

APPENDIX 1

Medicaid Emergency Psychiatric Demonstration Application Proposal Guidelines

INTRODUCTION

Section 2707 of the Affordable Care Act authorizes a 3-year Medicaid Emergency Psychiatric Demonstration project that permits non-government psychiatric hospitals to receive Medicaid payment for providing Emergency Medical Treatment and Active Labor Act (EMTALA)-related emergency services to Medicaid recipients aged 21 to 64 who have expressed suicidal or homicidal thoughts or gestures, and are determined to be dangerous to themselves or others.

Section 2707 of the Affordable Care Act requires that a State seeking to participate in the Demonstration project under this section shall submit an application, at such time and in such format as required, that includes such information, provisions, and assurances necessary to assess the State's ability to conduct the Demonstration as compared with other State applicants. States participating in the Demonstration will be selected on a competitive basis based on the responsiveness of their applications and taking into consideration a number of factors including the availability of various types and combinations of beds in the State (e.g., in general hospital psychiatric units, private psychiatric hospitals, and public mental hospitals), the level and types of investments in community-based behavioral health services by the State (e.g., assertive community treatment (ACT) programs, mobile treatment teams, and partial hospitalization programs), the design of the State's Medicaid program itself (including the degree of specialized managed behavioral health care, State choices about including optional populations, use and design of the rehabilitative services option). The statute also requires that, in selecting State applications for the Demonstration, CMS shall seek to achieve an appropriate national balance in the geographic distribution of the Demonstration.

Applicants for this Demonstration are limited to Medicaid Agencies in the States, the District of Columbia, and Territories of the United States.

Application Instructions for Potential Sites¹

The instructions below are intended to provide prospective Demonstration participants with a template for submitting required information to CMS.

¹ PRA Disclosure Statement: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1131. The time required to complete this information collection is estimated to average 2,160 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

Application proposals should not exceed 30 pages (proposal plus appendices) on 8.5" X 11" letter-sized paper with 1-inch margins (top, bottom, and sides), single spaced, single sided, written in English with black ink, no smaller than 12-point font. Please submit one unbound copy suitable for photocopying and three bound copies.

Page limits listed for each section represent the maximum number of pages recommended for that section. An additional three pages are allowed for appendices if needed.

COVER LETTER

The applicant should provide a cover letter which includes the following information (not included in page limit):

State and name of State Medicaid Agency

Contact person name and title

Contact person telephone and fax number

Contact person email address

A narrative describing the State's interest and reasons for, applying for and participating, in the Demonstration.

An acknowledgement of support for participation in the Demonstration from the State Medicaid Director.

EXECUTIVE SUMMARY (2 pages)

Please provide a summary of your proposal that includes highlights from each section. The summary should begin with an overview of your understanding of section 2707 of the Affordable Care Act, the Medicaid Emergency Psychiatric Demonstration, and a brief statement of the reasons why your State wishes to participate in the Demonstration, including the issues and problems you believe will be addressed by participation in the Demonstration.

The summary should provide a brief statement of the goals the State seeks to achieve by participating in the Demonstration.

1.0 INTRODUCTION

1.1 Rationale for Participation (1 page)

Explain your State's reasons for wanting to participate in the Demonstration and what the various entities in and outside State government (e.g., Medicaid administration, departments of health, mental health and substance abuse, and department of public health, managed care organizations, general and psychiatric hospitals, mental health providers, law enforcement, etc.) may seek to achieve by the State's participation in the Demonstration. Discuss the goals the State seeks to achieve in participating in the Demonstration, and how the State will determine whether these goals are met. Discuss the positive changes expected from the Demonstration, as well as the difficulties and the potential negative consequences of the Demonstration. Finally, explain how the selection of your State would be a benefit to CMS in the implementation and evaluation of this Demonstration.

2.0 BACKGROUND (4 pages)

2.1 Mental Health Issues and Service Delivery in the State

Please provide a brief history of the problems faced in your State with regard to the recognition of treatment needs for those with mental illness and the development of policies to provide for their treatment. In particular, discuss the changes over time in the availability, access, and cost of treating mental health conditions in reference to, for example, the development of institutions for mental diseases, the availability of other types of beds (e.g., general hospital psychiatric units, public mental hospitals), the deinstitutionalization movement and community care model, the level and types of investments in community-based behavioral health services, the Medicaid institution for mental diseases (IMDs) exclusion, the problem of psychiatric patient boarding, the design of your State Medicaid program (including the degree to which your State uses specialized managed behavioral health care) and how policies for mental health care may have affected the availability and cost of health care in general. Please provide current estimates of the incidence and prevalence of mental health conditions in the State among children and adults, including an estimate of those who were found to exhibit suicidal or homicidal gestures, and were considered a danger to self and others. Include, if possible, an estimate and description of the population likely to be affected by this Demonstration, i.e., Medicaid eligible persons aged 21 to 64. The discussion should close with an overview of the current problems faced by the State in providing and/or facilitating the recognition, diagnosis, and treatment of mental health conditions among its population and issues surrounding psychiatric boarding.

