

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Deputy Director

Transmittal No.: 13-05

To: District of Columbia Psychiatric Hospitals

From: Linda Elam, Ph.D., MPH 
Deputy Director/Medicaid Director

Date: January 31, 2013

Subject: Policy Guidance on Medicaid Cost Sharing Responsibilities for Dual Eligible Beneficiaries in Psychiatric Hospitals

The attached policy provides clarifying guidance about Medicaid's cost sharing obligations for dually eligible (Medicaid and Medicare) beneficiaries with regard to inpatient admissions to psychiatric hospitals. This policy applies to public and private psychiatric hospitals that incur cross-over claims for services provided to dually eligible beneficiaries pursuant to their coverage under Medicare Part A.

This policy also provides clarification regarding Medicaid's cost sharing obligations for dually eligible beneficiaries who are admitted to a psychiatric hospital that meets the definition of an Institution for Mental Diseases (IMD) under Medicaid and is a participating IMD in the District of Columbia Medicaid Emergency Psychiatric Demonstration (MEPD).

For questions about this transmittal or attachments, please contact Claudia Schlosberg, JD, Director, Health Care Policy and Research Administration at DHCF, at 202-442-9107 or via email at Claudia.Schlosberg@dc.gov.

Attachments: Policy Number: HCPRA-001-13

cc: Department of Mental Health
District of Columbia Hospital Association
District of Columbia Primary Care Association
District of Columbia Behavioral Health Association
District of Columbia Health Care Ombudsman Program

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



**Subject: Dual Eligible Beneficiaries and Medicaid
 Cost-Sharing for Inpatient Psychiatric
 Hospital Stays**

Policy Number: HCPRA-001-13

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| Policy Scope: Health Care Policy and Research Administration | Number of Pages: Six (6) |
| Responsible Office or Division: Health Care Policy and Research Administration | Number of Attachments: N/A |
| Supersedes Policy Dated: N/A | Effective Date: 2/1/2013 |
| Cross References and Related Policies: D.C. State Plan for Medical Assistance, Attachment 2.2-A; Attachment 4.19B, Part I and Supplement 1 to Attachment 4.19-B | Expiration Date, if Any: N/A |

1. PURPOSE

To provide clarifying information about Medicaid’s cost sharing obligations for dually eligible (Medicaid and Medicare) beneficiaries with regard to inpatient hospital stays in both public and private psychiatric hospitals.

This policy also provides clarification regarding Medicaid’s cost sharing obligations for dually eligible beneficiaries who are inpatients in a psychiatric hospital that meets the definition of an Institution for Mental Diseases (IMD) under Medicaid and that is participating in the District of Columbia Medicaid Emergency Psychiatric Demonstration (MEPD).

2. APPLICABILITY

This policy applies to public and private psychiatric hospitals that incur cross-over claims for services provided to dually eligible beneficiaries pursuant to coverage under Medicare Part A.

3. AUTHORITY

The authority and functions of DHCF as set forth in the “DHCF Establishment Act of 2007” effective February 27, 2008 (D.C. Law 17-109) as well as Medicaid’s authority to reimburse claims from an institute for mental diseases (IMD) participating in the MEPD pursuant to

Section 2707 of the Patient Protection and Affordable Care Act of 2010 (Pub. L. 111-148; 124 Stat. 119-1025).

4. DEFINITIONS

Cost Sharing – Cost sharing refers to Medicaid's responsibility to pay for a portion of health care costs incurred by dually eligible beneficiaries. Examples of cost sharing include deductibles, copays, and coinsurance.

Cross-over Claim – Cross-over claims are claims incurred by a beneficiary with Medicare coverage that are first processed by Medicare before being sent to Medicaid or other third-party insurer for the balance of payment. In relation to the IMD exclusion, DHCF considers cross-over claims incurred during an inpatient stay at an IMD to be a component of the service that falls within the exclusion. Therefore, the availability of Medicaid reimbursement for cross-over claims depends on the beneficiary's eligibility category.

Dual (Dually) Eligible Beneficiary – A Dual, or Dually Eligible Beneficiary is an individual who is entitled to Medicare Part A and/or Part B, as well as some form of Medicaid. A Dual, or Dually Eligible Beneficiary may be a Full Dual, a Qualified Medicare Beneficiary (QMB), or a Specified Low-Income Medicare Beneficiary (SLMB).

