GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance

Office of the Deputy Director **Transmittal No: 12-01**

TO: Medicaid Providers

FROM: Linda Elam, Ph.D.
Deputy Director/Medicaid Director

DATE: January 10, 2012

SUBJECT: Clarification of Policies Pertaining to Medicaid Federal Financial Participation for Patients in an Institution for Mental Disease.

This transmittal clarifies existing Federal law and District of Columbia policy pertaining to the availability of Medicaid Federal Financial Participation (FFP) for medical services provided to individuals over the age of 21 and under age 65 who are patients in an institution for mental diseases (IMD). This transmittal also clarifies the Medicaid eligibility status of IMD patients.

Medicaid Claiming for Services

Federal Medicaid law and regulations prohibit federal Medicaid payments for any medical assistance under the Medicaid program provided to an individual who is under age 65 and who is a patient in an Institution for Mental Diseases (IMD) unless the payment is for in-patient psychiatric services for individuals under age 21. This exclusion was designed to assure that states, rather than the Federal government, continue to have principal responsibility for funding inpatient psychiatric services.

Under this broad exclusion, no Medicaid payment can be made for services provided to an IMD patient either by fee-for-service or managed care providers. Additionally, no Medicaid payment can be made for services provided either in or outside the facility for any patient of an IMD who falls within the designated age group.

Temporary Absences to Obtain Medical Treatment

If a patient is temporarily transferred from an IMD to another medical facility for other in-patient or out-patient medical treatment, under current Federal policy, the patient is still considered an IMD patient. Accordingly, providers who are treating IMD patients on an outpatient basis may not bill Medicaid for these services. Likewise, if an IMD patient is transferred to another hospital for medical treatment, the hospital may not bill Medicaid for the services provided.

Circumstances when Medicaid Payment is Permitted

The prohibition against Medicaid payment for services to IMD patients does not apply in the following circumstances:

Conditional Release – If a patient is released from the IMD on the condition that the patient receives outpatient treatment or on other comparable conditions, the patient is on conditional release.

Convalescent Leave – Convalescent leave is a period of absence that relates to the patient's course of treatment for the individual's mental disorder. If a patient is sent home for a trial visit, this is convalescent leave.

Discharge – The patient is unconditionally discharged from the IMD.

Medicaid Eligibility of IMD Patients

The IMD exclusion only pertains to the availability of Federal Medicaid payment for medical services provided to an individual while the individual is a patient in an IMD; it does not affect the IMD patient's eligibility for Medicaid. This means that an IMD patient who is otherwise eligible for Medicaid should not be terminated from the Medicaid program simply because he or she has been admitted to an IMD for treatment of a mental disorder. An IMD patient also may submit an initial or continuing application for Medicaid eligibility. An initial application or recertification for Medicaid eligibility should not be denied simply because the applicant is an inpatient in an IMD.

An IMD patient who is denied Medicaid eligibility or the ability to apply or recertify Medicaid eligibility based solely on his or her status as an IMD patient has a right to request a Fair Hearing. A Fair Hearing request may be filed with the District of Columbia, Office of Administrative Hearings within ninety (90) days from the date of the denial/reduction/termination notice or appeal determination notice. A Fair Hearing request may be filed by telephone, in writing or in person. Contact information for the DC Office of Administrative Hearings is as follows:

District of Columbia Office of Administrative Hearings
441 4th St. NW
1030 South
Washington, DC 20001
(202) 442-9094

This transmittal is effective immediately. If you have any questions please contact Lucy Wilson-Kear, Associate Director of DHCF's Division of Eligibility Policy at lucy.wilson-kear@dc.gov or (202) 442-8997.

The Department of Health Care Finance is committed to providing comprehensive, affordable and quality health care services. Thank you for assisting us in meeting the needs of District of Columbia Medicaid beneficiaries.

Attachment:

cc: Wayne Turnage, Director, DHCF
Sheryl Johnson, Acting General Counsel, DHCF
Claudia Schlosberg, Director, Health Care Policy and Research Administration, DHCF
Donald Shearer, Director, Health Care Operations