

Update on trends and issues in Medicare inpatient psychiatric services

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Presentation roadmap

- 1 Background
- 2 Update on beneficiaries who reach the 190-day limit in freestanding IPFs
- 3 Scatter-bed stays
- 4 Summary and discussion

Background

- June 2023 mandated report on behavioral health services in Medicare
 - Outpatient and ambulatory behavioral health care
 - Trends and issues in inpatient psychiatric care
- Two follow-up topics on inpatient psychiatric services
 - Medicare beneficiaries who reach the 190-day limit
 - Inpatient psychiatric services provided in general acute care hospitals (“scatter-beds stays”)

By law, treatment in freestanding IPFs is subject to a lifetime limit of 190 days

- Enacted in 1965 when IPF care was mostly provided by state-run freestanding facilities
 - Limit does not apply to hospital-based IPFs (60% of IPF stays) or general acute care hospitals
- Nearly 50,000 beneficiaries were near or had reached the 190-day limit in 2022
- 1,100 beneficiaries reached the limit between 2022 and 2023 (data not shown)

Number of Medicare beneficiaries who reached or neared the lifetime limit, 2022

| | Reached limit | Within 15 days of limit | Total |
|-------|---------------|-------------------------|--------|
| FFS | 24,470 | 5,930 | 30,400 |
| MA | 12,780 | 3,990 | 16,770 |
| Total | 37,250 | 9,920 | 47,170 |

Note: IPFs (inpatient psychiatric facilities), FFS (fee-for-service), MA (Medicare Advantage).

Source: Medicare enrollment data from CMS for 2022 and 2023.

Beneficiaries who exhaust the 190 days may have some additional coverage through MA or Medicaid

- Over 400 MA plans (9% of all plans) offered additional IPF coverage as a supplemental benefit in 2022
 - 3.6% of MA enrollees who neared or reached the limit were in these plans
- Limited Medicaid IPF coverage for adults younger than age 65 (the “IMD exclusion”)
 - 54% of Medicare beneficiaries who neared or reached the limit were dually eligible and under age 65
 - Many states use Section 1115 waivers and other exceptions to provide coverage

Note: MA (Medicare Advantage), IPF (inpatient psychiatric facility), IMD (Institutions for Mental Diseases). The “IMD exclusion” refers to the prohibition of matching federal funds for Medicaid payment of inpatient treatment for individuals aged 21 to 64 in an IMD. IMDs are hospitals, nursing facilities, or other institutions with more than 16 beds primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases. “Section 1115 waivers,” which must be approved by CMS, enable states to conduct demonstrations or pilot projects that improve programs for Medicaid populations.

Source: MA plan benefit package data from 2022; Congressional Budget Office. (2023). *Budgetary Effects of Policies to Modify or Eliminate Medicaid's Institutions for Mental Diseases Exclusion*; KFF “Medicaid Waiver Tracker: Approved and Pending Section 1115 Waivers by State”, 2024.

FFS beneficiaries nearing the limit had more inpatient psychiatric stays in other settings, 2022

| | ≤ 15 of 190 days remaining | 16–90 of 190 days remaining |
|--|----------------------------|-----------------------------|
| Had prior freestanding IPF stay (2017–2021) | 17,280 | 20,750 |
| Had stay in freestanding IPF | 7.8% | 19.9% |
| Had stay in hospital-based IPF | 17.0% | 11.2% |
| Had psychiatric stay in a general ACH (scatter-bed stay) | 10.2% | 7.4% |
| <i>Any inpatient psychiatric stay in 2022</i> | 35.0% | 38.4% |

Note: FFS (fee-for-service), IPF (inpatient psychiatric facility), ACH (acute care hospital). Psychiatric lifetime days remaining were calculated as of June 2022. Psychiatric stays in a general ACH hospital (scatter-bed stay) were defined as a hospital stay paid under the IPPS or as a critical access hospital with a diagnostic-related group (DRG) falling in major diagnostic category (MDC) 19 (mental diseases & disorders). Stays in freestanding and hospital-based IPFs also included only stays with a DRG in MDC 19.

Source: MedPAC analysis of enrollment and Medicare Provider Analysis and Review data from CMS for 2017 to 2022.

