



# Institutions for Mental Disease (IMDs) in North Dakota

Interim Human Services Committee | September 25, 2024 | Sarah Aker  
Representative Ruby, Chair



Health & Human Services



# Agenda

- Institutions for Mental Disease in North Dakota & Medicaid
- ND HHS Payment for Inpatient & Residential Behavioral Health Services
- Gaps in Behavioral Health Service Delivery in North Dakota
- Next Steps and Future Considerations



# Institutions for Mental Disease (IMD) in North Dakota & Medicaid

# What is an Institution for Mental Disease (IMD)?

Federal regulation defines IMDs in §1905(i) of the Social Security Act and 42 CFR 435.1009.

- Institutions for mental diseases (IMDs) are 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.
  - Mental diseases include both mental health and substance use disorder conditions.

# SUD Service Delivery

Shaded = IMD if 17+ Beds

**Inpatient Hospital**

Inpatient Hospital  
IMD: Prairie St. John's, ND State Hospital

**Level 3:  
Residential/Inpatient**

**3.1** Low-Intensity  
Residential

**3.2D** Social  
Detoxification

**3.5** High-Intensity  
Residential

**3.7** Intensive Inpatient

IMD: Sharehouse, Prairie Recovery Center

IMD: ND State Hospital

**Level 2:  
Intensive Outpatient**

**2.1** Intensive  
Outpatient

**2.5** Partial  
Hospitalization/Day  
Treatment

**Level 1:  
Outpatient**

Outpatient Services

**Level 0:  
Early Intervention**

Early Intervention

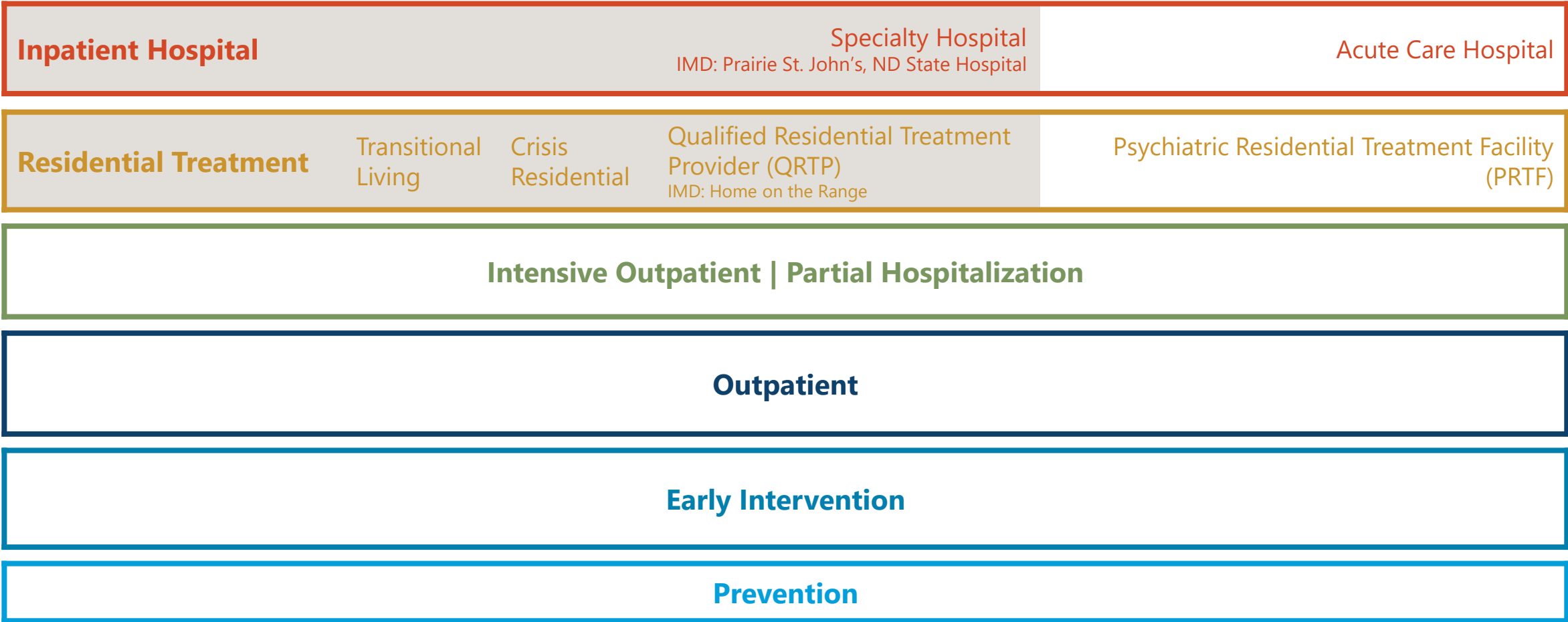
**Prevention**

1915(i) Support Services

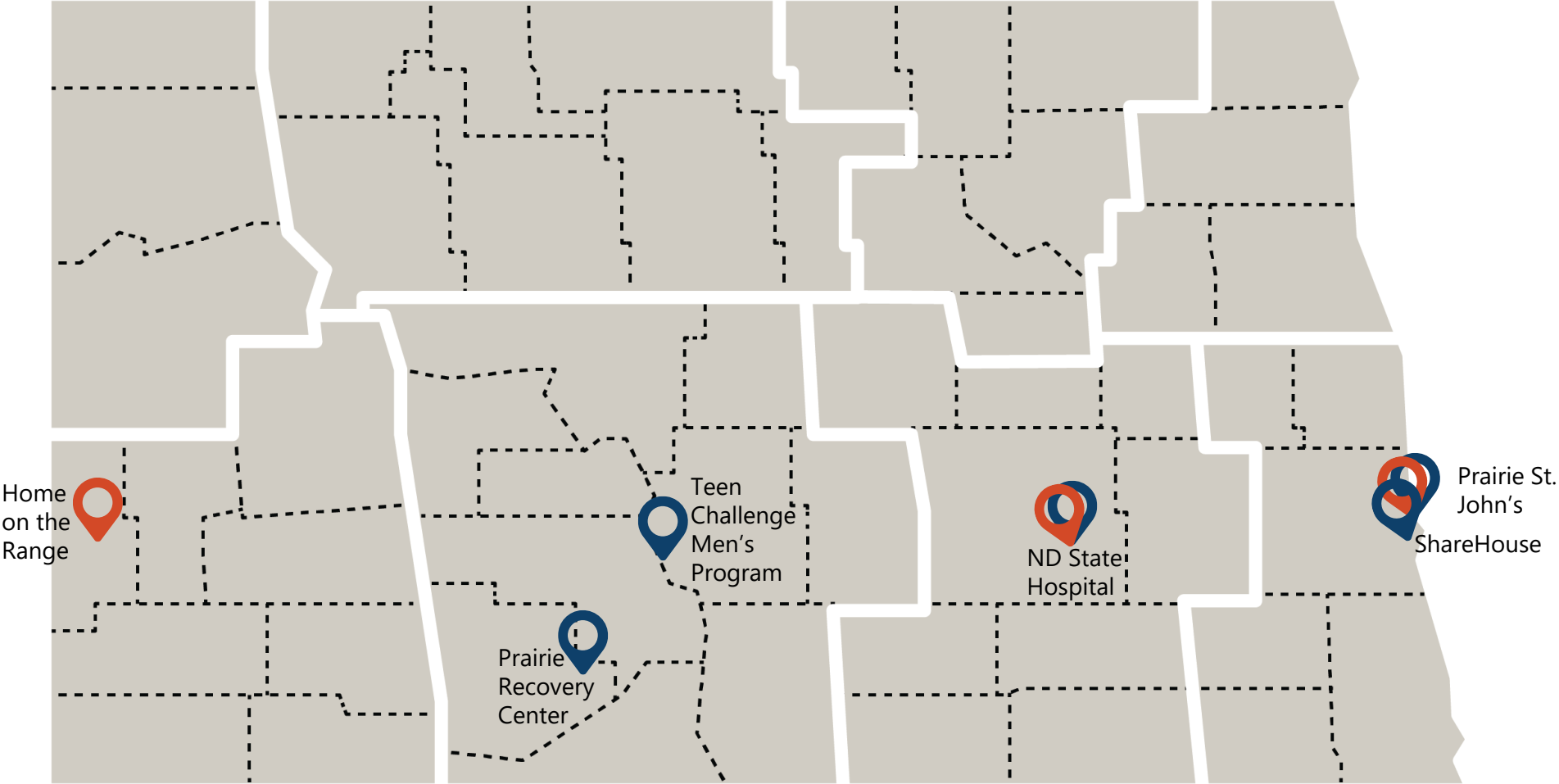
# Mental Health Service Delivery

Shaded = IMD if 17+ Beds


1915(i) Support Services



# North Dakota's IMDs



-  ND State Hospital
-  Prairie St. John's
-  ShareHouse
-  Prairie Recovery Center
-  Teen Challenge Men's Program
-  Home on the Range

 Mental Health IMD