Institution for Mental Diseases (IMD) – In accordance with Section 1905(i) of the Social Security Act and 42 C.F.R. § 435.1009, an IMD is a hospital, nursing facility, or other institution with more than 16 beds and that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases. Public and private psychiatric hospitals with more than 16 beds are also IMDs.

IMD Exclusion – In accordance with 42 C.F.R. §§ 435.1008 and 441.13, the IMD Exclusion refers to the fact that Federal Medicaid funding is precluded for services provided to IMD patients/residents between 22 and 64 years of age.

Lifetime Limit – Pursuant to Medicare regulations at 42 C.F.R. § 409.62, a beneficiary covered under Part A receives a lifetime maximum of 190 inpatient psychiatric hospital days.

Medicaid Emergency Psychiatric Demonstration (MEPD) – The Medicaid Emergency Psychiatric Demonstration, implementing Section 2707 of the Affordable Care Act (ACA), authorizes a 3-year demonstration that permits non-government psychiatric hospitals to receive Medicaid payment for providing EMTALA-related emergency services to Medicaid recipients aged 21 to 64 who have expressed suicidal or homicidal thoughts or gestures or who have been determined to be a danger to themselves or others.

Qualified Medicare Beneficiary (QMB) Program – The Qualified Medicare Beneficiary (QMB) Program provides cost-sharing assistance for Medicare Part A and Medicare Part B for certain low-income Medicare beneficiaries.

Specified Low-Income Medicare Beneficiary (SLMB) Program – The Specified Low-Income Medicare Beneficiary (SLMB) Program provides coverage for Medicare Part B premiums for certain low-income Medicare beneficiaries.

BACKGROUND

The psychiatric hospital benefit is subject to four critical limitations:¹

- A psychiatric admission for a single spell of illness is limited to 150 days.
- For a beneficiary with a prior psychiatric admission, every inpatient day over 90 days (during the prior psychiatric stay) decreases the 150-day limitation by one (1) day.
- A beneficiary who becomes eligible for Medicare Part A while in a psychiatric hospital has all of the days corresponding with that admission counted against the 150 day limit for a single spell of illness.
- If a beneficiary is newly eligible for Medicare Part A, and was admitted to a psychiatric hospital or to a general hospital for the diagnosis or treatment of mental illness in the 150 days preceding entitlement to Part A, those days count toward the 150 days initially available for a single spell of illness, but not toward the beneficiary's lifetime limit of 190 inpatient psychiatric days.

Medicare Part A coverage requires cost sharing, and a beneficiary is charged the Medicare Part A deductible upon his first admission during a benefit period.² On an annual basis, the Centers for Medicare and Medicaid Services (CMS) publishes a notice in the Federal Register establishing the specific deductible and coinsurance amounts for Medicare Part A.³ Table 1 reflects these amounts for Calendar Year (CY) 2013.

TABLE 1: MEDICARE PART A: INPATIENT BENEFIT DEDUCTIBLE & COINSURANCE FOR CY 2013

| INPATIENT HOSPITAL DEDUCTIBLE - \$1184 <i>Required one (1) time per benefit period</i> | | |
|--|---------------|---|
| Type of cost sharing | Amount | Coinsurance (Percentage of Deductible) |
| First 60 Days | n/a | n/a |
| Daily coinsurance for 61st-90th Day | \$ 296 | 25% |
| Daily coinsurance for 91st - lifetime reserve days* | \$ 592 | 50% |

*190 days is the lifetime reserve for the inpatient psychiatric hospital benefit
 Sources: 42 C.F.R. § 409.83 and "Medicare Program: Inpatient Hospital Deductible and Hospital and Extended Care Services Coinsurance Amounts for CY 2013" 77 Fed. Reg. 69,569. (November 21, 2012).

5. MEDICAID COST SHARING RESPONSIBILITIES FOR DUAL ELIGIBLES

All statements made in this Policy consider the lifetime limit on inpatient psychiatric hospital days under Medicare Part A.

a. **Medicaid and Dual Eligibles** - A Medicaid program may be responsible for paying Medicare Part A and/or B premiums, deductibles, and coinsurance for select low-income beneficiaries with dual eligibility. The District of Columbia's Medicaid program recognizes two classes of dual eligibles: 1) those that are eligible for full Medicaid benefits and 2) those that are eligible for assistance in meeting their cost sharing obligations under Medicare (i.e., Medicare Savings Programs).

b. **Medicaid Payment of Medicare Part A Deductibles** - DHCF pays Medicare Part A deductibles, for each benefit period, up to the amount of the Medicare rate for beneficiaries who fall within the Full Dual Eligible and QMB categories.

