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**Support for Medicaid IMD Exclusion Waiver**

Within the U.S. health care system, there have been significant gaps in coverage for the treatment of mental illnesses. Over the last few decades, there have been numerous legislative efforts to address these disparities through the parity of health and mental health benefits. These efforts have largely focused on private sector health plans, which are regulated by federal and state government. Many of the efforts have been successful in bringing about meaningful reform, however there is still a significant gap in coverage for low income people that are in desperate need of mental health treatment. This gap in coverage is known as the Institutions for Mental Disease (IMD) exclusion and has existed in the Medicaid program since its inception.

In 1965, the Social Security Act was amended to establish the federal Medicaid and Medicare programs. The IMD exclusion was built in to the foundation of the Medicaid program via these and subsequent amendments to the Social Security Act. The IMD exclusion as amended prohibits states from receiving Medicaid payments for individuals in an IMD that are ages 21-64. The law defines an IMD as 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.”

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Prior to the creation of the Medicaid program, inpatient psychiatric care was funded by the states. The intent of the IMD exclusion was to prevent states from shifting the responsibility and cost of inpatient psychiatric care to the federal government via the Medicaid program. However, over the years states have demonstrated that they are unable to provide adequate coverage and access for a significant number of low-income individuals with chronic and severe mental illnesses that are in need of psychiatric hospitalization.

As outlined in Section 1115 in the Social Security Act, the United States Secretary of Health and Human Services has the authority to waive specific provisions of health and welfare programs such as Medicaid. This includes eligibility and funding provisions, which may be waived “in the case of any experimental, pilot, or demonstration project which, in the judgement of the Secretary, is likely to assist in promoting objectives of the program.” The 1115 Medicaid waiver is not a permanent program, as they are typically approved in five-year intervals with the ability to extended for an additional three years. While the 1115 Medicaid waiver is extraordinarily valuable in federal, state, and local governments’ efforts to expand eligibility and leverage Medicaid funds, it has not been available to address the gap in inpatient mental health coverage created by the IMD exclusion until recently.

In November 2018, the Centers for Medicaid and Medicare Services (CMS) announced that the federal government would begin to consider state applications for an IMD exclusion waiver. This would provide Medicaid coverage for IMD treatment to those that suffer from a severe mental illness. Medicaid is the largest payer of mental health services, and expansion of this coverage would be critical to those who are in need. This Board recently voted unanimously to create a County plan for the expansion of both directly operated and contracted mental health beds in order to address countywide and statewide shortages. As a County, we must explore all funding options to support the goal of providing mental health treatment and services to those in need.

**WE, THEREFORE, MOVE** that the Board of Supervisors direct the Chief Executive Officer to send a five signature letter to Governor Gavin Newsom, the California Department of Health Care Services, and the Los Angeles County State Legislative Delegation urging the State to apply for the 1115 Medicaid waiver to allow for the expansion of Medicaid coverage to the excluded population who are in need of inpatient mental health treatment.

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