

# Amendment to Washington's Medicaid Transformation Project (MTP):

## Introducing the mental health IMD initiative

The Centers for Medicare & Medicaid Services (CMS) approved an amendment to our state's Section 1115 Medicaid demonstration waiver, called the Medicaid Transformation Project (MTP). This amendment creates a fifth initiative under MTP: the mental health IMD<sup>1</sup>.

### What's the mental health IMD?

It allows our state to purchase acute inpatient services for Medicaid clients between the ages of 21 and 65 who reside briefly in a dedicated, large psychiatric facility that qualifies as an IMD<sup>2</sup>.

Medicaid has historically restricted large psychiatric facilities from receiving Medicaid funded payment if their patients are between 21-65 years old. Under this amendment, Medicaid funds can purchase IMD stays for patients for stays of up to 60 days in facilities, with a statewide average length of stay of 30 days or less.

### What's the purpose of this initiative?

Washington State is a leader in providing innovative medical and behavioral health treatment, investing millions of dollars annually at all levels of care. This includes inpatient psychiatric care; hospital diversion programs; peer services; crisis stabilization; housing supports; and many other evidence-based practices that promote recovery for persons experiencing mental illness.

Prior to the mental health IMD initiative, access to inpatient care was challenging. Access to the full array of mental health treatment options is vital to recovery for individuals experiencing mental illness. A continuum of treatment is important to ensure safe, healthy communities and quality outcomes.

### What's the value added for the mental health IMD?

- Washington State can expand bed capacity. This means more people can receive inpatient psychiatric care.
- Providers who provide quality service can realize savings due to economies of scale.
- Facilities that provide care under this initiative can receive Medicaid funds.
- Medicaid clients will have access to more health care services at new settings that were previously ineligible.

### What are the goals of this initiative?

- Reduced utilization and length of stay in emergency departments among Medicaid clients with psychiatric care needs who are awaiting mental health treatment in specialized settings.
- Reduced preventable readmissions to acute care hospitals and residential settings.
- Improved availability of crisis stabilization services, including services through call centers and mobile crisis units, and intensive outpatient services. In addition, improved availability of services provided during acute

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<sup>1&2</sup> IMD stands for institutions for mental diseases. They are large facilities dedicated to providing psychiatric care (more than 16 beds where more than 50 percent of the residents are admitted for psychiatric care).



short-term stays in residential crisis stabilization programs, psychiatric hospitals, and residential treatment settings throughout the state.

- Improved access to community-based services that address the chronic mental health care needs of those with psychiatric care needs. This includes increased integration of primary and behavioral health care.
- Improved care coordination, especially continuity of care in the community following episodes of acute care in hospitals and residential treatment facilities

## Is there a cost savings with implementing the mental health IMD?

Because of this initiative, Washington State anticipates savings of about \$16 million for each fiscal year.

As part of MTP, this initiative must also remain budget neutral. This means spending will not exceed the projected, per-member per-month amount that would have occurred without the waiver. Operating under budget neutrality is a commitment we made to CMS when they awarded our waiver.

## What are the state's obligations for the initiative?

Under the mental health IMD, Washington State is responsible for changes in data collection, bed tracking, monitoring of provider quality, and patient outcomes.

The state must supply specific deliverables that consist of metrics, monitoring reports, and information related to budget neutrality. These mutually agreed upon deliverables track the milestones and ensure MTP goals are being met.

## When will the mental health IMD end?

The mental health IMD is an MTP initiative. It will end on December 31, 2021, along with the other MTP initiatives.

**Note:** Health Care Authority (HCA) is currently seeking CMS approval for a [one-year extension for MTP](#). If approved, the mental health IMD—along with the other MTP initiatives—would continue for a sixth year, through December 2022.

## What's MTP?

Under the MTP waiver, Washington State will receive up to \$1.5 billion through December 2021. MTP is a five-year agreement with CMS that allows our state to create and continue to develop projects, activities, and services that improve Washington's health care system. All work under MTP benefits those enrolled in Apple Health (Medicaid). The mental health IMD is a new initiative under MTP.

## Where do I go for more information?

Contact HCA's Division of Behavioral Health and Recovery Federal Programs Manager [David Johnson](#).

[Visit our website](#) to learn more about MTP, including our other initiatives.