD? Will members 65 years and older?**

   Yes, both age groups would stay enrolled in the demonstration plan, unless they (or their legal representative) choose to disenroll, which is allowable at any time. The demonstration health plan will be responsible for any services provided within and outside an IMD that is a Medicare-reimbursable service or is a benefit today under the Medi-Cal fee-for-service program. The counties would be responsible for any IMD costs that are not Medicare reimbursable or are not a benefit of the Medi-Cal fee-for-service program.

5. **Who is responsible for the cost of care for demonstration enrollees who have exhausted their 190-day lifetime coverage limit in a freestanding psychiatric hospital?**

   The county mental health plan would be financially responsible for the cost of coverage of inpatient care in a freestanding psychiatric hospital once the member reaches his or her Medicare lifetime coverage limit.

6. **How will demonstration enrollees with serious mental illness receive psychotherapeutic prescription drugs?**

   Dual eligible beneficiaries enrolled in the demonstration will receive their pharmacy benefits through Medicare Part D provided by their demonstration health plan.