

# Children's Residential Mental Health Services: IMD Status and Funding

A number of children's residential mental health treatment facilities in Minnesota are expected to be determined to be Institutes of Mental Disease (IMD) later this spring. This will prevent the state from claiming federal Medicaid matching funds while children are in these facilities. **This change could result in counties being responsible for the entire cost of the treatment services provided in these facilities beginning May 1, 2019.** This document provides an overview of the situation as of March 2018.

## Overview

- Since 2001, the Centers for Medicare and Medicaid Services (CMS) has allowed Minnesota to receive federal Medicaid matching funds for residential mental health treatment for children on Medical Assistance.
- Beginning in 2014, CMS directed Minnesota to review children's residential mental health treatment programs to determine if they are Institutions for Mental Disease (IMD).
- An IMD is federally defined as a hospital, nursing facility or other institution, with 16 or more beds, that is primarily engaged in providing diagnosis, treatment, or care for people with mental diseases.
- When an individual is residing in an IMD, the services they receive are no longer eligible to receive federal Medicaid funding.
- CMS gave the Department of Human Services (DHS) until January 2018 to complete its review of all children's residential mental health treatment programs in the state.
- DHS has been working to evaluate programs that may be declared IMDs and will provide a list of impacted facilities and the timing of these declarations as soon as possible.
- Minnesota has focused on options to continue federal participation in the current residential treatment programs. Unfortunately, those efforts have been exhausted.
- We anticipate that facilities will be declared IMDs later in the spring of 2018.

## Program IM

Program IM allows payment for MA covered services for individuals when they are in an IMD using state-only funds.

Children's residential treatment services have traditionally not been eligible to utilize this funding under state law. However, the 2017 legislature authorized the use of program IM to offset lost federal Medicaid revenue for these services until May 1, 2019.

Without the authority to use program IM to make up for the loss of federal funding for residential mental health treatment, counties would be responsible for 100 percent of the cost of the treatment services provided in programs considered IMDs.

## Funding Breakdown

As long as the state has authority to utilize program IM (currently authorized until May 1, 2019), the following conditions will apply:

<b>Fee-for-service</b>	<b>Managed care</b>
<p><b>Children in a Rule 5 mental health program that is determined to be an IMD:</b></p> <ul style="list-style-type: none"> <li>• The child will stay in fee for service</li> <li>• All claims for that child will be state funded until the child is discharged from that facility</li> <li>• Counties will be billed for their share of the Rule 5 treatment costs by the state</li> <li>• Counties continue to pay for room and board</li> </ul>	<p><b>Children in a Rule 5 mental health program that is determined to be an IMD:</b></p> <ul style="list-style-type: none"> <li>• The child will stay in managed care (unless other circumstances require them to be disenrolled)</li> <li>• Capitation payments to managed care organizations will be paid with all state funds for any month that the child was in an IMD for more than 15 days</li> <li>• Counties continue to pay for room and board</li> </ul>

The chart below shows the funding obligations of the state, county, and federal government for Rule 5 based on IMD status and the ability to utilize Program IM:

	<b>Pre-IMD</b>	<b>Program IM</b>	<b>Without Program IM</b>
<b>Fee for service:</b>	50% County 50% State	50% County 50% State	100% County
<b>Managed Care:</b>	50% County 50% State	100% State	No payment mechanism

## Long Term Efforts

The impending loss of federal funding has created a short-term crisis. Longer-term, there are a series of efforts currently underway to assure that children in Minnesota have access to a robust and sustainable continuum of mental health care:

### Intensive Children's Residential Treatment Study

The DHS is currently seeking proposals from qualified responders to conduct a comprehensive analysis of Minnesota's intensive mental health services for children. This also includes developing recommendations for a sustainable and community-driven continuum of care for children with serious mental health needs. We expect an initial report at the end of 2018 and a full report in 2019.

### Systems of Care

The DHS recently received a \$12 million, four-year, federal *Systems of Care* grant. DHS, in partnership with families and youth, the Department of Corrections, Education and Health, 36 Minnesota counties, the Fond du Lac Band of Lake Superior Chippewa, the University of Minnesota, child-serving collaboratives, and community and advocacy organizations across the state to create a framework for designing mental health services and supports for children and youth who have a severe emotional disturbance (SED) and their families.

The goal of the System of Care project is to design a spectrum of effective, community-based services and supports for children and youth with or at risk for mental health or other challenges and their families. It is organized into a coordinated network, builds meaningful partnerships with families and youth, and addresses their cultural and linguistic needs in order to help them function better at home, in school, in the community, and throughout life.

### Psychiatric Residential Treatment Facilities

The state is in the process of developing a new level of care to serve children in need of intensive mental health care – Psychiatric Residential Treatment Facilities (PRTF). PRTFs will provide active treatment to children and youth under age 21 with complex mental health conditions. The 2015 legislature authorized establishing 150 PRTF beds, which are slated to begin operation over the next year.

PRTF is an inpatient level of care provided in a residential facility rather than a hospital. PRTFs deliver services under the direction of a physician, seven days per week, to residents and their families, which may include individual, family and group therapy. A resident's plan of care may also include arranged services or specialty therapies, such as occupational therapy, physical therapy or speech therapy.

It should be noted that this is a new level of care and will not replace the need for the level of care provided in the current children's residential mental health treatment facilities.