

WAYS AND MEANS COMMITTEE PRINT 117-1

Improvements to Medicare Inpatient and Outpatient Mental Health Services

1 **SECTION 1. IMPROVEMENTS TO MEDICARE PROSPECTIVE**
2 **PAYMENT SYSTEM FOR PSYCHIATRIC HOS-**
3 **PITALS AND PSYCHIATRIC UNITS.**

4 (a) IMPROVEMENTS THROUGH ADDITIONAL CLAIMS
5 DATA INFORMATION.—Section 1886(s) of the Social Secu-
6 rity Act (42 U.S.C. 1395ww(s)) is amended by adding at
7 the end the following new paragraph:

8 “(5) ADDITIONAL DATA AND INFORMATION.—

9 “(A) IN GENERAL.—The Secretary shall
10 collect data and information as the Secretary
11 determines appropriate to revise payments
12 under the system described in paragraph (1) for
13 psychiatric hospitals and psychiatric units pur-
14 suant to subparagraph (D) and for other pur-
15 poses as determined appropriate by the Sec-
16 retary. The Secretary shall begin to collect such
17 data by not later than October 1, 2023.

18 “(B) DATA AND INFORMATION.—The data
19 and information to be collected under subpara-
20 graph (A) may include—

1 “(i) charges, including those related
2 to ancillary services;

3 “(ii) the required intensity of behav-
4 ioral monitoring, such as cognitive deficit,
5 suicide ideations, violent behavior, and
6 need for physical restraint; and

7 “(iii) interventions, such as detoxifica-
8 tion services for substance abuse, depend-
9 ence on respirator, total parenteral nutri-
10 tional support, dependence on renal dialy-
11 sis, and burn care.

12 “(C) METHOD OF COLLECTION.—The Sec-
13 retary may collect the additional data and infor-
14 mation under subparagraph (A) on cost reports
15 or claims.

16 “(D) REVISIONS TO PAYMENT RATES.—

17 “(i) IN GENERAL.—Notwithstanding
18 the preceding paragraphs of this sub-
19 section or section 124 of the Medicare,
20 Medicaid, and SCHIP Balanced Budget
21 Refinement Act of 1999, for rate year
22 2025 (and for any subsequent rate year, if
23 determined appropriate by the Secretary),
24 the Secretary shall, by regulation, imple-
25 ment revisions to the methodology for de-

1 termining the payment rates under the
2 system described in paragraph (1) for psy-
3 chiatric hospitals and psychiatric units, as
4 the Secretary determines to be appropriate.
5 Such revisions may be based on a review of
6 data and information collected under sub-
7 paragraph (A).

8 “(ii) REVIEW.—The Secretary may
9 make revisions to the diagnosis-related
10 group classifications, in accordance with
11 subsection (d)(4)(C), to reflect nursing and
12 staff resource use and costs involved in
13 furnishing services at such hospitals and
14 units, including considerations for patient
15 complexity and prior admission to an inpa-
16 tient psychiatric facility, which may be
17 based on review of data and information
18 collected under subparagraph (A), as the
19 Secretary determines to be appropriate.

20 “(iii) BUDGET NEUTRALITY.—Revi-
21 sions in payment implemented pursuant to
22 clause (i) for a rate year shall result in the
23 same estimated amount of aggregate ex-
24 penditures under this title for psychiatric
25 hospitals and psychiatric units furnished in

1 the rate year as would have been made
2 under this title for such care in such rate
3 year if such revisions had not been imple-
4 mented.”.

5 (b) IMPROVEMENTS THROUGH STANDARDIZED PA-
6 TIENT ASSESSMENT DATA.—Section 1886(s) of the Social
7 Security Act (42 U.S.C. 1395ww(s)), as amended by sub-
8 section (a), is further amended—

9 (1) in paragraph (4)—

10 (A) in subparagraph (A)(i), by striking
11 “subparagraph (C)” and inserting “subpara-
12 graphs (C) and (E)”;

13 (B) by redesignating subparagraph (E) as
14 subparagraph (F);

15 (C) by inserting after subparagraph (D)
16 the following new subparagraph:

17 “(E) STANDARDIZED PATIENT ASSESS-
18 MENT DATA.—

19 “(i) IN GENERAL.—For rate year
20 2028 and each subsequent rate year, in ad-
21 dition to such data on the quality measures
22 described in subparagraph (C), each psy-
23 chiatric hospital and psychiatric unit shall
24 submit to the Secretary, through the use of
25 a standardized assessment instrument im-

1 plemented under clause (iii), the standard-
2 ized patient assessment data described in
3 clause (ii). Such data shall be submitted
4 with respect to admission and discharge of
5 an individual (and may be submitted more
6 frequently as the Secretary determines ap-
7 propriate).

