

11/23/15

TO: All Interested Parties

FROM: Alcohol & Drug Abuse Division (ADAD), MN Dept. of Human Services

RE: Federal Medicaid Reimbursement Status for Certain Rule 31 Programs

Purpose

Provide important information related to federal Medicaid reimbursement status for certain Rule 31 programs.

Of Concern To

- CCDTF Coordinators
- County/Tribal Supervisors
- MCOs
- Providers
- Placing Authorities
- Interested Parties

The federal government does not allow federal funds to be used in any chemical treatment program that is determined to be an Institution for Mental Diseases (IMD). DHS is responsible for determining which programs are IMDs and ensuring alignment with the federal requirements for reimbursement for treatment services.

An internal review raised concerns about how DHS has determined the eligibility of some Rule 31 chemical dependency treatment programs for Medicaid reimbursement. Therefore, we are working with Centers for Medicare and Medicaid Services (CMS) in order to ensure alignment with federal rules.

Determining IMD status is complex. Federal law defines an IMD as follows:

“Institution for mental diseases means 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.”
(Code of Federal Regulations 435.1010).

Please refer to the CMS State Medicaid Manual for more detailed guidance.

Our initial review finds that:

- There are 37 residential CD treatment programs in the state that have more than 16 beds that will not be eligible for Federal reimbursement going forward.
- There are also a number of Rule 31 programs, both residential and outpatient, that have other characteristics that may make them IMDs. This may result in potential IMD determination for those program as well.

We expect that a number of programs are likely to be reclassified as IMDs, resulting in an immediate halt to federal funding. While this will not affect these programs in the short run, it will affect the state and counties. With no federal funding, the state and counties will be responsible for 100 percent of the treatment costs for programs determined to be IMDs. In addition, the county share of payment for these programs will increase by just under 8 percent.

The 37 programs determined to be IMDs as part of the initial DHS review, will result in a projected annual cost increase of \$2.4 million to counties and \$8.94 million to the state. The state and counties will see additional cost increases if further review finds that other programs are also IMDs.

Over the coming months, DHS will be conducting a comprehensive review of all Rule 31 programs to determine IMD status. We will continue working in partnership with counties, managed care organizations, tribes, and providers to ensure continued availability of quality CD services in the state. We will communicate and provide updates as this work progresses.

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