



FSSA News Release

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Indiana becomes one of the first states to receive federal approval to expand Medicaid treatment for Hoosiers with serious mental illnesses

CMS waiver approval will vastly expand treatment capacity statewide for Hoosiers by allowing treatment at large institutions for mental disease

INDIANAPOLIS – Today, the Indiana Family and Social Services Administration announced the federal approval of a Medicaid waiver that will offer new hope to thousands of Hoosiers suffering from serious mental illnesses. The waiver, approved by the U.S. Centers for Medicare and Medicaid Services late last week, gives Indiana Medicaid the authority to pay for acute inpatient stays in institutions for mental disease for individuals diagnosed with a serious mental illness. Until now, Medicaid law prevented funding from being used for inpatient SMI treatment at any hospital, nursing facility or other institution with more than 16 beds.

In 2018, FSSA received CMS permission to reimburse for inpatient treatment in these facilities for many Medicaid members with a primary diagnosis of a substance use disorder. Through this new waiver, Indiana will be able to cover acute inpatient stays in IMDs for individuals whose primary diagnosis is a serious mental illness. Because approximately 25% of individuals with a serious mental illness also have a substance use disorder, this waiver will allow for consistency in their treatment.

“My 2020 Next Level agenda is focused on improving the lives of Hoosiers, and a key part centers around increasing the capacity of mental health services throughout the state,” Gov. Eric J. Holcomb said. “With this waiver in hand, we will begin to accomplish this on day one of the new year.”

The waiver takes effect on January 1, 2020. According to Indiana Medicaid records, in state fiscal year 2019, only about half of Indiana’s traditional Medicaid members receiving inpatient psychiatric services accessed those services through an institution for mental disease. Approval of the waiver amendment will mitigate these barriers to access and will shift services from less appropriate settings to facilities like hospitals and larger mental health treatment facilities. Under this new waiver, many patients will be able to receive longer, more appropriate inpatient stays, aiding in achieving stabilization and more successful transitions back into their homes and communities. The change is expected to ultimately drive down the costs associated with overuse of the emergency department for mental health problems and psychiatric crises as well as other costs caused by lack of access to appropriate care settings.

“This waiver allows Indiana to, for the first time, offer the full continuum of treatment for Hoosiers with co-occurring mental health and substance use disorders,” FSSA Secretary Jennifer Sullivan, M.D., M.P.H. said. “This begins a new era of vastly enhanced access and hope in many communities, aided by allowing some facilities already engaged in this vital work to expand.”

At present Vermont and the District of Columbia are the only other states/districts to receive a serious mental illness waiver.

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