Psychiatric stays in general acute care hospitals ("scatter-bed stays")

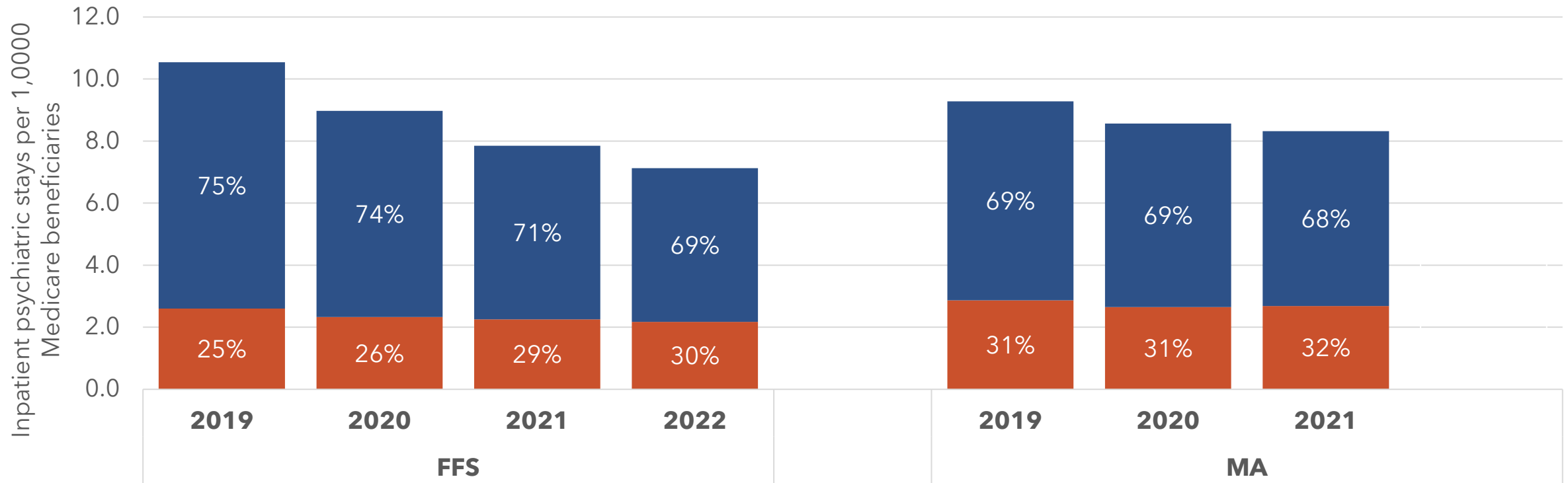
- IPFs (freestanding or hospital-based) are paid under the IPF PPS and must meet IPF criteria related to staffing and provision of psychiatric services
- In contrast, scatter-bed stays have a psychiatric principal diagnosis but take place in general ACHs (generally, paid under the IPPS)
 - May supplement IPF beds (Mark 2010, Slade 2015)
 - Limited research on implications for quality of care – fewer psychiatric visits, more ancillary services, shorter lengths of stay compared to IPF stays (Mechanic 1990)

Note: IPF (inpatient psychiatric facility), PPS (prospective payment system), ACHs (acute care hospitals), IPPS (inpatient prospective payment system).

Source: T. L. Mark, R. Vandivort-Warren, P. L. Owens, et al. (2010). Psychiatric discharges in community hospitals with and without psychiatric units: How many and for whom? *Psychiatric Services* 61, no. 6: 562-568; Slade E. P., and H. H. Goldman. (2015). The dynamics of psychiatric bed use in general hospitals. *Administration and Policy in Mental Health*, 42, no. 2: 139-146; Mechanic D., and D. Davis. (1990). Patterns of care in general hospitals for patients with psychiatric diagnoses. Some findings and some cautions. *Medical Care* 28, no. 12: 1153-1164.

