

Affected Programs: BadgerCare Plus, Medicaid

To: Institutions for Mental Disease, Nursing Facilities, HMOs and Other Managed Care Programs

Managed Care Program Length-of-Stay Policy Change for Institutions for Mental Disease

On May 6, 2016, the Centers for Medicare and Medicaid Services (CMS) published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule (CMS 2390-F), which impacts Wisconsin Medicaid and BadgerCare Plus managed care programs. As a result of the Final Rule, ForwardHealth is changing its managed care program policy regarding length of stays at institutions for mental disease in lieu of traditional psychiatric intervention, effective July 5, 2016. This *ForwardHealth Update* communicates initial information about the policy change while further guidance from CMS is pending.

Overview

On May 6, 2016, the Centers for Medicare and Medicaid Services (CMS) published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule (CMS 2390-F), which impacts Wisconsin Medicaid and BadgerCare Plus managed care programs. The intent of the federal regulation is to update Medicaid and CHIP managed care rules to align with those of other health insurance coverage programs.

The Final Rule is published in its entirety on the Federal Register website at <https://www.federalregister.gov/articles/2016/05/06/2016-09581/medicaid-and-childrens-health-insurance-program-chip-programs-medicare-managed-care-chip-delivered/>.

As a result of the Federal Rule, effective July 5, 2016, ForwardHealth is changing its managed care program policy regarding length of stays at institutions for mental disease

(IMDs) in lieu of traditional psychiatric intervention.

ForwardHealth will publish a future *ForwardHealth Update* with more information based on further guidance from CMS.

The information in this *Update* does **not** apply to Family Care, Family Care Partnership, and Program of All-Inclusive Care for the Elderly (PACE), which do not cover stays at IMDs in lieu of other services or settings.

Institutions for Mental Disease Definition

In section 1905(i) of the Social Security Act, an IMD is defined as 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. This definition is repeated in 42 CFR 435.1010 with an additional provision that an IMD is identified by its "overall character" as a facility established and maintained primarily for the care and treatment of individuals with mental diseases, regardless of its licensure.

Wisconsin Medicaid enrollment requirements for IMDs are defined in Wis. Admin. Code §§ DHS 105.07 and 105.21. Skilled nursing facility IMDs are defined in Wis. Admin. Code §§ DHS 132.13(8M) and 132.14(1M).

Coverage for Inpatient Substance Abuse Treatment or Psychiatric Treatment Stays

Effective July 5, 2016, managed care programs may cover inpatient substance abuse treatment stays or psychiatric treatment stays at IMDs for up to 15 days per month when all of the following apply:

- The member is 21 to 64 years of age.
- The services are medically appropriate, cost-effective substitutes provided in lieu of other services or settings covered under the Wisconsin State Plan.
- The member agrees to the IMD setting.

The federal regulation does not change the following:

- Current IMD coverage policy for Medicaid managed care members who are 20 years of age or younger or 65 years of age or older.
- Current IMD fee-for-service policy, which states that Wisconsin Medicaid does not reimburse for IMD services on a fee-for-service basis to members 21 to 64 years of age. Providers should refer to the Institutions for Mental Disease Services for Persons 21 to 64 Years of Age topic (topic #1375) in the Reimbursement Not Available chapter of the Reimbursement section of the Hospital, Inpatient service area of the Online Handbook on the ForwardHealth Portal at www.forwardhealth.wi.gov/.

Capitation Payments

The monthly capitation payment will not be eligible for matching federal reimbursement for inpatient substance abuse treatment stays or psychiatric treatment stays at IMDs for more than 15 days per month, per 42 CFR 438.6(e). ForwardHealth is currently analyzing how this change may affect the capitation rate and will publish a future *Update* with further guidance from CMS as it is available.

The *Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin AIDS Drug Assistance Program and the Wisconsin Well Woman Program are administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at 800-947-9627 or visit our website at www.forwardhealth.wi.gov/.

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