2.2 Psychiatric Care and Facilities

Please describe the most likely scenario for how most patients affected by this Demonstration, i.e., those presenting suicidal or homicidal thoughts or gestures and are determined a danger to self or others, are likely to enter the health care system for emergency care, and progress through assessment, referral, admission, treatment, and discharge. Also, please describe the process the State will use to ensure that the patients are stabilized.

Please describe the government and non-government psychiatric facilities available in your State that provide emergency services, assessment, and treatment of mental health conditions. Please be sure to report separately on mental disorders and other mental diseases. How many are dedicated to inpatient treatment, and what are the characteristics, specialties, and capacity of these institutions?

2.3 Demonstration Population

Please describe the geographic catchment area in your State likely to be primarily served by this Demonstration including estimates of the number of Medicaid-eligible persons expected to receive treatment under Medicaid as a result of the Demonstration by payment arrangement, i.e., fee-for-service and managed care arrangements.

3.0 DEMONSTRATION PROPOSAL (20 pages)

Please describe the State's plan for the organization, implementation, management, and monitoring of the Demonstration using the following sections as a guide to the organization of your description.

3.1 Staff Designation and Roles

Please provide the names and contact information of the principal staff that will be responsible to implement and manage this Demonstration in your State, and briefly describe the roles of each of the principal staff members tasked to implement and manage the Demonstration.

3.2 Administration and Management

Describe the plan for the day-to-day administration and oversight of the Demonstration, including processes, communications, and agreements with institutions directly and indirectly involved in the Demonstration.

3.3 Facilities Selected for the Demonstration

Please provide a listing of the non-government psychiatric institutions in your State that will be selected to participate in the Demonstration along with their location, contact information, attributes, and psychiatric specialty focus, and a brief description of their characteristics, including bed size and a recent yearly census of emergency, inpatient, and outpatient admissions served. Briefly discuss why these facilities were selected, and how their selection will be advantageous to testing the potential of this Demonstration.

Please describe the likely referral sources for emergency and inpatient care under this Demonstration (e.g., general hospital emergency departments, clinics, physicians, police, and social services) and any agreements or understandings that may be established between source entities, referral facilities, and the State Medicaid Agency for the purpose of facilitating the implementation and management of this Demonstration.

If the State uses managed care arrangements to provide behavioral health care, please provide a listing of managed care organizations involved along with their contact information and corporate location. Describe any contractual, financial or referral arrangements these organizations may have with psychiatric facilities, listing the facilities and whether any of these arrangements involve emergency psychiatric admissions.

3.4 Medicaid Payment System and Accounting

Describe your Medicaid payment system in terms of what modifications will be made to accommodate payment under the Demonstration. What arrangements will be made with the institutions participating in the Demonstration? What processes will be put in place to identify the admission/discharge or entry and exit points for payment under the Demonstration and to facilitate billing and payment for Demonstration patients? What mechanisms will be put in place to track payment amounts and the ways payments are provided for services during the patient

episode, inside and outside the Demonstration parameters, for each patient treated under the Demonstration? If the State uses managed care arrangements to provide behavioral health care, describe the contractual and financial billing arrangements for this care and describe how information about emergency psychiatric admissions in IMDs and the associated costs will be identified and processed as a Demonstration claim. Describe what mechanism(s) will be put in place to ensure that payments to States for services under the Demonstration do not duplicate payments to the States for the same services under the capitation rates paid to managed care organizations.

3.5 Patient Administration and Stabilization Review

Section 2707 of the Affordable Care Act requires that in applying to participate in this Demonstration, the State shall specify "... a mechanism for how it will ensure that institutions participating in the Demonstration will determine whether or not such individuals have been stabilized" where stabilization is defined as "... the emergency medical condition no longer exists with respect to the individual and the individual is no longer dangerous to self or others." The statute requires that this mechanism shall commence before the third day of the inpatient stay. The statute continues in stating that, "...States participating in the Demonstration project may manage the provision of services for the stabilization of medical emergency conditions through utilization review, authorization, or management practices, or the application of medical necessity and appropriateness criteria applicable to behavioral health."

