

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director/Medicaid Director

Transmittal #19-31 (rev.)

TO: All District of Columbia Medicaid Providers

FROM: Melisa Byrd
Senior Deputy Director/Medicaid Director

DATE: June 23, 2022

SUBJECT: Services Provided in Institutions for Mental Disease for Medicaid Beneficiaries Aged 21-64

This transmittal supersedes Transmittal # 19-31: Services Provided in Institutions for Mental Disease for Medicaid Beneficiaries Aged 21-64, issued on December 31, 2019. This revision adds care coordination and transition requirements for SMI-related IMD stays, as stipulated in the waiver’s SMI implementation plan.

On November 6, 2019, the Centers for Medicare & Medicaid Services (CMS) approved the District’s Behavioral Health Transformation demonstration with an effective date of January 1, 2020. The demonstration allows the District’s Medicaid program to pay for services provided to non-elderly adults with serious mental illness (SMI)/serious emotional disturbance (SED) or substance use disorder (SUD) residing in an institution for mental disease (IMD). Coverage for IMD services was historically barred for most non-elderly adults under Medicaid’s IMD exclusion. Additionally, the demonstration adds new community-based services designed to improve behavioral health treatment capacity and strengthen transitions from emergency, inpatient and residential treatment.

I. Reimbursement for Fee-For-Service IMD Services for Medicaid Enrolled Individuals Aged 21-64

To support the implementation of the District’s approved Behavioral Health Transformation Demonstration program on January 1, 2020, DHCF published emergency proposed rulemaking in the November 29, 2019 issue of the DC Register. In accordance with the requirements set forth in Title 29 of the DCMR, Chapter 86 (Behavioral Health Demonstration Program), DHCF shall

provide Medicaid fee-for-service reimbursement for medically necessary services provided to enrolled individuals, aged 21-64, in an IMD, who require short-term inpatient or residential treatment to resolve or ameliorate the symptoms associated with the acute phase of a behavioral health crisis.

Covered IMD services under the demonstration include psychiatric hospitalizations, SUD residential treatment, and withdrawal management services. Additional detail is included in [DHCF Transmittal #19-26](#).

Medicaid fee-for-service billing guidance for IMD services under this demonstration program is available on DHCF's website at <https://dhcf.dc.gov/1115-waiver-initiative>.

II. Settings That Qualify as Institutions for Mental Disease

Only services provided in a setting that qualifies as an institution for mental disease (IMD) will be eligible for reimbursement under the waiver when provided to certain adult populations, as noted above. DHCF or its designee will determine whether a facility qualifies as an IMD.

An IMD is defined as any “hospital, nursing facility, or other institution of more than sixteen (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.”¹ Services provided in settings that do not qualify as IMDs are subject to separate requirements than those set forth for Medicaid coverage of IMDs under this demonstration program. DHCF will apply the criteria noted below to determine whether a facility meets the 16-bed and service definition to qualify as an IMD subject to waiver requirements.

A. 16 Bed Test:

In determining whether a facility/entity is operating more than sixteen (16) beds for the purpose of determining whether the facility/entity qualifies as an IMD(not a non-IMD portion of a larger entity or a non-IMD, separate facility), DHCF will examine:

- The governance/administrative control of the facilities/entity (Are all components controlled by a single officer or body?)
- Medical direction (Does one medical officer control give direction to staff across the entity?)
- Licensure (Are facilities separately licensed?)
- Organizational or operational structure across facilities/entity

B. Service Definition:

¹ 42 CFR § 435.1010

In accordance with guidance set forth by the U.S. Department of Health and Human Services (HHS) in the State Medicaid Manual, an IMD is any institution that is, by its overall character, a facility established and maintained primarily for the care and treatment of individuals with behavioral health conditions. Services provided in general hospitals, intermediate care facilities, nursing facilities, or skilled nursing facilities are not included in the waiver's coverage of IMD services because these facilities are not IMDs. These Medicaid-reimbursable services are therefore not governed under this demonstration program's coverage of services provided in IMDs.

DHCF or its designee will use the following guidelines, to evaluate whether the overall character of a facility is that of an IMD based on whether the facility:

- Is licensed or accredited as a behavioral health facility;
- Is under the jurisdiction of the state's behavioral health authority;
- Specializes in providing behavioral health care and treatment;
- Has a large proportion of staff specialized in psychiatric/psychological training;
- Is established or maintained primarily for the care and treatment of individuals with behavioral health diagnoses; or
- Has more than fifty percent (50%) of all its patients admitted based on a current need for institutionalization as a result of behavioral diseases.

DHCF will maintain and post a list of known facilities/entities in the District of Columbia that likely qualify as IMDs on its website at www.dhcf.dc.gov.

Unlisted or new behavioral health residential or inpatient treatment providers interested in billing Medicaid as an IMD under this demonstration should contact Natasha Lewis, Manager of the Division of Public and Provider Services in DHCF's Health Care Operations Administration, at natasha.lewis@dc.gov or (202) 698-2006 for additional information. Providers in the District seeking to deliver withdrawal management or residential SUD treatment as an IMD must be certified by the DC Department of Behavioral Health before enrolling as a Medicaid provider. Prospective providers can obtain an application form to become certified by DBH by contacting Christine Phillips at (202) 299-5354 or Christine.phillips@dc.gov.

III. Requirements for IMD Stays

Categorization of stays in an IMD will impact reimbursement under this demonstration. For purposes of this demonstration program, DHCF defines a stay as the continuous period of time spanning an individual's admission into an IMD and ending upon their discharge from the IMD. The length of stay is defined as the number of days between admission and discharge from the same IMD. Some IMD stays will be subject to additional requirements under this demonstration.