 Substance Use Disorder IMD

# What is the IMD exclusion in Medicaid?

- The IMD exclusion is in §1905(a) of the Social Security Act in paragraph (B).
- Federal financial participation is not available for any medical assistance under title XIX for services provided to any individual who is under age 65 and who is a patient in an IMD unless the payment is for inpatient psychiatric services for individuals under age 21.
  - No Medicaid payment can be made for services provided either in or outside the facility for IMD patients in this age group.



# What are the responsibilities of the state Medicaid agency regarding IMDs?

State Medicaid agencies are responsible for designating IMDs based on guidance provided by the Centers for Medicare and Medicaid Services (CMS) in its State Medicaid Manual and ensuring appropriate payment in IMD settings.

ND Medicaid has a published [policy](#) to identify IMD settings:

- Step 1: Determine Whether a Facility is an IMD
- Step 2: Evaluate Agencies with Multiple Facility Locations
- Step 3: Periodic Information Gathering from Facilities that Provide Services to Individuals with Mental Diseases

ND Medicaid is also responsible for ensuring appropriate payments for individuals in an IMD.

- Fee for Service: Cannot pay for other FFS services for individuals in an IMD. Must suspend Medicaid eligibility while in an IMD.
- Managed Care: Cannot pay the capitation payment for individuals in an IMD. Must suspend Medicaid eligibility while in an IMD.

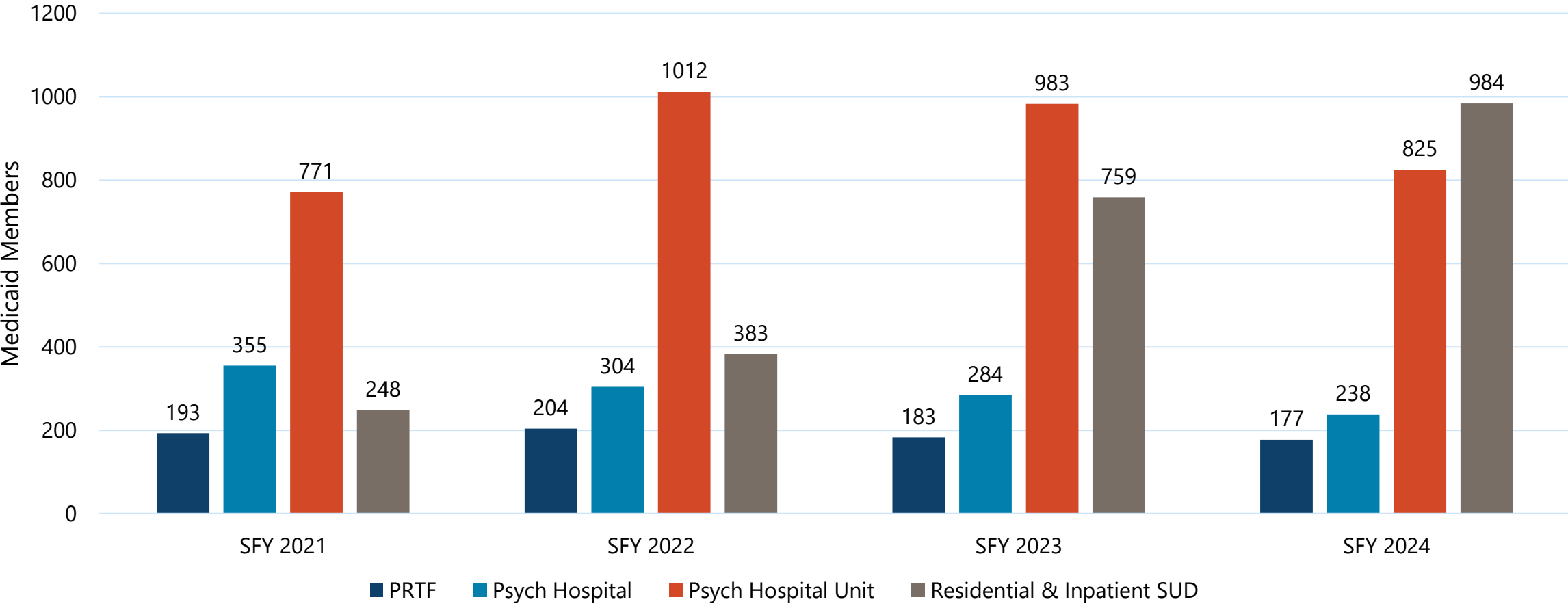
# ND HHS Payment for Inpatient & Residential Behavioral Health Services

# How does North Dakota HHS pay for Inpatient & Residential Behavioral Health Services today?

North Dakota pays for SUD and Mental Health inpatient & residential services through a variety of funding mechanisms.

