

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Room 352-G  
200 Independence Avenue, SW  
Washington, DC 20201  
**Office of Communications**

---



## **FACT SHEET**

**FOR IMMEDIATE RELEASE**

March 13, 2012

Contact: CMS Media Relations Group  
(202) 690-6145

### **Medicaid Emergency Psychiatric Demonstration**

The Centers for Medicare & Medicaid Services (CMS) will provide up to \$75 million over three years to 11 states—Alabama, California, Connecticut, Illinois, Maine, Maryland, Missouri, North Carolina, Rhode Island, Washington, and West Virginia—and the District of Columbia, to participate in the Medicaid Emergency Psychiatric Demonstration created by the Affordable Care Act. This demonstration will test whether Medicaid can support higher quality care at a lower total cost by reimbursing private psychiatric hospitals for certain services for which Medicaid reimbursement has historically been unavailable.

### **BACKGROUND**

The Medicaid Emergency Psychiatric Demonstration, established under Section 2707 of the Affordable Care Act, makes Medicaid funds available to private psychiatric hospitals for emergency inpatient psychiatric care provided to Medicaid enrollees aged 21 to 64.

Currently, Medicaid does not reimburse psychiatric institutions, referred to in Medicaid as “institutions for mental disease” (IMDs) for services provided to Medicaid enrollees aged 21 to 64. This restriction is known as Medicaid’s IMD exclusion.

Due to the IMD exclusion, many Medicaid enrollees with acute psychiatric needs, such as those expressing suicidal or homicidal thoughts, are diverted to general hospital emergency departments, which often lack the resources or expertise to care for these patients. For the Medicaid beneficiary, this may result first in a delay in treatment, and then when treatment is provided, inadequate care. General hospitals may delay the provision of care until a bed becomes available, or inappropriately assign them to medical beds.

## **PROGRAM SOLICITATION**

The Medicaid Emergency Psychiatric Demonstration will test whether Medicaid reimbursement to treat psychiatric emergencies in IMD settings will enable States to increase the quality of care for people experiencing mental illness at lower cost, and will also test whether such expanded coverage reduces the burden on general acute care hospital emergency departments.

- The Medicaid Emergency Psychiatric Demonstration seeks to assess the health outcomes and cost effectiveness of permitting Medicaid enrollees aged 21 to 64 to receive coverage for emergency psychiatric services in an IMD.
- CMS worked collaboratively with private non-profit organizations and across the Department of Health and Human Services (HHS) to develop this demonstration. Partners included the American Association of Psychiatric Health Systems (AAPHS), and, within HHS, the Office of the Assistant Secretary for Planning & Evaluation (ASPE) and the Substance Abuse and Mental Health Services Administration (SAMHSA).
- Each State's Medicaid Program Office was invited to submit a proposal for participation in the Demonstration. States specified the geographic area—if not State-wide—and the number of private psychiatric hospitals that would be included in the demonstration. States were required to specify how they would track patients and monitor stabilization and ensure proper patient discharge planning, as required by the law.
- States were selected competitively through a rigorous independent panel selection process. Each State's application was carefully reviewed, scored and ranked.

## **FEDERAL FUNDING SPECIFICATIONS**

Participating States will provide Medicaid payment to private psychiatric hospitals that are subject to the Emergency Medical Treatment and Labor Act (EMTALA) and that have 17 or more inpatient beds for inpatient services provided to individuals between 21 and 64 years of age in need of acute psychiatric care. In return, States are required to participate in an evaluation of whether Medicaid reimbursement for IMDs improves psychiatric care for people with mental illness and lowers State Medicaid program costs. This demonstration will help ensure patients receive appropriate, high-quality care when they need it most and save States money.

#####