

IMD Overview

How To Use This Spreadsheet:

Consult the tables below for an overview of the "IMD Services Limit" and "Non-IMD Services CNOM Limit" in Scenarios 1 and 2. The tables provide basic concepts and frameworks for establishing the budget neutrality limits—and expenditure reporting requirements for monitoring. The notes below the table provide additional information related to allowable IMD medical assistance services, estimation of the various budget neutrality limits, trend rates, "in lieu of" services and other details of estimation and expenditure reporting. For states proposing to include IMD services as a component of their broader 1115 demonstrations, the limits established in this spreadsheet—once approved by CMS—will be included in the comprehensive budget neutrality spreadsheet, STCs and expenditure monitoring tool (see State Medicaid Director Letter #18-009). The limits established may be used as an upper limit for all medical assistance services provided in an IMD—or separately tabulated by, for example, diagnosis-type (see glossary below for definition of abbreviations).

Scenario 1

Situation: Demonstration CNOM is limited to expenditures for otherwise covered services furnished to otherwise eligible individuals who are primarily receiving treatment for SUD, SMI and/or SED who are residents in facilities that meet the definition of an IMD (i.e., IMD exclusion related MA).	IMD Services Limit	Non-IMD Services CNOM Limit
Without Waiver (i.e., budget neutrality limit)	<b>PMPM Cost</b> - Estimated average of all MA costs incurred during IMD MMs. - Est. total MA cost in IMD MMs + est. IMD MMs <b>Member Months</b> - IMD MM: Any <i>whole</i> month during which a Medicaid eligible is inpatient in an IMD at least 1 day <b>BN Expenditure Limit</b> - PMPM cost x IMD MMs	
With Waiver	<b>Expenditures Subject to Limit</b> - All MA costs with dates of service during IMD MMs <b>Reporting Requirements</b> State must be able to identify and report: - IMD MMs separate from other Medicaid months of eligibility - MA costs during IMD MMs separate from other MA	

Scenario 2

Situation: Demonstration CNOM include both CNOM for IMD exclusion related MA to and CNOM for additional hypothetical services that can be provided outside the IMD.	IMD Services Limit	Non-IMD Services CNOM Limit
Without Waiver (i.e., budget neutrality limit)	<b>PMPM Cost</b> - Estimated average of all MA costs incurred during IMD MMs. - Est. total MA cost in IMD MMs + est. IMD MMs <b>Member Months</b> - IMD MM: Any <i>whole</i> month during which a Medicaid eligible is inpatient in an IMD at least 1 day - Can exclude months with ≤ 15 IMD inpatient days under managed care <b>BN Expenditure Limit</b> - PMPM cost x IMD MMs	<b>PMPM Cost</b> - Estimate of average CNOM service cost during Non-IMD MMs - Est. total CNOM service cost + est. Non-IMD MMs - CNOM service cost can include capitated cost of IMD services <b>Member Months</b> - Non-IMD MM: Any month of Medicaid eligibility in which a person <i>could</i> receive a CNOM service that is not an <b>BN Expenditure Limit</b> - PMPM cost x Non-IMD MMs
With Waiver	<b>Expenditures Subject to Limit</b> - All MA costs with dates of service during IMD MMs <b>Reporting Requirements</b> State must be able to identify and report: - IMD MMs separate from other Medicaid months of eligibility - MA costs during IMD MMs separate from other MA	<b>Expenditures Subject to Limit</b> - All CNOM service costs with dates of service during Non-IMD MMs <b>Reporting Requirements</b> State must be able to identify and report: - Non-IMD MMs separate from IMD MMs - IMD CNOM costs separate from other MA costs

Glossary of Abbreviations

CNOM = expenditure authority (cost not otherwise matchable)  
 Hypo = hypothetical, i.e., optional services that could be included in the state plan but are instead being authorized in the 1115 using CNOM  
 IMD = institution for mental diseases  
 MA = medical assistance  
 MM = member month  
 SUD = substance abuse disorder  
 SMI = serious mental illness  
 SED = serious emotional disturbance

Notes

1. Date of service for capitation payments is the month of coverage for which the capitation is paid.
2. The IMD Services Limit and Non-IMD Services CNOM Limit are intended to be two distinct budget neutrality tests separately and independently enforced.
3. Services provided in an IMD "in lieu of" other allowable settings are excluded from this budget neutrality test (see below).
4. Some specific unallowable costs are detailed below (see STCs for additional exceptions and caveats).

