

APA Official Actions

Position Statement on Federal Exemption from the Medicaid Institutions for Mental Diseases (IMD) Exclusion

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“Policy documents are approved by the APA Assembly and Board of Trustees. . . These are . . . position statements that define APA official policy on specific subjects. . .” – *APA Operations Manual*

Issue:

An estimated 40% of the nonelderly adult Medicaid population had a mental health or substance use disorder in 2020, and it is estimated that only one in five Medicaid beneficiaries receive mental health or substance use treatment. The Institutions for Mental Diseases (IMD) exclusion is a long-standing policy that prohibits the federal government from providing federal Medicaid funds to states for services rendered to certain Medicaid-eligible individuals who are patients in IMDs. When a Medicaid-eligible individual is a patient in an IMD, he or she cannot receive Medicaid coverage for services provided inside or outside the IMD, including mental health or substance use disorder treatment. There are currently two exceptions to the IMD exclusion: inpatient hospital services and nursing facility services for individuals 65 years of age or older in an IMD, and inpatient psychiatric hospital services for individuals under age 21. Other waivers, demonstration projects, and programs have been implemented over the years to provide federal payments for these services. While many are no longer available to states, there are still opportunities for states to receive federal dollars to provide mental health and substance use care to Medicaid beneficiaries.

APA Position:

States should be able to receive a federal exemption from the IMD Exclusion for state hospitals and all nonprofit treatment facilities over 16 beds, without the express limitation of 15 days in a month of the payment. Such an exemption should include facilities, with the same requirements, for both mental illness and/or substance use disorder treatment.

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