



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

December 3, 2012

Michael Marshall
Secretary of the Senate
State Capitol Building
LOCAL

Carmine Boal
Chief Clerk of the House
State Capitol Building
LOCAL

Dear Mr. Marshall and Ms. Boal:

Enclosed please find the Subacute facilities report.

This report was prepared pursuant to 2012 Iowa Acts, Senate File 2315, Section 58.

This report is also available on the Department of Human Services website at
<http://www.dhs.iowa.gov/Partners/Reports/LegislativeReports/LegisReports.html>.

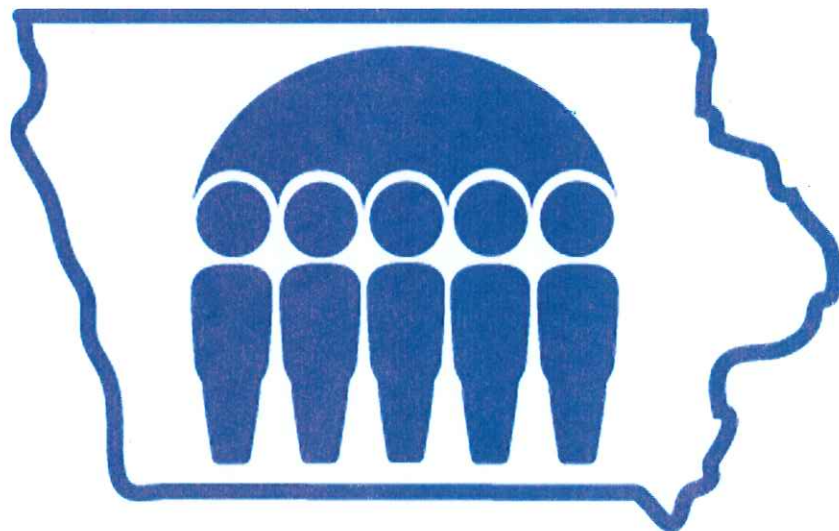
Sincerely,

Jennifer Davis Harbison
Policy Advisor

Enclosure

cc: Governor Terry E. Branstad
Senator Jack Hatch
Senator David Johnson
Representative David Heaton
Representative Lisa Heddens
Legislative Services Agency
Kris Bell, Senate Majority Staff
Josh Bronsink, Senate Minority Staff
Carrie Kobrinetz, House Majority Staff
Zeke Furlong, House Minority Staff

Iowa Department of Human Services



Subacute Facilities

December 1, 2012

Introduction

Senate File (SF) 2315 directed the Department of Human Services to conduct a study and cost analysis of providing institutional subacute services utilizing facilities available at one or more of the state mental health institutes or the Iowa Veterans Home.

Facility-based subacute mental health services are a comprehensive set of wraparound services for persons who have had or are at imminent risk of having acute or crisis mental health symptoms that do not permit the person to remain in their home. Subacute services provide intensive recovery-oriented, outcomes-focused, interdisciplinary mental health treatment and monitoring. Facility-based subacute services are typically provided in 5 to 10 bed facilities. SF 2315 limits stays to 10 days or another time period determined by rule. Facility-based subacute services do not require the same level of intensive and specialty services provided by acute hospital in-patient psychiatric programs and can be provided in a variety of settings.

Persons referred for facility-based subacute services have been determined by a mental health professional or a licensed health care professional as not needing inpatient acute mental health treatment. Research indicates that individuals are more likely to participate in follow-up mental health treatment if facility-based subacute services are provided close to the individual's home.

SF 2315 specifies that:

- The standards set for subacute mental health treatment facilities will be done in a manner that allows for Medicaid reimbursement.
- The Department develop a reimbursement methodology that results in a range of payments between \$400 to \$500 per day subject to annual review.
- The number facility-based subacute beds that are publicly funded be limited to fifty (50).
- Subacute facilities to be geographically dispersed across the state.

Space Availability

The Iowa Veterans Home (IVH) is implementing an extensive remodeling program for current residential units and space is not available at that facility until 2017 at the earliest. In addition, federal law limits the individuals who can be admitted to the IVH. The IVH is prohibited from admitting individuals who are not veterans unless they are a spouse or surviving spouse of a veteran, or a gold star parent. The non-veteran population is limited to a maximum of twenty-five percent of the IVH population. To maintain the federal funding for the IVH any facilities located at that site would need to be operated by an entity other than the state or the IVH. Future use of space at the IVH for subacute facility services would require additional renovation.

Some space could be made available at each of the Department's Mental Health Institutes (MHIs) for modestly sized (i.e., 5 to 10 beds) subacute facilities. Some

remodeling of the facilities would be needed likely less than \$100,000 per facility depending on final licensing rules to prepare these spaces to be used as subacute facilities. This would likely cost less than building new facilities of similar sizes.

Fiscal Impact

To be eligible for Medicaid funding, facilities located at the MHIs would need to be operated by an entity other than the state or the MHI. If the state or the MHI operated the facilities the Centers for Medicare and Medicaid Services would likely classify them as institutes for mental disease and, by federal rule, Iowa would not be allowed to claim federal Medicaid matching funds for serving persons between 22 and 64 years of age.

Medicaid and other third party payers will pay for mental health treatment services provided in a subacute facility; but will not pay for the room and board costs associated with the stay in an institutional based subacute facility. The individual receiving the service is responsible for the cost of room and board.

Establishing subacute mental health facilities at MHIs might result in some reduced building costs. Since most of these costs are related to room and board, much of the savings would be experienced by the individual receiving the services. As little of the building cost is eligible to be reimbursed little savings would be experienced by Medicaid, third party payers, or the counties from locating subacute facilities in an MHI.

Conclusions

Utilizing the Iowa Veteran's Home as a location for subacute mental health facilities is not feasible at this time because of remodeling plans. MHIs could be utilized as locations for subacute facilities. However, they would have to be operated by entities other than the MHIs to qualify for federal Medicaid reimbursement. Since the number of subacute facility beds are limited and they must be geographically dispersed across the state, facilities located at the MHIs would best be used to serve their immediate surrounding communities. If MHI space were used for subacute facilities, only modest savings would likely result.