Estimation for the IMD Services Limit

The IMD Services Limit represents the projected cost of medical assistance during months in which Medicaid eligible are patients at the IMD. These are the acceptable ways for the state to determine the PMPMs for the IMD Services Limit.

\*States should present their most recent representative year of historical data on overall MA costs for individuals with a SUD, SMI and/or SED diagnosis (or proxy) who received inpatient treatment for those diagnoses (or could have received inpatient treatment if such services were available), to determine projected MA cost per user of SUD, SMI and/or SED inpatient services for each historical year.

\*The per user per month cost(s) are then projected forward using the President's Budget PMPM cost trend—and the projected per user per month costs will become the PMPMs for the IMD Services Limit.

\*If the state has an existing comprehensive Medicaid demonstration with already calculated without waiver PMPMs, CMS will incorporate the PMPMs established in this workbook.

\*States may also "top off" IMD Services Limit PMPMs with an additional estimated amount representing any additional CNOM services that affected individuals may also receive during IMD months.

\*State may use Alternate PMPM Development in the Historical tab for estimating expenditures (see 'Supplemental Methodology Document' requirement below).

Trends

PMPM trend rates will generally be the smoothed trend from the most recent President's Budget Medicaid trends and will be supplied to states by CMS.

\*The President's Budget trends should be for the eligibility groups that are participating in the IMD demonstration; most often, these will be the Current Adults, New Adults, or a blend of Current and New Adults, to determine average MA cost per user of SUD, SMI and/or SED inpatient services for each historical year.

\*The per user per month costs are then projected forward using the President's Budget PMPM cost trend.

\*The projected per user per month costs will become the PMPMs for the IMD Services Limit.

### **Multiple MEGs**

There should be one set of MEGs for the current Medicaid state plan IMD Services Limit(s) with associated PMPMs and member months, and one for the Non-IMD Services CNOM Limit and/or Non-Hypothetical CNOM Limit, as applicable.

\*States may also develop single, or multiple, PMPMs for SUD, SMI and/or SED.

### **Member Month Non-Duplication**

IMD Services Limit member month must be non-duplicative of Non-IMD Services CNOM Limit member months, and must also be non-duplicative of general comprehensive demonstration budget neutrality limit member months.

\*This means that month of Medicaid eligibility for an individual cannot appear as both an IMD Services Limit member month and a Non-IMD Services CNOM Limit member month; it has to be one or the other, and likewise for IMD Services Limit member month and general comprehensive demonstration budget neutrality limit member months.

\*IMD Services CNOM Limit member months can be duplicative of general comprehensive demonstration budget neutrality limit member months.

### **State Data Inputs**

States must add their data to the yellow highlighted cells for CMS review and discussion - and choose the appropriate drop-downs corresponding to their data inputs.

\*CMS will provide template instructions with this spreadsheet.

### **\*In Lieu of Services**

States must not report expenditures for a capitation payment to a risk-based MCO or PIHP for an enrollee with a short-term stay in an IMD for inpatient psychiatric or substance use disorder services of no more than 15 days within the month for which the capitation payment is made is permissible under the regulation at §438.6(e) for MCOs and PIHPs to use the IMD as a medically appropriate and cost effective alternative setting to those covered under the State plan or ABP.

\*This flexibility is referred to in the regulations as "in-lieu-of" services or settings and is effectuated through the contract between the state and the MCO or PIHP.

\*For more information on "in lieu of" services, see "Medicaid and CHIP Managed Care Final Rule (CMS-2390-F) Frequently Asked Questions (FAQs) – Section 438.6(e)" (August 2017).

### **Unallowable Costs**

In addition to other unallowable costs and caveats outlined in the STCs, the state may not receive FFP under any expenditure authority approved under this demonstration for any of the following :

\*Room and board costs for residential treatment service providers unless they qualify as inpatient facilities under section 1905(a) of the Act.