Scatter-bed stays are a growing share of declining Medicare inpatient psychiatric stays, 2019-2022

■ ACH scatter-bed stay ■ IPF stay



Note: ACH (acute care hospital), IPF (inpatient psychiatric facility), FFS (fee-for-service), MA (Medicare Advantage). Psychiatric stays defined as stays with a principal diagnosis in the major diagnostic category (MDC) of mental diseases & disorders (MDC 19). Percentages do not add to 100% due to the exclusion of a small number of psychiatric stays at other types of hospitals (e.g., rehabilitation). MedPAC has previously reported upon limitations in using MA encounter records to identify IPF admissions (MedPAC, Report to the Congress: Medicare and health delivery system, 2023). MA encounter data for 2022 are not yet available.

Source: MedPAC analysis of Medicare Provider Analysis and Review, Medicare enrollment, and MA encounter data from CMS.

Compared to FFS Medicare patients in IPFs, scatter-bed users were older, had more comorbidities, and had shorter stays, 2022

| | Scatter-bed | IPF |
|--|-------------------------|--------------------------|
| Number of FFS beneficiaries | 58,900 | 118,040 |
| Medicare eligibility - aged | 53% | 44% |
| Medicare eligibility - disabled | 46% | 56% |
| Low-income subsidy or dually eligible | 61% | 67% |
| Comorbidities (moderate or severe) | 25% | 15% |
| Lived in a rural location | 6% | 7% |
| Median Part D spending on psychotropic medications | \$420 (\$80 to \$2,130) | \$660 (\$150 to \$3,160) |
| Median length of stay (days) | 5 (3 to 9) | 10 (6 to 16) |

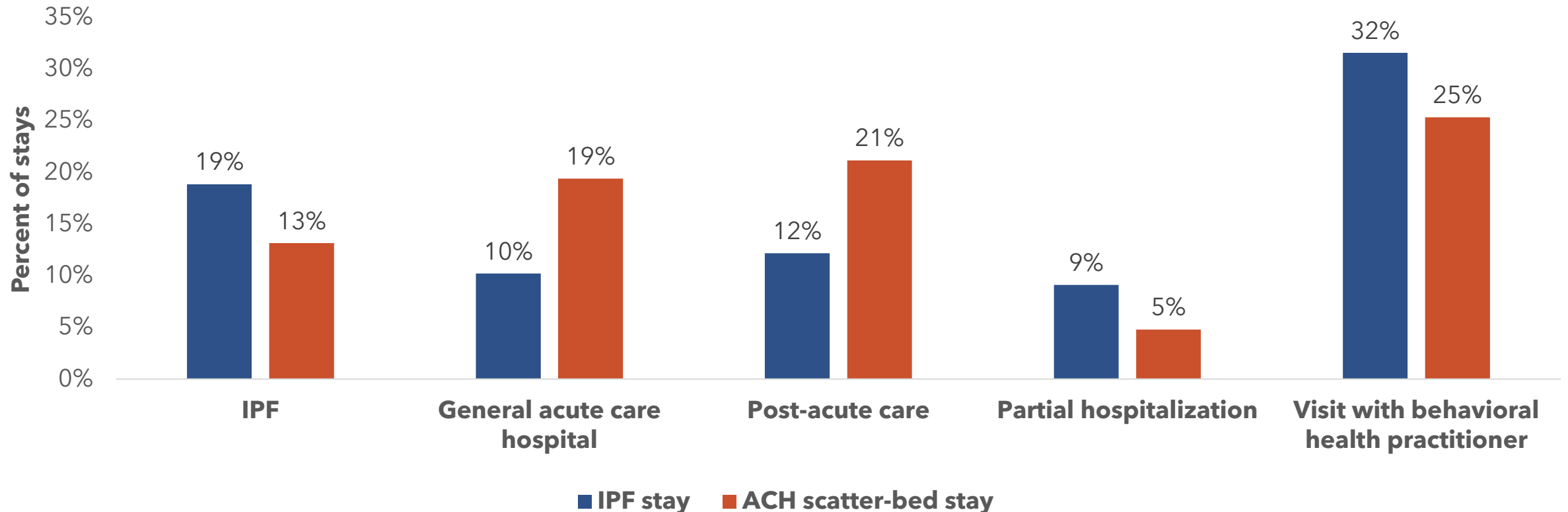
- Similar patterns among MA enrollees using scatter-bed and IPF stays

