



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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Vickie Yates Brown Glisson
Secretary

Stephen P. Miller
Commissioner

TO: All Medicaid Providers
FROM: Stephen Miller, Commissioner *Stephen P. Miller*
DATE: January 2, 2018
RE: Provider Letter A-103 IMD Expansion

Since its enactment in 1965, Medicaid has generally prohibited federal money from being used to pay for inpatient services in an institution for mental disease (IMD) for Medicaid enrollees who are aged 21 to 64. This restriction is commonly known as the "IMD Exclusion." The Social Security Act at 42 C.F.R. 435.1010 defines an IMD as an institution of more than 16 beds that is primarily engaged in the diagnosis, treatment, or care of persons with mental diseases. Congress included the IMD exclusion in the enacting legislation for Medicaid to discourage institutionalization of persons with mental disease and to promote more community-based care.

In 2016, the Medicaid and CHIP Managed Care Final Rule, at 42 C.F.R. 438.6(e), now permits states to pay managed care organizations for individuals aged 21 to 64 who are a patient in an IMD. The coverage would only be available for short-term stays in the IMD. A short term stay is no more than 15 days. In addition, the services provided would have to meet 42 C.F.R. 438.3(e)(2) as "in lieu of services" that are medically appropriate, cost-effective substitutes for the services that would otherwise be available.

On or after January 1, 2018 the Kentucky Medicaid Managed Care Organizations (MCOs) may, at their option, authorize coverage for short-term stays for enrollees aged 21 to 64 in IMDs in lieu of other services or settings covered under Kentucky's Medicaid State Plan. MCOs shall not require individuals to utilize the alternative service or setting.

Providers who meet the definition of an IMD and are not already enrolled in the Kentucky Medicaid Program may visit <http://www.chfs.ky.gov/dms/provEnr/> to learn the requirements for enrollment. Please note that Kentucky Medicaid does not have a separate provider type for IMDs. Providers should enroll in the provider type that aligns with their licensure. Providers may also contact Provider Enrollment at 1-877-838-5085 or send an email to Program.Integrity@ky.gov. Enrolled providers should contact the individual's MCO for questions related to the prior authorization process.

This option only applies to individuals covered under Kentucky Medicaid's managed care program and does not include those covered in Fee for Service Medicaid. Questions regarding this provider letter may be directed to the Division for Policy and Operations at 1-502-564-6890 or email DMS.Issues@ky.gov.

