The feds are running a demo program that would allow Medicaid reimbursement for inpatient psychiatric hospitalization. Medicaid currently does not reimburse for enrollees ages 21 to 64 for private inpatient psychiatric institutions. Because of this exclusion, enrollees will go to a general hospital’s emergency department. Even though an emergency department may not be equipped to properly treat an individual, they are required to accept everyone by federal law.

This leads to the phenomenon “psychiatric boarding.” The U.S. Department of Health and Human Services said psychiatric boarding occurs when an individual with a mental health condition is kept in a hospital emergency department for several hours because appropriate mental health services are unavailable.

To address the high growth and cost of mental health in our country, Medicaid worked alongside other nonprofit organizations to innovate The Medicaid Emergency Psychiatric Demonstration.

This demonstration will study the effect of allowing Medicaid payment for inpatient stabilization of inpatient mental health problems, again ages 21 to 64. Medicaid has never reimbursed private psychiatric hospitals before.

Eleven states and the District of Columbia are participating in the proposal that, according to The Centers for Medicare & Medicaid Services, will provide $75 million in federal Medicaid matching funds over three years. The private hospitals will treat Medicaid patients that present emergency psychiatric symptoms such as suicidal or homicidal gestures.
The demo began in the summer of 2012 with 28 facilities participating, 19 of those facilities are National Association of Psychiatric Health Systems members, one of the organizations that worked side by side with CMS to develop the demo. Each facility works with their local emergency departments and community health care professionals to help patients with a smooth transition back to the outside world.

The Department of Health and Human Services secretary is to report to Congress at the end of the demo. If successful, this demonstration could change how payments are made to private psychiatric hospitals. The demo is on a small scale, but could lead to a big policy change.