



AHCCCS Update

Waiver Amendment to
Increase Access to Care
in Institutions for Mental
Disease



Overview

- Waiver objective: repeal federal restrictions on access to care in Institutions for Mental Disease
- Definitions and funding overview
- CMS Managed Care Rule overview
- AHCCCS proposed solution

Institutions for Mental Disease

Exclusion

- Federal law prohibits federal funding for services that members aged 21-64 receive in Institutions for Mental Disease
- Since the inception of the Medicaid program (1965)
- Legislative intent was for states to be responsible for the institutional care of people with mental illnesses

What is an IMD?

- “a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment or care of **persons with mental diseases**, including medical attention, nursing care and related services. **Whether an institution is an institution for mental diseases is determined by its overall character as that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases**, whether or not it is licensed as such. An institution for Individuals with Intellectual Disabilities is not an institution for mental diseases.”

- 42 C.F.R. 435.1010

Examples of IMDs

- Psychiatric hospital, nursing facility, residential treatment center
- A psychiatric unit of a general hospital is not an IMD because the hospital is not established and maintained primarily for the care and treatment of individuals with mental diseases

“In Lieu of” Authority

- CMS allows states that contract with managed care entities to allow the MCOs to provide services a different way than is specified under federal law
- These “in lieu of” services must be no more costly than the services they take the place of
- Arizona allowed MCOs to provide access to IMD services “in lieu of” more expensive settings

CMS's New Managed Care Rule

- New managed care regulations issued July 5, 2016, restrict federal funding for IMD stays to stays of less than 15 days per month for adults aged 21-64
- Eliminates “in lieu of” authority

Effects of CMS's Managed Care Rule

- If a member's stay in IMD is longer than 15 days, the State must recoup the ENTIRE capitation payment from the MCO for the month (not just the amount associated with the IMD stay)
 - Member still enrolled with plan
 - Plan still responsible for care, but it's uncompensated
- Can result in members being discharged too early and needing emergency care later
- Challenges include developing adequate network of non-IMD alternatives and the higher cost of alternatives

Waiver Application

- To maintain managed care members' access to care in IMDs, requesting CMS to allow federal funding for stays in IMDs longer than 15 days
- Also requesting federal funding for FFS members so they have equal access to care
- Indiana submitting similar application
- One of the first waivers considered by new Administration
- Arizona has demonstrated successful utilization of IMDs as a cost-effective and appropriate setting

Questions?