- Medicaid
  - Non-IMD Settings
- SUD Voucher
  - IMD Settings
  - Non-IMD Settings & Care for people without a pay source
- Contract Payments
  - Inpatient Mental Health IMD Services (Prairie St. John's)
- Direct Service Delivery
  - ND State Hospital

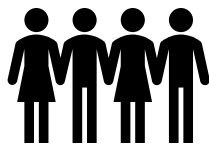
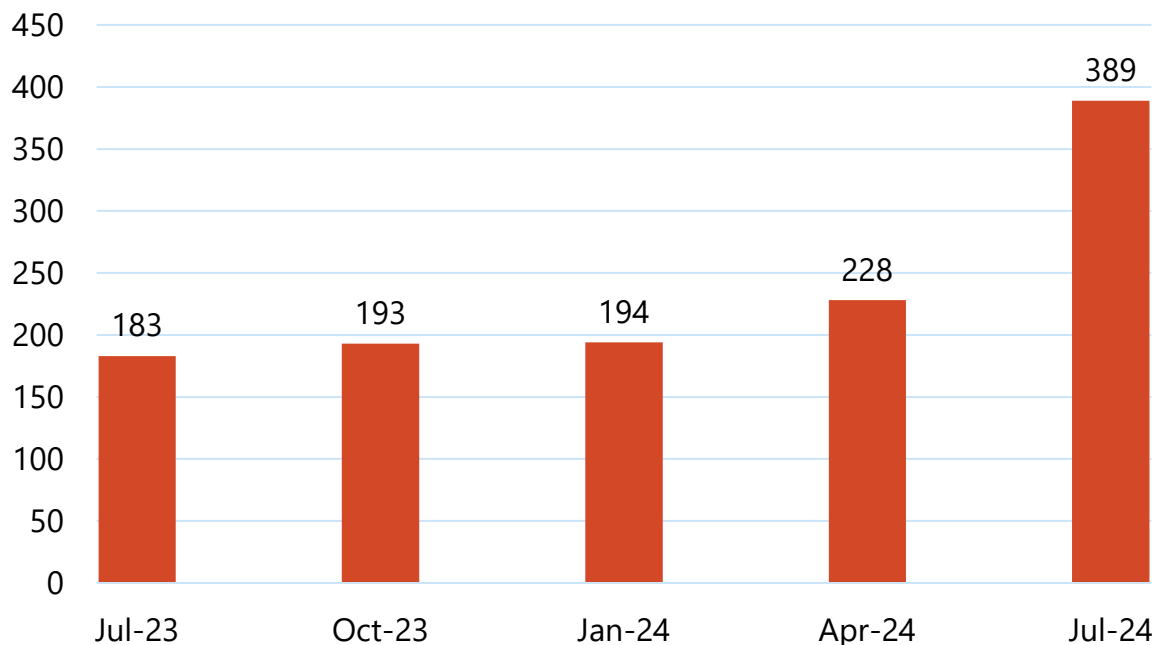
# Medicaid Inpatient & Residential Behavioral Health Utilization





# 1915i – HCBS for Individuals with Behavioral Health Conditions

Quarterly 1915(i) Member Enrollment



**Current Enrollment:  
697 Individuals**



## Eligibility Requirements:

- Age: 0+
- Behavioral Health Diagnosis
- WHODAS Score 25+
- Income < 150% FPL



## Services:

- Training and Support for Unpaid Caregivers
- Community Transition Services
- Benefits Planning
- Non-Medical Transportation
- Respite
- Pre-Vocational Training
- Supported Education
- Supported Employment
- Housing Support
- Family Peer Support
- Peer Support

# Follow-Up from April 8, 2024 Human Services Committee

## Scenario #1

Patient #1 is a 26 year old suicidal male with severe depression on ND Medicaid.

Patient #1 presents to Sanford Health Fargo ER. Patient admits Sanford Health Inpatient Psychiatric Unit. Patient stays seven days and discharges AMA.

Sanford Health is paid in full for the entire length of stay.

Two weeks later Patient #1 presents to Prairie St. John's for the same diagnosis. Patient admits to Prairie St. John's Inpatient Psychiatric Unit. Patient stays ten days and discharges successfully.