8 “(ii) STANDARDIZED PATIENT AS-
9 SESSMENT DATA DESCRIBED.—For pur-
10 poses of clause (i), the standardized pa-
11 tient assessment data described in this
12 clause, with respect to a psychiatric hos-
13 pital or psychiatric unit, is data with re-
14 spect to the following categories:

15 “(I) Functional status, such as
16 mobility and self-care at admission to
17 a psychiatric hospital or unit and be-
18 fore discharge from a psychiatric hos-
19 pital or unit.

20 “(II) Cognitive function, such as
21 ability to express ideas and to under-
22 stand, and mental status, such as de-
23 pression and dementia.

1 “(III) Special services, treat-
2 ments, and interventions for psy-
3 chiatric conditions.

4 “(IV) Medical conditions and co-
5 morbidities, such as diabetes, conges-
6 tive heart failure, and pressure ulcers.

7 “(V) Impairments, such as incon-
8 tinence and an impaired ability to
9 hear, see, or swallow.

10 “(VI) Other categories as deter-
11 mined appropriate by the Secretary.

12 “(iii) STANDARDIZED ASSESSMENT IN-
13 STRUMENT.—

14 “(I) IN GENERAL.—For purposes
15 of clause (i), the Secretary shall im-
16 plement a standardized assessment in-
17 strument that provides for the sub-
18 mission of standardized patient as-
19 sessment data under this title with re-
20 spect to psychiatric hospitals and psy-
21 chiatric units which enables compari-
22 son of such assessment data across all
23 such hospitals and units to which such
24 data are applicable.

1 “(II) FUNDING.—The Secretary
2 shall provide for the transfer, from
3 the Federal Hospital Insurance Trust
4 Fund under section 1817 to the Cen-
5 ters for Medicare & Medicaid Services
6 Program Management Account, of
7 \$10,000,000 for purposes of carrying
8 out subclause (I).”; and

9 (D) in subparagraph (F), as redesignated
10 by subparagraph (B) of this paragraph, by
11 striking “subparagraph (C)” and inserting
12 “subparagraphs (C) and (F)”; and

13 (2) by adding at the end the following new
14 paragraph:

15 “(6) ADDITIONAL CONSIDERATIONS FOR DIAG-
16 NOSIS-RELATED GROUP CLASSIFICATIONS.—

17 “(A) IN GENERAL.—Notwithstanding the
18 preceding paragraphs of this subsection (other
19 than paragraph (5)) or section 124 of the Medi-
20 care, Medicaid, and SCHIP Balanced Budget
21 Refinement Act of 1999, beginning not later
22 than rate year 2031, in addition to any revi-
23 sions pursuant to paragraph (5), the Secretary
24 shall, by regulation, implement revisions to the
25 methodology for determining the payment rates

1 under the system described in paragraph (1) for
2 psychiatric hospitals and psychiatric units, as
3 the Secretary determines to be appropriate, to
4 take into account the patient assessment data
5 described in paragraph (4)(E)(ii).

6 “(B) BUDGET NEUTRALITY.—Revisions in
7 payment implemented pursuant to subpara-
8 graph (A) for a rate year shall result in the
9 same estimated amount of aggregate expendi-
10 tures under this title for psychiatric hospitals
11 and psychiatric units furnished in the rate year
12 as would have been made under this title for
13 such care in such rate year if such revisions
14 had not been implemented.”

15 **SEC. 2. ENSURING ADEQUATE COVERAGE OF OUTPATIENT**
16 **MENTAL HEALTH SERVICES UNDER THE**
17 **MEDICARE PROGRAM.**

18 (a) MODIFICATION OF DEFINITION OF PARTIAL HOS-
19 PITALIZATION SERVICES.—Section 1861(ff)(1) of the So-
20 cial Security Act (42 U.S.C. 1395x(ff)(1)) is amended by
21 inserting “for an individual determined (not less fre-
22 quently than monthly) by a physician to have a need for
23 such services for a minimum of 20 hours per week” after
24 “prescribed by a physician”.

1 (b) COVERAGE OF INTENSIVE OUTPATIENT SERV-
2 ICES.—

3 (1) SCOPE OF BENEFITS.—

4 (A) COMMUNITY MENTAL HEALTH CEN-
5 TERS.—Section 1832(a)(2)(J) of the Social Se-
6 curity Act (42 U.S.C. 1395k(a)(2)(J)) is
7 amended by inserting “and intensive outpatient
8 services” after “partial hospitalization serv-
9 ices”.

