

WHAT IS AN IMD?

Under Medicaid, Institutions for Mental Diseases (IMDs) are “facilities of more than 16 beds primarily engaged in providing diagnosis, treatment or care of persons with mental diseases.” Mental diseases include all mental and substance use disorders identified in the DSM, other than V codes. Beds may be counted cumulatively across multiple facilities, licenses, locations, and programs, if owned and governed by the same entity.

IMD is not a licensing category, it is a description of characteristics. The facility does not have to be licensed as a health care facility to be considered to be an IMD by CMS. Merely having more than 16 beds and more than 50% of residents with a DSM diagnosis can trigger such a finding. Congregate care facilities licensed by child welfare authorities are one example of potentially excluded IMDs.

The Medicaid IMD exclusion prohibits federal financial participation for any otherwise-covered Medicaid service for people up to age 65 “residing” in IMDs, except:

- The exclusion does not apply to non-elderly adults (aged 22-64) in an inpatient psychiatric unit of a general hospital for any length of stay, or to non-elderly adults enrolled in Medicaid managed care programs for IMD admissions of up to 15 days in a month.
- There is a partial exception to the IMD exclusion for Medicaid enrollees under age 21, for inpatient psychiatric hospital services, referred to as the “Psych Under-21 benefit.” Psych Under-21 services may only be delivered in three types of facilities: psychiatric hospitals, psychiatric units of general hospitals, or Psychiatric Residential Treatment Facilities ([PRTFs](#)) as defined in federal Medicaid regulations.

The IMD exclusion may be waived by CMS for certain Section 1115 waivers. Under those waivers, Medicaid funds may not be used to pay for room and board, lengths of stay (LOS) may be time-limited, and the waivers must be cost-neutral to the federal government.

- 2017 [guidance](#) about IMD waivers for time-limited substance use disorder treatment.
- 2018 [guidance](#) about IMD waivers for time-limited mental health treatment, only for non-elderly adults.
- 2019 [guidance](#) allowing states to apply for Section 1115 waivers to cover Medicaid services for children in Qualified Residential Treatment Programs ([QRTPs](#)) that meet the definition of excluded IMDs. These QRTPs must meet federal seclusion and restraint requirements for PRTFs, and states must achieve an average LOS across all waived IMDs of no more than 30 days.
- 2021 [guidance](#) on Medicaid coverage of children in QRTPs under Section 1115 IMD waivers, allowing states to request a delay of up to two years in the previously-announced LOS limitations.

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