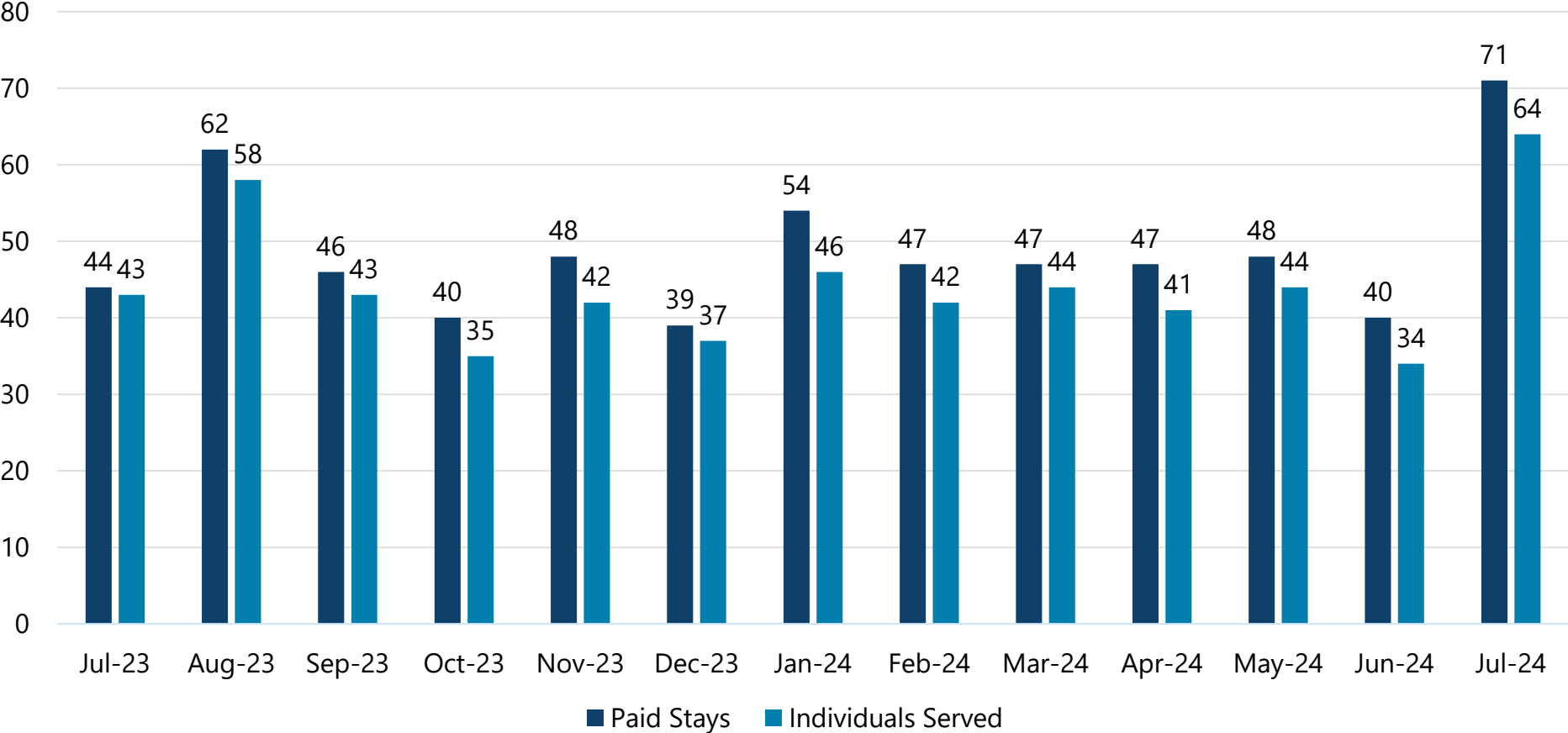
Prairie St. John's is paid nothing.

Prairie St. John's is an Institution for Mental Disease. The patient's Medicaid eligibility is suspended during their IMD stay and Prairie St. John's is ineligible for Medicaid payment.

Prairie St. John's could submit to ND HHS for payment through their contract with Southeast Human Service Center for this patient.

# Contract Funded: Prairie St. John's

Inpatient Stays: July 2023 – July 2024

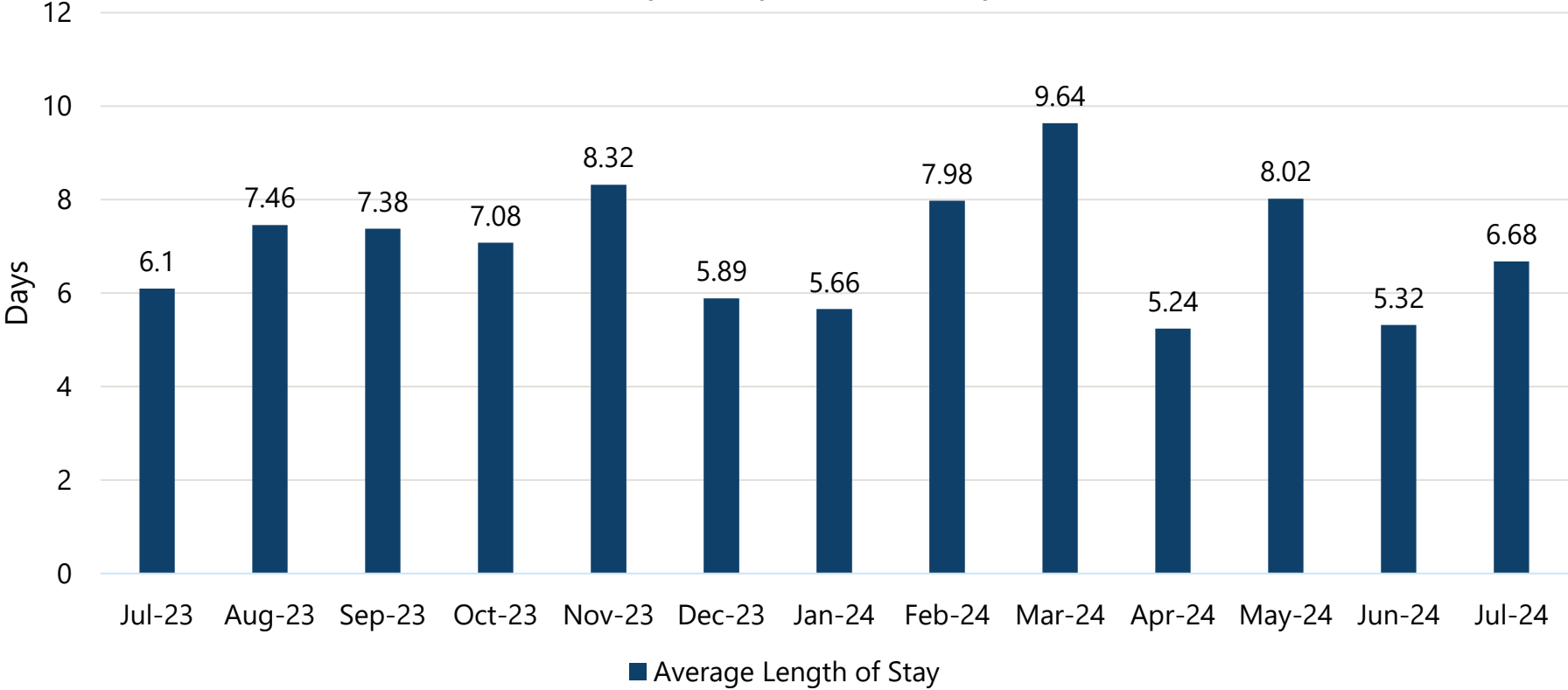


ND HHS and PSJ have a contract to pay for inpatient services for adult Medicaid or Medicaid eligible adults.

