



WHAT IS AN IMD?

Facilities are designated as an IMD (Institutions for Mental Disease) if the “overall character” of the **facility is primarily for treating individuals with mental illness**, determined using the “50% test.” The 50% test evaluates whether the majority of admissions during the year were primarily for mental disorders. This designation is often a barrier for established hospitals or health facilities interested in opening a psychiatric wing. ^[3,4]

WHAT IS THE IMD EXCLUSION?

When the IMD exclusion became law in 1965, the majority of psychiatric beds in the US were in large state hospitals. This is no longer the case. ^[3,4,5]

The exclusion **prohibits federal financial participation** for the funding of any service provided at an IMD, severely restricting the ability of state Medicaid to pay for those services for individuals aged 21-64. ^[3,4,5]

In 1988, the law was amended to allow payments to facilities with fewer than 17 beds that primarily treat people with mental illness. Unfortunately, it is not logistically or financially feasible to run a freestanding psychiatric hospital of only 16 beds. ^[3,4,5]

WHAT HAS BEEN THE IMPACT OF THE IMD EXCLUSION IN NEVADA?

Open beds await patients at freestanding psychiatric facilities in both Las Vegas and Reno. However, Nevada **Medicaid patients in need of inpatient psychiatric care do not have access to these beds** due to the IMD exclusion. According to CMS, the Medicaid IMD waiver has been one of the biggest contributing factors to psychiatric boarding in emergency rooms. ^[2,5]

Nevada Medicaid managed care companies cover inpatient psychiatric hospitalization as part of their capitated payment under “in lieu of” authority. However, patients are restricted to 15 days of care in any month or states risk losing matching federal funds for MCO payments. This is also a barrier if longer term inpatient stays are required. ^[6]

WHAT CAN BE DONE TO ADDRESS THE IMD EXCLUSION?

One option for states is to **apply for an 1115 waiver from the federal government**. When approved, this waiver allows federal funding for IMDs as part of state Medicaid care. ^[3,4]

Vermont is one such state with an 1115 waiver exempting them from the IMD exclusion. Access to IMDs with no length of stay restrictions, allows for better follow up care and transition into the community. This results in lower emergency department utilization post discharge, low readmission rates, and higher rates for follow up post placement. ^[7]

- **VT HEDIS (Healthcare Effectiveness Data and Information Set)** reports, with the same measures as Nevada Managed Care, show that VT IMDs outperform NV state Medicaid and MCOs at follow up care for those hospitalized due to mental illness. ^[1,7]
- **VT IMDs (state run)** have a 7-day follow up rate of 65% and a 30 day follow up rate of 85%. Nevada’s rates range from 22%-33% follow up at 7 days and 36%-50% follow up within 30 days. ^[1,7]

REFERENCES

1. DHCFP Quality Review Report: <https://bit.ly/39CSxil>
2. Federal Medicaid Emergency Psychiatric Demonstration Brief: <https://bit.ly/2whcgqc>
3. Medicaid IMD Exclusion and Options for MHDS, NV DPBH February 2012: <https://bit.ly/2JzhAs1>
4. Mental Illness Policy Organization: <https://bit.ly/2xKNrTN>
5. Nevada Governor Behavioral Health and Wellness Council Report, May 2014: <https://bit.ly/3aLtafu>
6. States using Medicaid Managed Care “In Lieu of” Authority for Inpatient Treatment in an IMD: <https://bit.ly/3aF1xos>
7. VT letter to CMS on IMD Phasedown: <https://bit.ly/2UDHWiJ>

COMPARISON: NEVADA & VERMONT

NEVADA DATA



ANTHEM^[1]

Follow-Up After Hospitalization for Mental Illness (FUH) ¹	2018	2019	Change
7-Day Follow-Up – Total	40.13%	33.52%	-6.61
30-Day Follow-Up – Total	56.26%	50.33%	-5.93

HPN^[1]

Follow-Up After Hospitalization for Mental Illness (FUH) ¹	2018	2019	Change
7-Day Follow-Up – Total	25.04%	29.11%	4.07
30-Day Follow-Up – Total	43.18%	49.80%	6.62

SILVER SUMMIT^[1]

Follow-Up After Hospitalization for Mental Illness (FUH) ¹	No 2018 Data	2019
7-Day Follow-Up – Total		22.40%
30-Day Follow-Up – Total		36.72%



VERMONT RATES^[7]

VERMONT DATA

High Quality Discharge Planning

Vermont IMD settings are providing high-quality targeted treatment services as evidenced by lower emergency department utilization post-discharge, low readmission rates, and high rates for follow-up in the community post-placement, including initiation and engagement in SUD treatment post-discharge. Results for IMD settings on HDEIS[®] measures for seven and 30-day follow-up after hospitalization for mental illness outperformed the general Vermont Medicaid results and the national HEDIS[®] benchmark. Results indicate that IMD settings are achieving high-quality discharge planning and making effective linkages to community-based settings.

Quality of discharge planning in making effective linkages to community-based care

Follow-Up After Hospitalization for Mental Illness	HEDIS [®] Percentile	VT Medicaid	VT IMD
7-days (HEDIS [®] FUH)	45%	57%	65%
30-days (HEDIS [®] FUH)	66%	74%	85%

Percent of SUD IMD enrollees who ...	HEDIS [®] Percentile	VT Medicaid	VT IMD
... initiate treatment for alcohol and other drug dependence (HEDIS [®] IET)	38%	43%	74%
... engage in treatment for alcohol and other drug dependence (HEDIS [®] IET)	11%	17%	23%

REFERENCES

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