

INSTITUTIONS FOR MENTAL DISEASES SERVICES

OVERVIEW

Section [1905\(a\)\(B\)](#) of the Social Security Act (SSA) establishes the Institutions for Mental Disease (IMD) exclusion. The SSA indicates that federal financial participation is not available for any medical assistance under Medicaid 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. This exclusion was designed to assure that states, rather than the federal government, continue to have principal responsibility for funding inpatient psychiatric services. Under this broad exclusion, no Medicaid payment can be made for services provided either in or outside the facility for IMD patients in this age group.

[Per 42 CFR 435.1010](#) an IMD is 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. Whether an institution is an institution for mental diseases is determined by its overall character as that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases, whether or not it is licensed as such. An institution for Individuals with Intellectual Disabilities is not an institution for mental diseases.

IMD DETERMINATION

Determining an Institution

In cases where an entity has multiple locations or facilities either on the same campus or different campuses, it may be necessary to assess the following:

1. Are all facilities controlled by one owner or one governing body?
2. Is one chief medical officer responsible for the medical staff activities in all facilities?
3. Does one chief executive officer control all administrative activities in all facilities?
4. Are any of the facilities separately licensed?
5. Are the facilities organizationally and geographically separate that it is not feasible to operate as a single facility?
6. If two or more of the facilities are participating under the same provider category (such as NFs), can each component meet the conditions of participation independently?

If the answer to 1, 2, or 3 is "no," or the answer to 4, 5, or 6 is "yes," for example, there may be a separate facility/component. Facilities that are certified as different types of providers, such as nursing facilities and hospitals, are considered independent from each other.

If it is determined that a facility is independent, the criteria below for "Determining if an Institution is an IMD" are applied to that facility if it has more than 16 beds.

If it is determined that the facilities are operating as a single facility, beds for all facilities will be added together. If the total number of beds is more than 16, the criteria below for “Determining if an Institution is an IMD” are applied.

Determining if an Institution is an IMD

A final determination of a facility’s IMD status uses the following guidelines to evaluate whether the overall character of a hospital, nursing facility, or other institution of more than 16 beds is that of an IMD. South Dakota Medicaid may use other guidelines that it determines relevant in a specific situation such as the average age of the patient in a nursing facility.

- The facility is licensed as a psychiatric facility;
- The facility is accredited as a psychiatric facility;
- The facility is under the jurisdiction of the State’s mental health authority (this criterion does not apply to facilities under mental health authority that are not providing services to mentally ill persons);
- The facility specializes in providing psychiatric/psychological care and treatment. This may be ascertained through review of patients’ records. It may also be indicated by the fact that an unusually large proportion of the staff has specialized psychiatric/psychological training or that a large proportion of the patients are receiving psychopharmacological drugs; and
- The current need for institutionalization for more than 50 percent of all the patients in the facility results from mental diseases (it is not necessary to determine whether any mental health care is being provided in applying this guideline).

NON-COVERED SERVICES

General Non-Covered Services

Providers should refer to [ARSD 67:16:01:08](#) or the [General Coverage Principles](#) manual for a general list of services that are not covered by South Dakota Medicaid.

IMD Non-Covered Services

South Dakota Medicaid does not cover services that are provided to a recipient who is under age 65 and a patient in an IMD unless the payment is for inpatient psychiatric services for individuals under age 21. Inpatient hospital services provided in an IMD are not covered for recipients age 65 and older.

DEFINITIONS

1. “Institution for mental diseases or IMD,” any 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 as defined in [42 CFR 435.1009](#).
2. “Mental Disease,” diseases listed as mental disorders in the most recent edition of the International Classification of Diseases (ICD) and the Diagnostic and Statistical Manual of Mental Disorders (DSM), with the exception of intellectual disabilities, dementia and

neurocognitive disorders such as Alzheimer’s disease. The ICD and DSM include substance use disorders as a mental disorder.

3. "Psychiatric residential treatment facility," residential substance use disorder treatment provided to adolescents in a psychiatric residential treatment facility that meets the requirements of [42 CFR 441.151](#), as amended to July 1, 2016.

REFERENCES

- [Administrative Rule of South Dakota \(ARSD\)](#)
- [South Dakota Medicaid State Plan](#)
- [Code of Federal Regulations](#)

QUICK ANSWERS

1. **Can an IMD provide Medicaid-reimbursable services to individuals under age 21?**

Yes, IMDs may provide and be reimbursed for inpatient psychiatric or PRTF services for individuals under age 21.

2. **Are substance use disorders considered a “mental disease”?**

Yes, the term “mental disease” includes substance use disorders as defined in the ICD and DSM.

3. **Are psychiatric residential treatment facilities (PRTFs) considered an IMD?**

Yes, if the facility meets the criteria to be classified as an IMD. Medicaid payment is available for inpatient psychiatric services as well as other Medicaid-covered services for individuals under age 21.

4. **How are facilities with multiple locations evaluated?**

Facilities with multiple locations are evaluated to determine if the multiple locations are operating as a single, unified facility. South Dakota Medicaid is responsible for designating IMDs based on guidance provided by CMS.

5. **If a facility has beds that are used to accommodate children of individuals who are being treated, do those beds count towards the overall bed count?**

No, beds that are not licensed or used as treatment beds do not need to be counted.