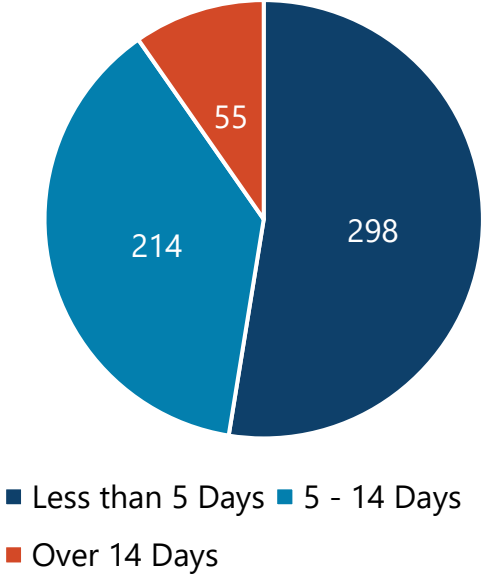
- Payment is a per diem for up to 14 days. Current rate for July 2024 – July 2025 is \$583.50.
- Total contract amount for biennium is over \$4.4 million.
- ND HHS has not declined payment for any patient submitted for payment through the contract.

# Contract Funded: Prairie St. John's

Inpatient Stays: July 2023 – July 2024



Count of Length of Stay July 2023 – July 2024



Note: Payment is capped at 14 days unless an individual is approved to discharge to the State Hospital.



# Follow-Up from April 8, 2024 Human Services Committee

## Scenario #2

Patient #2 is a 55 year old female alcoholic on ND Medicaid Expansion. She is a married mother of two and grandmother of four.

Patient #2 presents to Heartview Foundation in Bismack and admits into High Intensity Residential Unit for Alcohol Disorder. Patient stays 10 days and discharges unsuccessfully.

Heartview Foundation is paid in full for the entire length of stay.

Two months later Patient #2 presents to Prairie Recovery Center. Patient admits to High Intensity Residential unit. Patient stays 25 days and discharges successfully.

Prairie Recovery Center is paid nothing.

Prairie Recovery Center is an Institution for Mental Disease. The patient's Medicaid eligibility is suspended while at Prairie Recovery Center. Prairie Recovery Center is ineligible for Medicaid payment.

Prairie Recovery Center could submit to HHS for payment through the SUD Voucher for this patient.

# Substance Use Disorder (SUD) Voucher

Provides reimbursement for substance use disorder treatment where other third-party reimbursement is not available.

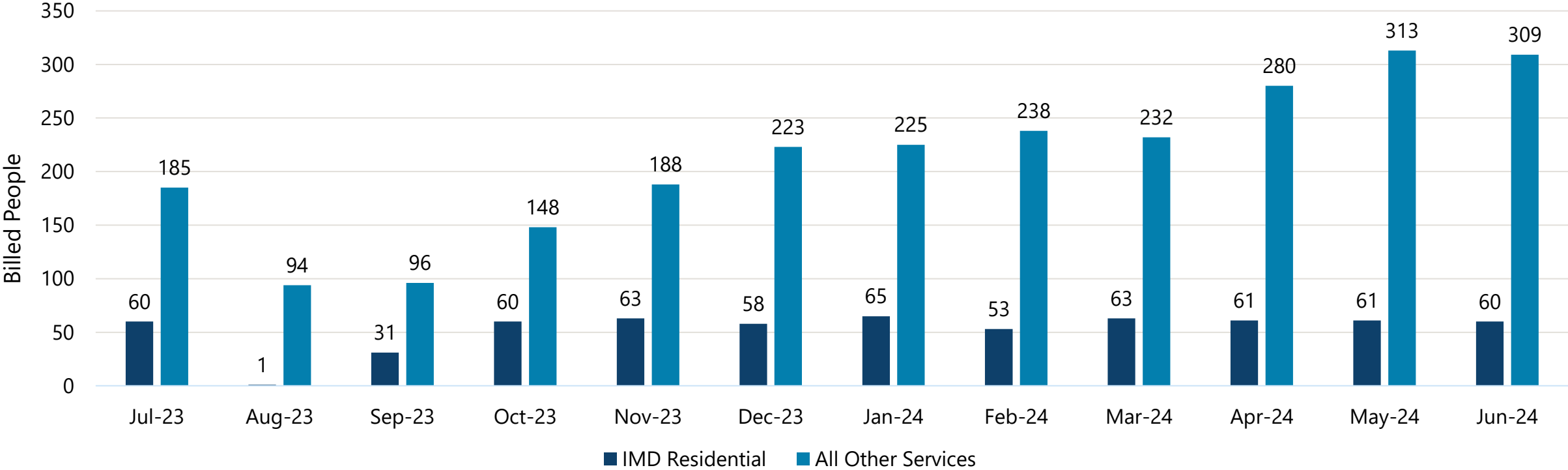
- Initiated during 2015 legislative session (NDCC 50-06-42)
- Began serving individuals in July 2016
- Total Budget for 2023-2025 Biennium: \$18,147,874
  - Note: No more than 45% of appropriated amount may be allocated to IMDs
- Uses Medicaid rates for payment to providers

Approximately 8,500 individuals approved through the SUD Voucher since inception.

Forty (40) providers are providing voucher services covering all 8 regions.

