



## Medicaid: IMD Exclusion

# Medicaid IMD Exclusion

## Where We Stand

NAMI believes that health insurance should provide comprehensive mental health and substance use disorder coverage without arbitrary limits on treatment. NAMI opposes Medicaid's discriminatory prohibition on paying for mental health treatment delivered in certain inpatient settings, known as "institutions for mental disease" (IMDs).

## Why We Care

Currently, the law prohibits states from using Medicaid to pay for care provided in "institutions for mental disease" (IMDs), which are psychiatric hospitals or other residential treatment facilities that have more than 16 beds. This is the only part of federal Medicaid law that prohibits payment for the cost of providing medically necessary care because of the type of illness being treated. This discriminatory exclusion has been in place since Medicaid's enactment in 1965, and it has resulted in unequal coverage of mental health care.

Recently, states were given the option to cover short-term stays in psychiatric hospitals by applying for a **waiver** from the federal government. While this option shows progress, we need to permanently remove the IMD exclusion. People with mental health conditions — just like people with any medical condition — need a range of care options from outpatient services to hospital care. Updating the IMD exclusion to allow for short-term stays in psychiatric hospitals helps strengthen the mental health system and provides those who rely on Medicaid with more treatment options.

## How We Talk About It

- About **one in eight** visits to hospital emergency rooms involves a mental health or substance use condition. However, emergency departments are often not equipped to help people experiencing a mental health crisis.
- Unfortunately, emergency department staff often have nowhere to send a person in crisis because of the limited number of inpatient psychiatric beds in the U.S., which have **decreased significantly** since the 1950s.
- When there are not enough inpatient beds available, emergency departments often release people in crisis — leaving them to deal with their illness on their own.
- We know what happens when people don't get the treatment they need when they need it — they can end up in jail or on the streets — leading to worse outcomes for the person, greater pain for their families and a higher cost to the state and the federal government.
- Federal Medicaid policy has contributed to the mental health system's lack of a full range of treatment options, including inpatient care, for people with mental illness.
- Medicaid doesn't pay for care provided in "institutions for mental disease" (IMDs), which are psychiatric hospitals or other residential treatment facilities that have more than 16 beds. This is discriminatory.
- This policy, known as the "IMD exclusion," is the only part of the Medicaid program that doesn't pay for medically necessary care simply because of the type of illness.
- The IMD exclusion is discriminatory and has a real-life impact on people's ability to access needed treatment.
- Recently, states were given the option to cover short-term stays in psychiatric hospitals under Medicaid by applying for a **waiver** from the federal government. While this option shows progress, we need to permanently remove the IMD exclusion.
- Every person who relies on Medicaid should have access to the full range of treatment options they need — bringing us one step closer towards full and equal treatment under the law.

## What We've Done

- NAMI **statement** on new state flexibilities to waive IMD
- NAMI **letter** to the Centers for Medicare & Medicaid Services, calling for Medicaid to cover care provided in IMDs
- NAMI *submits comments on individual state proposals to waive the IMD exclusion. These comments are available **by request**.*

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