Additionally, if coordination with a beneficiary's Part B coverage exists, Medicaid may be responsible for paying the blood deductible associated with all dual eligible, regardless of their eligibility category.

c. **Medicaid Payment of Medicare Part A Coinsurance** - DHCF pays Medicare Part A coinsurance for beneficiaries who fall within the Full Dual Eligible and QMB categories up to the lesser of the following: 1) the coinsurance amount as determined by Medicare Part A; 2) the District APDRG amount; or 3) the Medicare DRG amount. Under the inpatient psychiatric hospital benefit, coinsurance is not assessed for the first 60 days of a beneficiary's stay.⁴ For the balance of days remaining under the psychiatric hospital benefit, coinsurance amounts vary for days 61 through 90 and days 91 through the lifetime reserve limit (i.e., 190 days). Coinsurance amounts are determined based on the Medicare deductible in force during the year in which services were rendered.⁵

d. **Medicaid Payment of Cost Sharing Obligations and Medicare Part B.** - Medicaid is obligated to pay Medicare Part B premiums, deductibles and cost sharing for beneficiaries who are categorized as Full Dual Eligibles and QMBs. Medicaid will pay Medicare Part B deductible and cost sharing amounts only up to the State plan rates and payment methodologies. For beneficiaries who are categorized as SLMs, Medicaid is only obligated to pay the Medicare Part B premium.

6. DUAL ELIGIBLES IN THE MEDICAID EMERGENCY PSYCHIATRIC DEMONSTRATION (JULY 2012 through JUNE 2015)

a. **Medicaid Payment for Full Dual Eligibles** - The District's participation in the Medicaid Emergency Psychiatric Demonstration (MEPD) allows Medicaid payments to be made to an IMD when the IMD provides emergency psychiatric stabilization services to *Medicaid beneficiaries*. Under Medicare, an IMD may be classified as a psychiatric hospital provided it meets certain statutory guidelines. In accordance with the information set forth in this policy, DHCF applies the same cost sharing policies to any coinsurance amounts associated with a dually eligible beneficiary who participates in the MEPD. Accordingly, DHCF will pay cross-over claims associated with Medicare Part A claims

for Full Dual Eligibles who have been admitted to the IMD pursuant to the eligibility criteria of the MEPD, subject to the limitations in the State Plan. If a Full Benefit Dual Eligible who has been admitted to the IMD pursuant to the MEPD, reaches their Medicare lifetime limit while inpatient, the IMD may submit a Medicaid claim to DHCF for costs covered under the negotiated per diem rate for the MEPD. However, if a Full Benefit Dual Eligible has been admitted to the IMD under Medicare Part A and has not been admitted to the IMD pursuant to the MEPD, the IMD may not submit a Medicaid claim to DHCF for costs incurred after the lifetime limit is reached.

Because DHCF (Medicaid) directly pays a per diem to the IMD, any additional cost sharing obligation for a Full Dual Eligible participating in the MEPD shall be limited to claims associated with the blood deductible and those related to covered Medicare Part B services.

- b. **Medicaid Payment for QMBs** - DHCF will also pay cross-over claims associated with Medicare Part A claims for QMBs in an IMD pursuant to section 5.b and c of this Transmittal. However, because QMBs are not eligible for full Medicaid benefits or for participation in the MEPD, if a QMB reaches his or her lifetime limit, the IMD may not submit a Medicaid claim to DHCF for costs incurred after the lifetime limit is reached.

7. RESPONSIBILITY

For questions regarding the policy set forth in this document, please contact Claudia Schlosberg, JD, Director of the Health Care Policy and Research Administration at DHCF, at 202-442-9107 or via email at Claudia.Schlosberg@dc.gov. For questions related to claims processing, please contact Patricia Squires, Associate Director of the Division of Claims Management, Health Care Operations Administration at DHCF, at 202-698-1705 or via email at Patricia.Squires@dc.gov.



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1/31/2013

Date

¹ 42 U.S.C. § 1395d(c)

² 42 C.F.R. § 409.5

³ 42 C.F.R. § 409.82

⁴ 42 C.F.R. § 409.83(a)(1).

⁵ 42 C.F.R. 409.83(a)(5).