Please describe the mechanisms the State will put into place to monitor the patient flow beginning with the determination that a patient is eligible for the Demonstration, enters care under the Demonstration, continues care, when stabilization is achieved, and when the patient is discharged from inpatient care and/or is no longer considered a Demonstration patient. In particular, please provide a particular focus on that part of these mechanisms that will satisfy the requirements of the Affordable Care Act.

3.6 Understanding of Demonstration Waiver Authority

The statute provides for the waiver of Title XIX of the Act with respect to the Medicaid IMD exclusion to allow the conduct of the Demonstration. Specifically, a waiver is granted, "... relating to limitations on payments for care or services for individuals under 65 years of age who are patients in an institution for mental diseases..." for purposes of carrying out this Demonstration.

Please discuss your understanding of the Medicaid IMD exclusion and its waiver with regard to the provision of Medicaid services in your State under the Demonstration. Discuss whether there are any specific State laws and regulations that bear on the successful conduct of this Demonstration, and what measures the State will need to take to enable its implementation.

Please describe the availability of various types and combinations of beds in the State (e.g., in general hospital psychiatric units, private psychiatric hospitals, and public mental hospitals). The description should provide the rationale for needing to purchase inpatient services from an IMD (e.g. low number of psychiatric beds/1000 Medicaid recipients) The application should

also describe the level and types of investments in community-based behavioral health services by the State (e.g., assertive community treatment (ACT) programs, mobile treatment teams, and partial hospitalization programs), States should discuss in their application how these investments will enable individuals to be discharged in a timely manner and prevent the need for re-hospitalizations within a 30 or 60 day period. Finally, States should describe the design of the State's Medicaid program itself (including the degree of specialized managed behavioral health care, State choices about including optional populations, and use and design of the rehabilitative services option). As part of this description the application should describe how managed care vendors purchase inpatient psychiatric care. This should include the type of payment system used (per diem, per case, per service etc).

3.7 CMS-State Payment Process

After Federal administrative costs for implementation, monitoring, and evaluation are accounted for, funding for Medicaid services under the Demonstration will likely be limited to approximately \$68,000,000 in Federal matching funds across all States participating in the Demonstration. The Affordable Care Act specifies that funding provided under the Demonstration shall be allocated to States participating in the Demonstration based on criteria to be determined by factors including the State application and availability of funds. It is desirable to allocate funding in such a manner as to allow each State selected to conduct the Demonstration for the full 3-year period taking into account the number of people likely to receive services under the Demonstration. These allocations will be based initially on State patient census estimates provided at the beginning of the Demonstration. These allocation amounts can be adjusted over time based on the actual number of people provided services within each State as the Demonstration proceeds, again with the intent to allow each State to participate fully.

The CMS will pay each quarter, to each participating State, an amount equal to the Federal medical assistance percentage of expenditures in the quarter for medical assistance paid to participating institutions for inpatient services provided under this Demonstration.

States will be required to submit to CMS payment information including the patient name, Medicaid identification number, dates of service, location of service, and payment amount. This information will be required for patients admitted to inpatient facilities, whether through fee-for-service or any managed care arrangement. If a State includes managed care patients under the Demonstration, the State will be required to provide information about any adjustment to the capitated rate to reflect the care previously paid for by the managed care organization that is now being paid for using the Demonstration funds. Other patient specific information may be required, if needed to substantiate the invoice.

Please describe the financial accounting and transfer process by which the State will submit payment information to CMS, and receive the Federal portion of Medicaid expenditures. In doing so, please provide your State's current Medicaid matching payment rate for medical assistance services, such as those included in the Demonstration, and describe the processes for annual updates and any special rate adjustments that may occur.

Describe how this process will be used or amended to account for, declare, and receive Federal matching funds from CMS under this Demonstration.

3.8 Demonstration Monitoring and Evaluation

The CMS is required to collect information to monitor the progress of the Demonstration at each participating institution, which may include all of the following: the number of patients admitted and treated under the Demonstration, Medicaid/Medicare/SSI eligibility status, demographic information, geographic residence information, transfer, admission and readmission information, length of stay and community discharge information, and information about how eligibility for the Demonstration was determined, how and when stabilization was achieved, and how discharge planning and hospital discharge were accomplished.