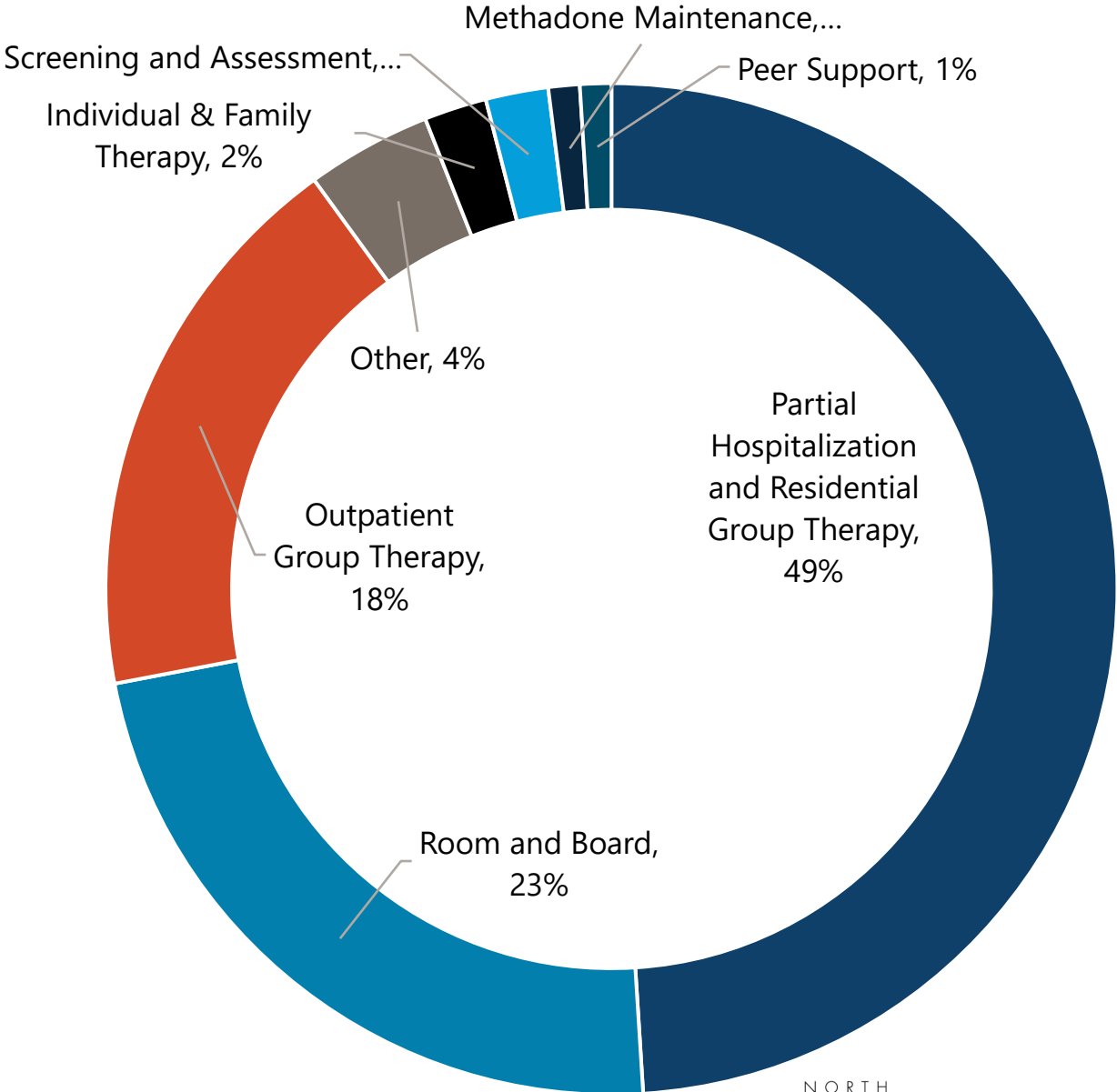
# SUD Voucher

Number of Billed People Per Month: IMD Residential vs. All Other Services:  
July 2023 – July 2024



Note: NDCC 50-06-42 limits IMD expenditures to 45% of total funding for SUD Voucher.

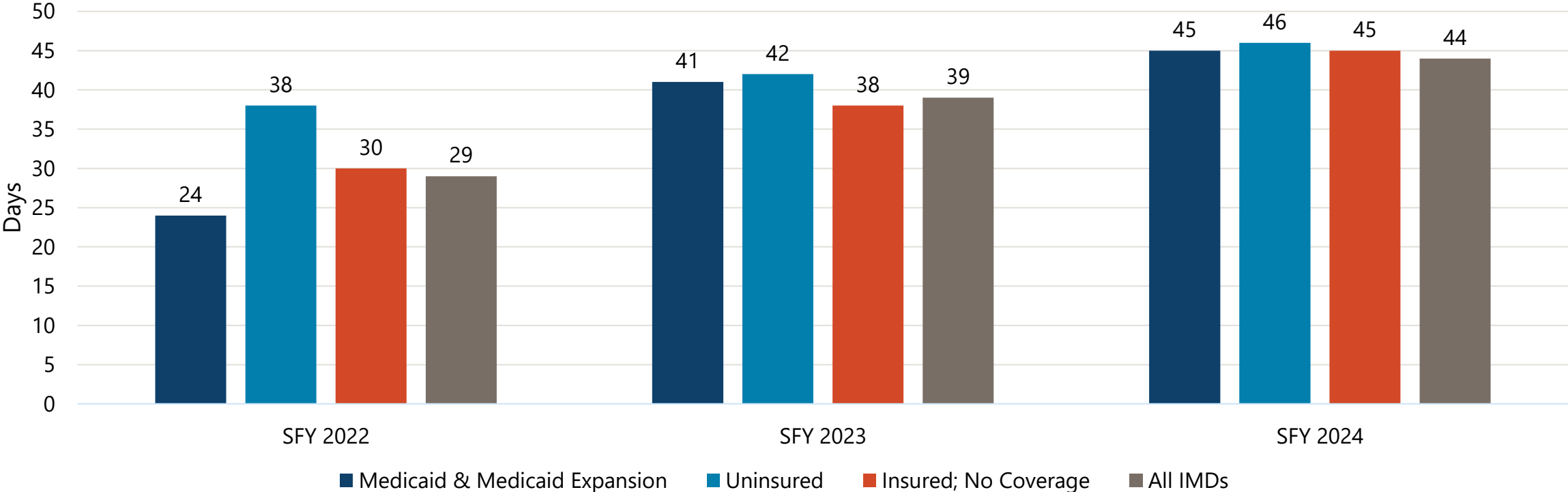
# SUD Voucher Expenditures by Service Type

