

## 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 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 the 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. However, 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 and Territories of the United States.

## Application Instructions for Potential Sites

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

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 3 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.

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## **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 e-mail 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, 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 site 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, 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 it 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

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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 treatment for mental diseases in reference to, for example, the development of institutions for mental diseases, the deinstitutionalization movement and community care model, the Medicaid institution for mental diseases (IMDs) exclusion, the problem of patient boarding, 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 diseases 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 diseases among its population and issues surrounding psychiatric boarding.

### **2.2 Psychiatric Care and Facilities**

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

Please describe the most likely scenario for how most patients affected by this Demonstration, i.e., those presenting suicidal or homicidal 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.

### **2.3 Demonstration Population**

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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 fee-for-service treatment under Medicaid as a result of the Demonstration.

### **3.0 DEMONSTRATION PROPOSAL (20 pages)**

Please describe the State 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 principle staff that will be responsible to implement and manage this Demonstration in your State and briefly describe the roles of each of the principle staff member 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.

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### **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 how payments are provided for services during the patient episode, inside and outside the Demonstration parameters, for each patient treated under the Demonstration?

### **3.5 Patient Administration and Stabilization Review**

The statute (i.e., 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 statute.

### **3.6 Understanding of Demonstration Waiver Authority**

The statute provides for the waiver of Title XIX of the Social Security 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.

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Please discuss your understanding of 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, if any, that bear on the successful conduct of this Demonstration and what measures the State will need to make to enable its implementation.

### **3.7 CMS-State Payment Process**

After Federal administrative costs for implementation, monitoring and evaluation, funding for Medicaid services under the Demonstration will likely be limited to approximately \$66,500,000 in Federal matching funds across all States participating in the Demonstration. The statute 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.

Under the Demonstration, in accordance with the statute, CMS will pay each State the Federal portion of that State's current Medicaid matching payment for services included under the Demonstration.

States will be required to submit to CMS payment information to include the patient name, Medicaid identification number, dates of service, location of service and payment amount. 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.

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### **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 was 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 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 other data system items, that may be necessary to use 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.

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

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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 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 the 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 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.

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 of 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

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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

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