\*Costs for services provided in a nursing facility as defined in section 1919 of the Act that qualifies as an IMD.

\*Costs for services provided to inmates of a public institution, as defined in 42 CFR 435.1010 and clause A after section 1905(a)(29), except if the individual is admitted for at least a 24 hour stay in a medical institution (see SMI/SED SMDL, p. 13 ).

\*Costs for services provided to beneficiaries under age 21 residing in an IMD unless the IMD meets the requirements for the "inpatient psychiatric services for individuals under age 21" benefit under 42 CFR 440.160, 441 Subpart D, and 483 Subpart G .

### **Supplemental Methodology Document**

The 'Historical Spending Data' and/or 'Alternate PMPM Development' in the IMD Historical tab must be accompanied by a supplemental methodology and data sources document that fully describes, for each MEG, a complete break-out of all SUD, SMI and/or SED services--with descriptions of accompanying expenditures and caseloads.

\*There should also be sections/headings in the methodology document that describe all other state data inputs (see 'State Data Inputs' above).

IMD Historical

Representative Data Year:	SFY22 (Adjusted)
Type of State Years:	State Fiscal

ABD	SFY22 (Adjusted)
TOTAL EXPENDITURES	\$518,532
ELIGIBLE MEMBER MONTHS	250
PMPM COST	\$2,074.13

Dual	
TOTAL EXPENDITURES	\$76,763
ELIGIBLE MEMBER MONTHS	235
PMPM COST	\$326.65

FAM	
TOTAL EXPENDITURES	\$358,781
ELIGIBLE MEMBER MONTHS	549
PMPM COST	\$653.52

EXP	
TOTAL EXPENDITURES	\$2,353,622
ELIGIBLE MEMBER MONTHS	2,486
PMPM COST	\$946.75

Placeholder	
TOTAL EXPENDITURES	N/A
ELIGIBLE MEMBER MONTHS	N/A
PMPM COST	N/A

*Continue MEGs from Above, As Needed*

IMD Without Waiver

PB Trend Rate(s) Used:

ABD	3.60%
Dual	3.60%
FAM	3.70%
EXP	4.40%
Placeholder	N/A
Non-IMD Services CNOM Limit MEG	N/A

Start DY

ELIGIBILITY GROUP	PB TREND RATE	MONTHS OF AGING	LAST HISTORIC YEAR	DEMONSTRATION YEARS (DY)					TOTAL WOW
				2025	2026	2027	2028	2029	

**ABD**

Eligible Member Months	n.a.	n.a.	250	265	270	275	281	287	
PMPM Cost	3.6%	36	\$ 2,074	\$ 2,306	\$ 2,389	\$ 2,475	\$ 2,564	\$ 2,657	
Total Expenditure				\$ 611,167	\$ 645,116	\$ 680,719	\$ 720,610	\$ 762,493	\$ 3,420,105

**Dual**

Eligible Member Months	n.a.	n.a.	235	249	254	259	264	269	
PMPM Cost	3.6%	36	\$ 327	\$ 363	\$ 376	\$ 390	\$ 404	\$ 418	
Total Expenditure				\$ 90,442	\$ 95,580	\$ 100,971	\$ 106,624	\$ 112,555	\$ 506,172

**FAM**

Eligible Member Months	n.a.	n.a.	549	583	595	607	619	631	
PMPM Cost	3.7%	36	\$ 654	\$ 729	\$ 756	\$ 784	\$ 813	\$ 843	
Total Expenditure				\$ 424,879	\$ 449,665	\$ 475,706	\$ 503,061	\$ 531,788	\$ 2,385,099

**EXP**

Eligible Member Months	n.a.	n.a.	2486	2,638	2,691	2,745	2,800	2,856	
PMPM Cost	4.4%	36	\$ 947	\$ 1,077	\$ 1,125	\$ 1,174	\$ 1,226	\$ 1,280	
Total Expenditure				\$ 2,841,917	\$ 3,026,568	\$ 3,223,152	\$ 3,432,380	\$ 3,655,080	\$ 16,179,097