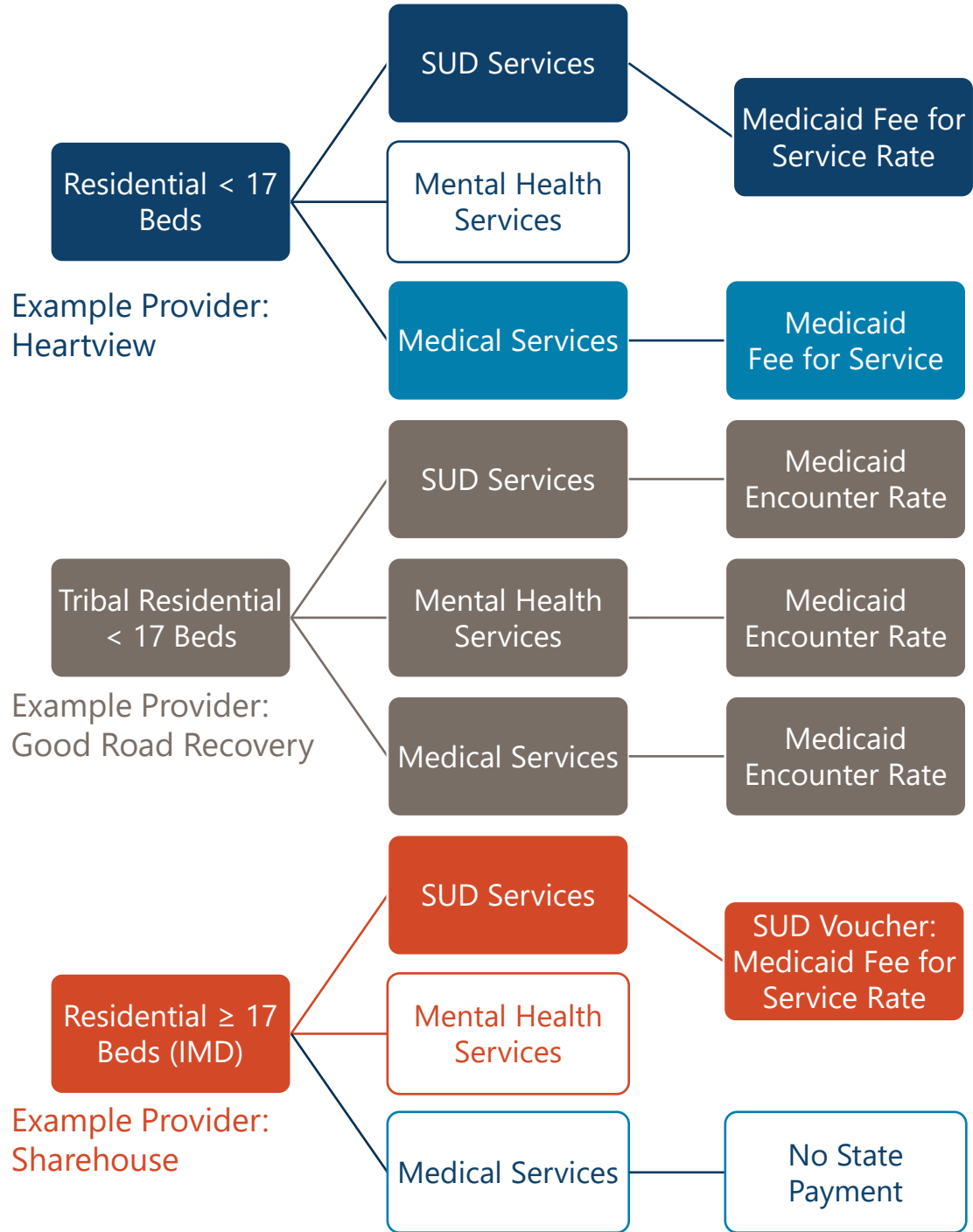




# SUD Voucher

SUD Voucher IMD Average Length of Stay by Coverage Need  
SFY 2022 – SFY 2024





**Example Payment: Level 3.5 Per Day**  
\$594.62

\$719  
\$719  
\$719

— \$2,157

\$594.62

# Current Payment for SUD Residential Settings in North Dakota for Medicaid Members

Note: Payments are for services only and exclude room & board.

# IMD Payment Options in Medicaid

Federal policy has not changed the IMD exclusion, but several options allow states to cover limited IMD services:

- “In-lieu-of” Payments
- SUD IMD State Plan Option
- Section 1115 Waivers

# “In Lieu of” Payments

- Managed Care plans may provide “in lieu of” services as part of their contracts. An “in lieu of” service is a service that is not included under the state plan, but is a clinically appropriate, cost-effective substitution for a similar, covered service.
- The 2016 Managed Care Final Rule issued guidance for states regarding to allow short term IMD stays as an “in lieu of” service. This allows states to continue to pay the capitation to a Managed Care Plan during the partial month an individual is in an IMD.
- To be eligible for capitation payment:
  - The Medicaid member must elect IMD services as an alternative to other covered services;
  - The IMD must be a hospital providing psychiatric or substance use disorder (SUD) inpatient care or a sub-acute facility providing psychiatric or SUD crisis residential services; and
  - The stay in the IMD is for **no more than 15 days**.

# SUD IMD State Plan Option

Allows states to cover **up to 30 IMD days** during a 12-month period for a Medicaid member with at least one SUD in an eligible IMD.

- **Provider Requirements:** Eligible IMDs must (1) follow evidence-based practices and (2) offer at least 2 forms of Medication Assisted Treatment (MAT).
- **Continuum of Care Requirements:** States must prove to CMS that the full continuum of care and transitional services are available to Medicaid members in their state.
- **Maintenance of Effort:** To elect this option, states must maintain the annual level of state expenditures for items and services furnished to Medicaid enrollees aged 21 through 64 with at least one SUD in (1) eligible IMDs and (2) outpatient and community-based settings.

# Section 1115 Waiver

- IMD waivers are available for both SMI/SED and SUD focused IMDs.
  - Note: States can apply for one option, separately for each option, or submit a dual waiver option for SMI/SED & SUD.
- Allows coverage for short-term IMD stays. States must maintain **an average length of stay of 30 days**.
- Continuum of Service Requirements for each type of waiver.
- Budget Neutrality Requirement
- Outpatient Maintenance of Effort Requirements for Dual SMI/SED & SUD IMD Option
- Specific Goals and Milestones for each waiver requiring states requiring additional state oversight, reporting, and policy development.



# What problems are IMD waivers trying to solve?

## CMS Goals

1. Increased rates of identification, initiation, and engagement in treatment;
2. Increased adherence to and retention in treatment;
3. Reductions in overdose deaths, particularly those due to opioids;
4. Reduced utilization of emergency departments and inpatient hospital settings for treatment where the utilization is preventable or medically inappropriate through improved access to other continuum of care services;
5. Fewer readmissions to the same or higher level of care where the readmission is preventable or medically inappropriate; and
6. Improved access to care for physical health conditions among beneficiaries

## CMS Milestones

1. Access to critical levels of care for OUD and other SUDs;
2. Widespread use of evidence-based, SUD-specific patient placement criteria;
3. Use of nationally recognized, evidence-based SUD program standards to set residential treatment provider qualifications;
4. Sufficient provider capacity at each level of care;
5. Implementation of comprehensive treatment and prevention strategies to address opioid abuse and OUD; and
6. Improved care coordination and transitions between levels of care.