The CMS is required to conduct an independent evaluation to determine the impact of the Demonstration on the functioning of the health and mental health service system within the participating States, and on individuals enrolled in the Medicaid program. The evaluation is to include: (1) An assessment of the Demonstration in relation to access to inpatient mental health services under the Medicaid program, including average lengths of inpatient stays and emergency room visits; (2) An assessment of discharge planning by participating hospitals; (3) An assessment of the impact of the Demonstration project on the costs of the full range of mental health services (including inpatient, emergency, and ambulatory care); and (4) An analysis of the percentage of consumers with Medicaid coverage who are admitted to inpatient facilities as a result of the Demonstration project as compared to those admitted to these same facilities through other means.

A key part of the competitive selection process will focus on the State's capability, as described in its application proposal, to report data accurately and expeditiously to CMS, Medicaid, or to report other data system items, that may be necessary to fulfill the mandated evaluation topical areas on discharge planning, system-wide changes in service use and cost patterns, access to care, individual health outcomes, and information to enable comparisons with similar individuals not eligible for Demonstration participation.

Since Medicaid managed care emergency psychiatric IMD admissions can be provide as an "in lieu of" service without violating the Medicaid IMD exclusion, for those States providing behavioral health care through managed care arrangements, the State will be expected to furnish pre- and post-Demonstration patient level managed care information for like emergency psychiatric Medicaid patients including length of stay and costs for emergency psychiatric admissions, and stabilization and discharge information for IMDs versus non-IMD admissions. The statute specifies that, as a condition of receiving payment under the Demonstration, a State shall collect and report information, as determined necessary by the Secretary, for the purposes of Federal oversight and the evaluation of the Demonstration. As the Demonstration implementation process proceeds, the State will be asked to work with CMS and its support contractor to develop a process that provides for the regular reporting of information to satisfy the requirements for monitoring and evaluating patient flows, quality of care, adverse events, treatment outcomes and payments made under the Demonstration. Specific data requirements related to the evaluation effort will be determined during implementation of the Demonstration,

taking into account the feasibility and cost to the States in collecting and submitting this information to the CMS evaluation team.

Please describe the State's administrative plan and proposed process to collect, process, and report patient, treatment, and payment information to CMS to comply with the monitoring and evaluation requirements of the Demonstration.

REVIEW AND SELECTION PROCESS

Section 2707 of the Affordable Care Act requires that a State seeking to participate in the Demonstration project under this section shall submit an application, at such time and in such format as required, that includes such information, provisions, and assurances necessary to assess the State's ability to conduct the Demonstration as compared with other State applicants. States participating in the Demonstration will be selected on a competitive basis based on the responsiveness of their applications. The number of States selected shall be limited in number to ensure sufficient funds are available in each participating State to enable an informative assessment of the effect of waiving the IMD exclusion for emergency care in private psychiatric hospitals in those States. In addition, States shall be selected to ensure representation of States with varied approaches to behavioral health care delivery, payment, and benefit design.

The Affordable Care Act also requires that, in selecting State applications for the Demonstration, CMS shall seek to achieve an appropriate national balance in the geographic distribution of the Demonstration.

An application review panel will be convened to review all applications and make recommendations for award to the CMS Administrator. The application review panel will be composed primarily of CMS staff from across its components with expertise in the various clinical and administrative issues involved in the implementation of the Demonstration.

Applications will be scored by each panel member according to the responsiveness of each section of the application to the content requirements stated in the application instructions as indications of the understanding and abilities of the State in assisting CMS in implementing and managing the Demonstration in accordance with section 2707 of the Affordable Care Act.

Panel members will be instructed to provide scores for each section of the application proposal up to the following scoring limits.

Executive Summary (2 pages)		
1.0	INTRODUCTION (1 page)	5 points
1.1	Rationale for Participation (1 Page)	
2.0	BACKGROUND (4 pages)	15 points
2.1	History of Mental Health Issues and Service Delivery in the State	

2.2	Psychiatric Care and Facilities	
2.3	Demonstration Population	
3.0	DEMONSTRATION PROPOSAL (20 pages)	
	DEMONSTRATION ADMINISTRATION	35 points
3.1	Staff Designation and Roles	
3.2	Administration and Management	
3.3	Facilities Selected for the Demonstration	
	DEMONSTRATION OPERATIONS	45 points
3.4	Medicaid Payment System and Accounting	
3.5	Patient Administration and Stabilization Review	
3.6	Understanding of Demonstration Waiver Authority	
3.7	CMS-State Payment Process	
3.8	Demonstration Monitoring and Evaluation	
Total		100 points maximum