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In-lieu-of Services Included Under the MCO Capitation Payment

Background:

The 2016 Medicaid and CHIP Managed Care Rule (CMS-2390-F, 81 FR 27498) places limits on Medicaid payments to institutions of mental diseases (IMDs) under 42 Code of Federal Regulations (CFR) §438.6 to short-term stays of no more than 15 days in a calendar month for members ages 21-64. Prior to this rule, Texas Medicaid paid for IMD stays for members ages 21-64 with no limitation on the number of days in lieu of acute care hospital stays.

Corresponding Uniform Managed Care Contract (UMCC) amendments were made effective September 1, 2019. UMCC 8.1.15.7.1 states, "For Members between the ages of 21 and 64, the MCO may provide inpatient services for acute psychiatric conditions in a free-standing psychiatric hospital in lieu of an Acute Care inpatient hospital setting as allowed by 42 C.F.R. §438.6(e)." STAR+PLUS covered services at Attachment B-2 in the UMCC, STAR+PLUS Medicaid Rural Service Area (MRSA) Contract and STAR+PLUS Expansion Contract specify that MCOs may provide services in a free-standing psychiatric hospital in-lieu-of an acute care inpatient hospital setting, limited to no more than 15 days per calendar month, for members ages 21-64. This change is also intended for STAR covered services in UMCC Attachment B-2 and will be addressed in a future contract amendment.

Key Details:

STAR MCOs may pay for free-standing psychiatric hospital services provided to members ages 21-64 in-lieu-of an acute care inpatient hospital setting, limited to no more than 15 days per calendar month, consistent with the UMCC 8.1.15.7.1, and 42 CFR §438.6.

As a reminder, inpatient psychiatric hospital services provided in a free-standing psychiatric hospital to members age 20 and younger or ages 65 and older are a covered Medicaid benefit and are not provided as "in-lieu-of" services. The 15-day limit does not apply to members age 20 and younger or those age 65 and older.

Resources:

<https://hhs.texas.gov/sites/default/files/documents/services/health/medicaid-chip/programs/contracts/uniform-managed-care-contract.pdf>

[https://www.ecfr.gov/cgi-bin/text-](https://www.ecfr.gov/cgi-bin/text-idx?SID=b21c2f9238ab97603a00aac2804cb410&mc=true&node=se42.4.438_16&rgn=div8)

[idx?SID=b21c2f9238ab97603a00aac2804cb410&mc=true&node=se42.4.438_16&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?SID=b21c2f9238ab97603a00aac2804cb410&mc=true&node=se42.4.438_16&rgn=div8)

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