# Do 1115 IMD Waivers Work?

## SUD IMD 1115 Monitoring Data Analysis

Goal/Milestone	CMS Analysis
Goal #2: Increased adherence to and retention in treatment.	Demonstrations were associated with a 17.1 percent increase in the number of beneficiaries using any SUD treatment but were not associated with shifts in the share of treatment users receiving specific types of treatment.
Goal #3: Reductions in overdose deaths	Rate of overdose deaths significantly increased in 8 of 10 reporting states.
Goal #4: Reduced utilization of EDs and inpatient hospital settings	Implementation was not associated with a significant change in ED visits or inpatient stays.
Goal #6: Improved access to care for physical health conditions	Rate of ambulatory or preventive care use significantly declined in 11 of 14 states.
Milestone #4: Sufficient provider capacity at critical levels of care	SUD providers per 10,000 Medicaid beneficiaries (1) increased significantly in 3 states, (2) decreased significantly in 9, and (3) did not change significantly in 7.

# Gaps in Behavioral Health Service Delivery in North Dakota

# Current Gaps in Payment & Service Delivery

- Funding
  - Co-occurring Mental Health Diagnosis in SUD Residential Settings
  - Medical Payments in IMD Settings
  - Unfunded IMD Hospital Days
- Continuum of Care
  - Prevention
  - Outpatient Initial Service Entry
  - On-Going Recovery Supports
  - Outpatient Services
  - Supported Housing
- Special Populations

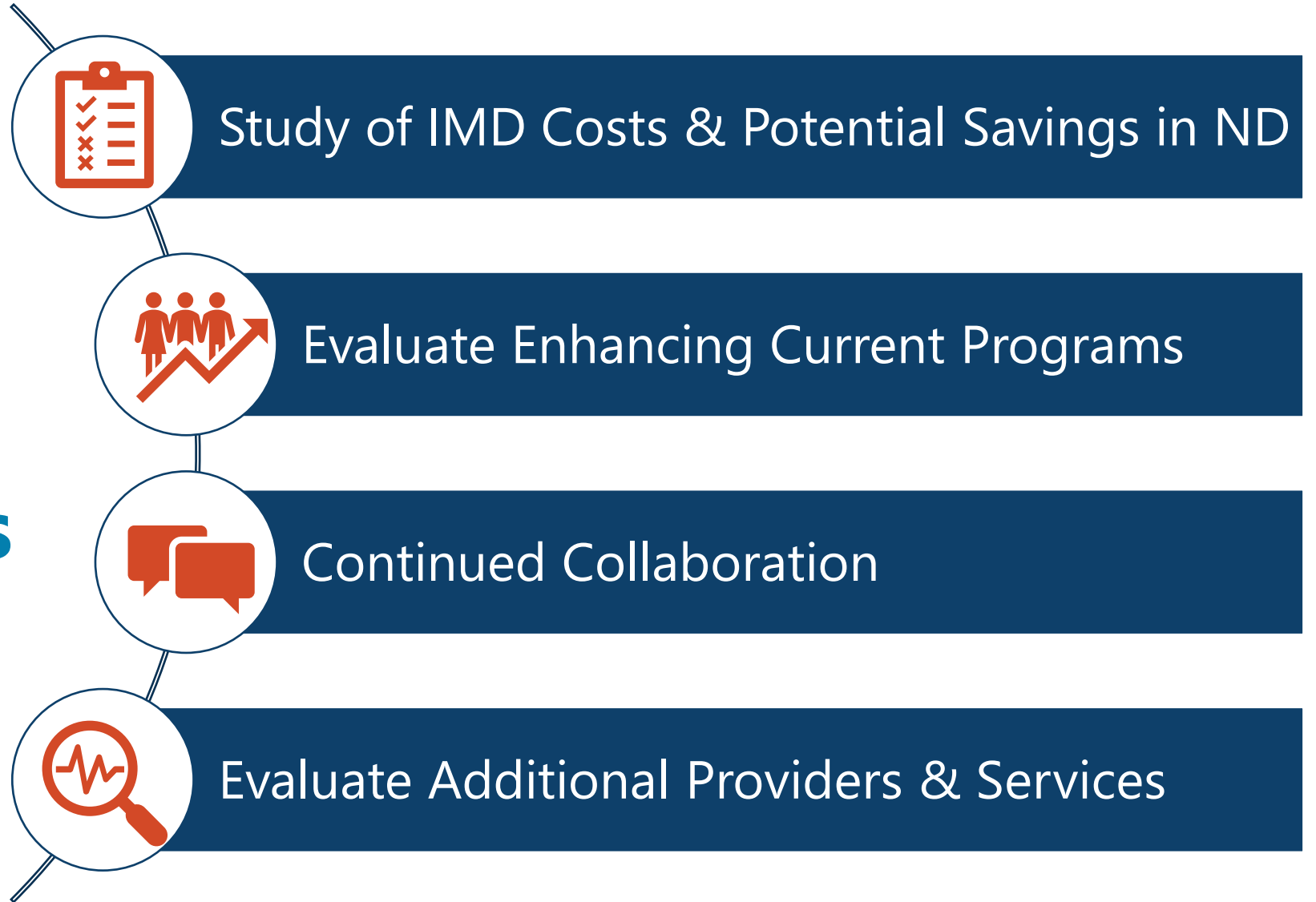
# Options for Closing Service Delivery & Payment Gaps

- Close Gaps in Current Funding Streams
  - Create Physical Health Funding Stream for SUD Voucher Settings
  - Ensure Mental Health Delivery & Payment in SUD Residential Settings
  - Evaluate “In Lieu of” Services Option
  - Evaluate State Plan SUD IMD Option
  - Evaluate 1115 SUD or SED/SMI & SUD Dual Diagnosis Option
- Incentivize Provider Outpatient Service Capacity & Delivery
- Invest in Supported Housing Infrastructure
- Develop Care Coordination Model to Connect Individuals to Care

# Next Steps and Future Considerations



# Next Steps & Future Considerations



# Contact Information

**Sarah Aker**

Executive Director, Medical Services  
saker@nd.gov

**[hhs.nd.gov](https://hhs.nd.gov)**