10 (B) INCIDENT-TO SERVICES.—Section
11 1861(s)(2)(B) is amended by inserting “or in-
12 tensive outpatient services” after “partial hos-
13 pitalization services”.

14 (2) DEFINITION.—Section 1861(ff) of the So-
15 cial Security Act (42 U.S.C. 1395x(ff)) is amend-
16 ed—

17 (A) in the header, by inserting “; Intensive
18 Outpatient Services” after “Partial Hospitaliza-
19 tion Services”; and

20 (B) by adding at the end the following new
21 paragraph:

22 “(4) The term ‘intensive outpatient services’ has the
23 meaning given the term ‘partial hospitalization services’
24 in paragraph (1), except that—

25 “(A) section 1835(a)(2)(F)(i) shall not apply;

1 “(B) the reference in such paragraph to an in-
2 dividual ‘determined (not less frequently than
3 monthly) by a physician to have a need for such
4 services for a minimum of 20 hours per week’ shall
5 be treated as a reference to an individual ‘deter-
6 mined (not less frequently than once every other
7 month) by a physician to have a need for such serv-
8 ices for a minimum of 9 hours per week’; and

9 “(C) the reference to ‘a community mental
10 health center (as defined in subparagraph (B))’ in
11 paragraph (3) shall be treated as a reference to ‘a
12 community mental health center (as defined in sub-
13 paragraph (B)), a Federally qualified health center,
14 or a rural health clinic’.”.

15 (3) EXCLUSION FROM CALCULATION OF CER-
16 TAIN TREATMENT COSTS.—Section 1833(c)(2) of the
17 Social Security Act (42 U.S.C. 1395l(c)(2)) is
18 amended by inserting “or intensive outpatient serv-
19 ices” after “partial hospitalization services”.

20 (4) CONFORMING AMENDMENTS.—

21 (A) INTENSIVE OUTPATIENT SERVICES.—
22 Section 1861(aa) of the Social Security Act (42
23 U.S.C. 1395x(aa)) is amended—

24 (i) in paragraph (1)—

1 (I) in subparagraph (B), by
2 striking “and” at the end;

3 (II) in subparagraph (C), by add-
4 ing “and” at the end; and

5 (III) by inserting after subpara-
6 graph (C) the following new subpara-
7 graph:

8 “(D) intensive outpatient services (as defined in
9 section 1861(ff)(4)),”; and

10 (ii) in paragraph (3), by striking
11 “through (C)” and inserting “through
12 (D)”.

13 (B) PROVIDER OF SERVICES.—Section
14 1866(e)(2) of the Social Security Act (42
15 U.S.C. 1395cc(e)(2)) is amended by inserting “,
16 or intensive outpatient services (as described in
17 section 1861(ff)(4))” after “partial hospitaliza-
18 tion services (as described in section
19 1861(ff)(1))”.

20 (c) SPECIAL PAYMENT RULE FOR FQHCS AND
21 RHCs.—Section 1834 of the Social Security Act (42
22 U.S.C. 1395m) is amended—

23 (1) in subsection (o), by adding at the end the
24 following new paragraph:

1 “(5) SPECIAL PAYMENT RULE FOR INTENSIVE
2 OUTPATIENT SERVICES.—

3 “(A) IN GENERAL.—In the case of inten-
4 sive outpatient services furnished by a Federally
5 qualified health center, the payment amount for
6 such services shall be equal to the amount that
7 would have been paid under this title for such
8 services had such services been covered OPD
9 services furnished by a hospital.

10 “(B) EXCLUSION.—Costs associated with
11 intensive outpatient services shall not be used
12 to determine the amount of payment for Feder-
13 ally qualified health center services under the
14 prospective payment system under this sub-
15 section.”; and

16 (2) in subsection (y)—

17 (A) in the header, by striking “TO HOS-
18 PICE PATIENTS”; and

19 (B) by adding at the end the following new
20 paragraph:

21 “(3) SPECIAL PAYMENT RULE FOR INTENSIVE
22 OUTPATIENT SERVICES.—

23 “(A) IN GENERAL.—In the case of inten-
24 sive outpatient services furnished by a rural
25 health clinic, the payment amount for such

1 services shall be equal to the amount that would
2 have been paid under this title for such services
3 had such services been covered OPD services
4 furnished by a hospital.

5 “(B) EXCLUSION.—Costs associated with
6 intensive outpatient services shall not be used
7 to determine the amount of payment for for
8 rural health clinic services under the method-
9 ology for all-inclusive rates (established by the
10 Secretary) under section 1833(a)(3).”.

11 (d) EFFECTIVE DATE.—The amendments made by
12 this section shall apply with respect to items and services
13 furnished on or after January 1, 2024.