Note: FFS (fee-for-service), IPFs (inpatient psychiatric facilities), MA (Medicare Advantage). "Scatter-bed" stays defined as stays in general acute care hospitals with a principal diagnosis in the major diagnostic category (MDC) of mental diseases & disorders. Comorbidities (moderate or severe) were measured by the Charlson Comorbidity Index. "Part D spending on psychotropic medications" reflects payments to pharmacies from all payers, including beneficiary cost sharing, but does not include rebates and discounts from pharmacies and manufacturers that are not already reflected in prices at the pharmacies. Psychotropic medications include antidepressants, anticonvulsants, antipsychotics, antianxieties, and bipolar disorder medications. 25th to 75th percentile interquartile ranges are shown in parentheses.

Source: MedPAC analysis of Medicare Provider Analysis and Review data from CMS.

Raw differences in follow-up services for FFS scatter-bed vs. IPF stays, 2018

Unadjusted services used in the 30 days after discharge



Note: FFS (fee-for-service), IPF (inpatient psychiatric facility), ACH (acute care hospital). "ACH scatter-bed stay" is defined as a stay in a general ACH with a principal diagnosis in the major diagnostic category 19 (mental diseases & disorders). Percentages are not adjusted for differences in the types of patients who use IPFs vs. scatter-bed stays. "General acute care hospital" does not include stays at IPFs but does include scatter-bed stays and other types of stays. "Visit with behavioral health practitioner" does not include visits that occur during an inpatient stay.

Source: MedPAC analysis of Medicare Provider Analysis and Review data from CMS.

Most IPPS hospitals have a small number of scatter-bed stays

- In 2022, among IPPS hospitals with at least 500 FFS stays:
 - 94% had scatter-bed stays
 - Median of 12 (5 to 35)* scatter-bed stays (~1% of FFS stays, on average)
 - 32% had an IPF unit (36% in 2017)
- Interviews with care managers at several hospitals:
 - ACH admissions occur when medical conditions need to be treated
 - Some hospitals have psychiatric units that are not IPFs
 - ACHs without psychiatric units may not have psychiatrists available

Note: IPPS (inpatient prospective payment system), FFS (fee-for-service), IPF (inpatient psychiatric facility), ACH (acute care hospital). *25th to 75th percentile values.

Source: MedPAC analysis of Medicare Provider Analysis and Review data from CMS.

Two Medicare FFS payment systems for inpatient psychiatric services

FFS Medicare psychosis stays, 2022

| | IPF | Scatter bed |
|-----------------------|----------|-------------|
| Length of stay (days) | 16 | 10 |
| Payment per stay | \$13,140 | \$9,850 |
| Payment per day | \$880 | \$1,030 |

Note: FFS (fee-for-service), IPF (inpatient psychiatric facility), PPS (prospective payment system), IPPS (inpatient prospective payment system). Medicare pays for FFS beneficiaries' stays in IPFs using the IPF PPS. Medicare pays for most FFS beneficiaries' scatter-bed stays using the IPPS. "Psychosis stays" are defined as stays with a diagnosis related group (DRG) of 885 (the most common type of psychiatric stay). Payments include all adjustments to base PPS rates, which are higher for the IPPS than then IPF PPS.

Source: MedPAC analysis of Medicare Provider Analysis and Review data.

- IPF stays are paid per-diem while IPPS scatter-bed stays are paid per stay
- IPF stays are longer than IPPS scatter-bed stays for psychosis, on average
- Average stay-level payments are higher under the IPF PPS
- Average per diem payments are higher for scatter beds stays

Summary and discussion

- Medicare 190-day limit on freestanding IPFs
 - About 50,000 beneficiaries affected in 2022
 - Shifts in setting of care for inpatient psychiatric services among beneficiaries nearing the limit
- Scatter-bed stays in general acute-care hospitals
 - Substantial share of inpatient psychiatric care in scatter beds
 - Differences in the types of patient using scatter beds vs. IPFs
 - Differences in Medicare FFS payments for scatter beds vs. IPFs
- Questions and clarifications and ideas for future work

Note: IPFs (inpatient psychiatric facilities), FFS (fee-for-service).



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