**Placeholder**

Eligible Member Months	n.a.	n.a.	N/A	N/A	N/A	N/A	N/A	N/A	
PMPM Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Expenditure				N/A	N/A	N/A	N/A	N/A	N/A

Continue MEGs from Above, As Needed

**Non-IMD Services CNOM Limit MEG**

Eligible Member Months	n.a.	n.a.	n.a.	N/A	N/A	N/A	N/A	N/A	
PMPM Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Expenditure				N/A	N/A	N/A	N/A	N/A	N/A

IMD With Waiver

ELIGIBILITY GROUP	LAST HISTORIC YEAR	PB TREND RATE	DEMONSTRATION YEARS (DY)					TOTAL WW
			2025	2026	2027	2028	2029	

**ABD**

Eligible Member Months			265	270	275	281	287	
PMPM Cost	\$ 2,074	3.6%	\$ 2,306	\$ 2,389	\$ 2,475	\$ 2,564	\$ 2,657	
Total Expenditure			\$ 611,167	\$ 645,116	\$ 680,719	\$ 720,610	\$ 762,493	\$ 3,420,105

**Dual**

Eligible Member Months			249	254	259	264	269	
PMPM Cost	\$ 327	3.6%	\$ 363	\$ 376	\$ 390	\$ 404	\$ 418	
Total Expenditure			\$ 90,442	\$ 95,580	\$ 100,971	\$ 106,624	\$ 112,555	\$ 506,172

**FAM**

Eligible Member Months			583	595	607	619	631	
PMPM Cost	\$ 654	3.7%	\$ 729	\$ 756	\$ 784	\$ 813	\$ 843	
Total Expenditure			\$ 424,879	\$ 449,665	\$ 475,706	\$ 503,061	\$ 531,788	\$ 2,385,099

**EXP**

Eligible Member Months			2,638	2,691	2,745	2,800	2,856	
PMPM Cost	\$ 947	4.4%	\$ 1,077	\$ 1,125	\$ 1,174	\$ 1,226	\$ 1,280	
Total Expenditure			\$ 2,841,917	\$ 3,026,568	\$ 3,223,152	\$ 3,432,380	\$ 3,655,080	\$ 16,179,097

**Placeholder**

Eligible Member Months			N/A	N/A	N/A	N/A	N/A	
PMPM Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Expenditure			N/A	N/A	N/A	N/A	N/A	N/A

*Continue MEGs from Above, As Needed*

**Non-IMD Services CNOM Limit MEG**

Eligible Member Months	n.a.		N/A	N/A	N/A	N/A	N/A	
PMPM Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Total Expenditure			N/A	N/A	N/A	N/A	N/A	N/A

**Main Budget Neutrality Test (i.e. NOT Hypothetical)**

**Non-Hypothetical Services CNOM MEG**

ELIGIBILITY GROUP	PB TREND RATE	MONTHS OF AGING	LAST HISTORIC YEAR	DEMONSTRATION YEARS (DY)					TOTAL WOW
				DY 01	DY 02	DY 03	DY 04	DY 05	
Eligible Member Months	n.a.	n.a.	n.a.	N/A	N/A	N/A	N/A	N/A	
PMPM Cost	N/A		\$ -	N/A	N/A	N/A	N/A	N/A	
Total Expenditure				N/A	N/A	N/A	N/A	N/A	\$ -

IMD Summary

**Supplemental Test #1: IMD Services Cost Limit**

**Without-Waiver Total Expenditures**

	DEMONSTRATION YEARS (DY)					TOTAL
	2025	2026	2027	2028	2029	
ABD	\$611,167	\$645,116	\$680,719	\$720,610	\$762,493	\$3,420,105
Dual	\$90,442	\$95,580	\$100,971	\$106,624	\$112,555	\$506,172
FAM	\$424,879	\$449,665	\$475,706	\$503,061	\$531,788	\$2,385,099
EXP	\$2,841,917	\$3,026,568	\$3,223,152	\$3,432,380	\$3,655,080	\$16,179,097
Placeholder	N/A	N/A	N/A	N/A	N/A	\$0
<i>Continue MEGs from Above, As Needed</i>						
<b>TOTAL</b>	\$3,968,405	\$4,216,930	\$4,480,547	\$4,762,676	\$5,061,916	\$22,490,474