A. Types of IMD Stays

This demonstration program sets forth separate requirements for stays primarily relating to serious mental illness (SMI) or substance use disorder (SUD). For purposes of this demonstration, a stay will be categorized as an SUD stay if it is authorized by DHCF or its

designee to primarily treat or ameliorate behaviors or conditions resulting from substance use or abuse. Conversely, an IMD stay will be categorized as an SMI stay if it is authorized by DHCF or its designee to primarily treat or ameliorate behaviors or conditions resulting from mental illness. The categorization of the type of stay affects the length of stay requirements that govern whether Medicaid can reimburse for an IMD stay, as well as other requirements as outlined below and in accordance with 29 DCMR 8608.24.

B. Length of Stay Requirements

In accordance with the federal Special Terms and Conditions (STCs) authorizing this demonstration, DHCF is required to provide IMD services in a manner to ensure a targeted statewide average length of stay of no more than thirty (30) days. In accordance with the STCs, CMS or DHCF may establish additional limitations on total lengths of stay to ensure adherence to the statewide average of thirty (30) days. Under this demonstration, total length of stay will be determined based on medical need for IMD services. DHCF or its designee shall provide oversight of total length of stay by conducting concurrent utilization reviews.

Medicaid reimbursement under this demonstration is available for short term, acute inpatient or residential treatment provided in settings that qualify as IMDs. Medicaid reimbursement for long-term residential or long-term inpatient treatment is not available. Under the STCs, SMI-related IMD stays that exceed sixty (60) days are not reimbursable by Medicaid under this demonstration. Local reimbursement may be available for stays outside the scope of this demonstration program, in accordance with provider agreements or conditions established by the DBH. Providers with questions regarding the scope of local reimbursement should contact their assigned DBH Network Development Specialist.

C. Additional Requirements for SMI-related IMD Stays

This demonstration has additional requirements for IMD stays related to SMI. These requirements are meant to improve care coordination and transitions into community-based care upon discharge. To remain in compliance with the waiver [implementation plan](#) approved by CMS for SMI-related stays, IMDs must:

- Assess beneficiaries' housing situations and coordinate with housing services providers when needed and available; and,
- Contact beneficiaries and community-based providers within 72 hours post discharge. The facility should use the most effective means possible, for example via email, phone call, or text.

IV. Prior Authorization and Concurrent Review Process

This section supplements information provided in [DHCF Transmittal #19-26](#).

Medicaid fee-for-service reimbursement for an IMD stay will be authorized by DHCF or its designee. Fee-for-service Medicaid utilization review is currently conducted through a contract with DHCF's Quality Improvement Organization (QIO). The current QIO, Comagine Health, uses American Society of Addiction Medicine (ASAM) Criteria for IMD authorizations and concurrent reviews.

Many IMD providers are already providing services to Medicaid beneficiaries under 21 and over 65, who are not subject to the IMD exclusion. DHCF's preauthorization process for services under this demonstration will mirror the process providers are already following for beneficiaries not impacted by this demonstration program.

IMD providers will continue to submit preauthorization requests using the [QIO's provider portal](#). The QIO will issue preauthorization for one patient per submission. Required information will include:

- The treatment plan regarding the admission (when requesting stay continuation – submit the treatment plan to include the behavior or reason for the extended admission);
- The lab records which are pertinent to the stay request; and
- The beneficiary's current medication record

For issues accessing the QIO provider portal, contact Comagine Health at 1-800-251-8890.

DBH's Access HelpLine and Integrated Care Team will retain its role in providing clinical assistance to IMDs for those clients admitted under an FD-12 status.

Additional guidance related to prior authorization of residential SUD treatment will be provided in a subsequent transmittal.

V. Impact on Medicaid Managed Care: “In Lieu of” Services

This section supplements information provided in [DHCF Transmittal #19-26](#).

Federal Medicaid managed care requirements at 42 CFR 438.6(e) allow DHCF to continue to make capitation payments on behalf of an individual that spends part of the calendar month in an IMD. As a result, non-elderly adult Medicaid beneficiaries, aged 21-64, who are enrolled and receiving their Medicaid services through one of the District's Medicaid MCOs, have had access to medically necessary treatment in IMD settings, as long as certain requirements are met.

Under the demonstration, MCOs continue to be responsible for authorization and reimbursement of IMD stays for their enrollees that are within the scope of “in lieu of” services. DHCF does not require MCOs to contract with all IMDs or specific IMD providers. However, the managed care contract governs and details MCO responsibility to maintain adequate provider networks for services outlined under the contract. Given the expanded scope of services under the demonstration, District Medicaid MCOs may find a need to adjust their provider contracts to ensure they meet the adequacy of the provider network standard.

Effective January 1, 2020, as indicated in [DHCF Transmittal #19-26](#), MCOs continue to be responsible for coverage of “in lieu of” services in accordance with the requirements set forth in the Managed Care Provider Agreement. The demonstration program does not make substantive

changes to the scope of MCO responsibility for services provided within the scope of “in lieu of” services.

However, stays that exceed the scope of “in lieu of” services shall be fully reimbursable as fee-for-service Medicaid encounters, in accordance with limitations set forth in section III of this transmittal. Stays that exceed the scope of “in lieu of” services must be authorized by DHCF or its designee in accordance with the requirements set forth in section IV.

For questions regarding this transmittal, contact Cavella Bishop, Program Manager in Health Care Delivery and Management Administration, at cavella.bishop@dc.gov or (202) 724-8936.

Cc: DC Hospital Association
DC Primary Care Association
DC Health Care Association
DC Home Health Association
DC Behavioral Health Association
DC Coalition of Disability Service Providers
Medical Society of DC