



**COMMONWEALTH of VIRGINIA  
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES**

600 East Broad Street, Suite 1300  
Richmond, VA 23219

August 24, 2021

**To:** CCC Plus and Medallion 4.0 Managed Care Organizations

**From:** Deputy Directors' for Complex Care Services and Programs

**Subject:** Care for Excluded Inpatient Psychiatric Unit Patients in the Acute Care Unit of a Hospital during the Federal Public Health Emergency due to COVID-19

The purpose of this memorandum is to provide clarifications to the Department of Medical Assistance Services (DMAS') contracted Managed Care Organizations (MCOs) regarding the payment for acute care hospitals with excluded distinct part inpatient psychiatric units to relocate inpatients from the excluded distinct part psychiatric unit to an acute care bed and unit as a result of a disaster or emergency effective March 1, 2020.

The Centers for Medicare and Medicaid Services (CMS) regulatory flexibilities to help healthcare providers contain the spread of 2019 Novel Coronavirus Disease (COVID-19) that have been in place since March 1, 2020. DMAS is issuing this memo along with a Provider Memo to help ensure providers are aware of this flexibility during the public health emergency especially in light of the impact of the pandemic on behavioral health crises and to maximize protection from the Delta variant.

CMS has the authority to take proactive steps through 1135 waivers as well as, where applicable, authority granted under section 1812(f) of the Social Security Act (the Act) and rapidly expand the Administration's aggressive efforts against COVID-19. As a result, the blanket waivers notated in the following link are in effect, with a **retroactive effective date of March 1, 2020** through the end of the federal emergency declaration: <https://www.cms.gov/files/document/covid-19-emergency-declaration-waivers.pdf>.

Specific language from this flexibility related to care of psychiatric unit patients in the acute care unit of a hospital:

“CMS is allowing acute care hospitals with excluded distinct part inpatient psychiatric units to relocate inpatients from the excluded distinct part psychiatric unit to an acute care bed and unit as a result of a disaster or emergency. The hospital should continue to bill for inpatient psychiatric services under the Inpatient Psychiatric Facility Prospective Payment System for

these patients and annotate the medical record to indicate the patient is a psychiatric inpatient being cared for in an acute care bed because of capacity or other exigent circumstances related to the COVID-19 emergency. This waiver may be utilized where the hospital's acute care beds are appropriate for psychiatric patients and the staff and environment are conducive to safe care. For psychiatric patients, this includes assessment of the acute care bed and unit location to ensure those patients at risk of harm to self and others are safely cared for.”

DMAS values health systems and the critical partnership in meeting the mental health and substance use disorder needs of individuals in the Commonwealth. Thus DMAS is following the CMS flexibilities per this waiver as stated above. This flexibility allows for Medicaid reimbursement of members who are positive for COVID-19, having an acute psychiatric condition where they cannot be safely discharged, and need to be admitted to the acute care facility due to the unavailability of a psychiatric bed.

Provider must follow the requirements below for reimbursement of admissions that fall under these flexibilities:

- Providers must work with the member's Medicaid Managed Care Organization (MCO) assigned at the time of admission to obtain a service authorization, as appropriate. These claims would be submitted to the appropriate MCO for processing.
- Providers must work with DMAS's fee-for-service contractor, Magellan of Virginia, for fee-for-service members (not assigned to a Medicaid MCO during the time of admission) to obtain a service authorization for the acute psychiatric admission. Claims for fee-for-service members that have a primary psychiatric diagnosis should be submitted to Magellan of Virginia for processing.
- As noted in the CMS flexibility, providers must continue to bill for inpatient psychiatric services under the Inpatient Psychiatric Facility Prospective Payment System for these patients and annotate the medical record to indicate the patient is a psychiatric inpatient being cared for in an acute care bed because of capacity or other exigent circumstances related to the COVID-19 emergency.
- Providers must provide behavioral health services for these members with primary psychiatric diagnosis even if admitted to acute care.
- **These service authorizations and claims are retroactive to the start of the federal public health emergency effective March 1, 2020 and does not exempt medical necessity requirements for an acute psychiatric admission.**

Providers shall follow the Virginia Department of Health (VDH), Department of Behavioral Health and Developmental Services (DBHDS) Office of Licensing and Centers for Disease Control (CDC) recommendations for mitigation of transmission of COVID-19 for both inpatient and outpatient facilities (<https://www.cdc.gov/coronavirus/2019-nCoV/hcp/index.html>).