**With-Waiver Total Expenditures**

	DEMONSTRATION YEARS (DY)					TOTAL
	2025	2026	2027	2028	2029	
ABD	\$611,167	\$645,116	\$680,719	\$720,610	\$762,493	\$3,420,105
Dual	\$90,442	\$95,580	\$100,971	\$106,624	\$112,555	\$506,172
FAM	\$424,879	\$449,665	\$475,706	\$503,061	\$531,788	\$2,385,099
EXP	\$2,841,917	\$3,026,568	\$3,223,152	\$3,432,380	\$3,655,080	\$16,179,097
Placeholder	N/A	N/A	N/A	N/A	N/A	\$0
<i>Continue MEGs from Above, As Needed</i>						
<b>TOTAL</b>	\$3,968,405	\$4,216,930	\$4,480,547	\$4,762,676	\$5,061,916	\$22,490,474

**Net Overspend**

	\$0	\$0	\$0	\$0	\$0	\$0
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**Supplemental Test #2: Non-IMD Services CNOM Limit**

**Without-Waiver Total Expenditures**

	DEMONSTRATION YEARS (DY)					TOTAL
	2025	2026	2027	2028	2029	
Non-IMD Services CNOM Limit MEG	N/A	N/A	N/A	N/A	N/A	\$0
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0

**With-Waiver Total Expenditures**

	DEMONSTRATION YEARS (DY)					TOTAL
	2025	2026	2027	2028	2029	
Non-IMD Services CNOM Limit MEG	N/A	N/A	N/A	N/A	N/A	\$0
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0

**Net Overspend**

	\$0	\$0	\$0	\$0	\$0	\$0
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**Main Budget Neutrality Test (i.e. NOT Hypothetical)**

**With-Waiver Total Expenditures**

	DEMONSTRATION YEARS (DY)					TOTAL
	2025	2026	2027	2028	2029	
Non-Hypothetical Services CNOM MEG	\$0	N/A	N/A	N/A	N/A	\$0
<b>TOTAL</b>	\$0	\$0	\$0	\$0	\$0	\$0

Add Trend Rates & PMPMs from Table Below to 'SUD IMD Supplemental Budget Neutrality Test(s)' STC

SUD MEG(s)	Trend Rate	2025	2026	2027	2028	2029
ABD	3.6%	\$2,306	\$2,389	\$2,475	\$2,564	\$2,657
Dual	3.6%	\$363	\$376	\$390	\$404	\$418
FAM	3.7%	\$729	\$756	\$784	\$813	\$843
EXP	4.4%	\$1,077	\$1,125	\$1,174	\$1,226	\$1,280
Placeholder	N/A	N/A	N/A	N/A	N/A	N/A
<i>Continue MEGs from Above, As Needed</i>						
Non-IMD Services CNOM Limit MEG	N/A	N/A	N/A	N/A	N/A	N/A

Main Test: With Waiver "Coster(s)" (Amendments Only)

Non-Hypothetical Services CNOM MEG	N/A	N/A	N/A	N/A	N/A	N/A
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**Historical PMPM Adjustments**

MEG	SFY22 Unadjusted	SFY22 Adjusted	Percent Change
ABD	\$ 2,044.05	\$ 2,074.13	1.5%
Dual	\$ 311.66	\$ 326.65	4.8%
FAM	\$ 625.18	\$ 653.52	4.5%
EXP	\$ 923.95	\$ 946.75	2.5%

**Adjustments to the SFY22 actual PMPMs reflects the following:**

1. Provider Rate Increase of 17% effective July 1, 2022 for Behavioral Health providers.
2. The SFY22 Q1 time period has been adjusted to reflect the Expansion Benefit Changes effective October 1, 2021.
3. A new benefit for Continuous Glucose Monitoring (CGM) was effective January 1, 2023 and not reflected in the SFY22 PMPMs.
4. Removal of an explicit adjustment to SFY22 PMPMs related to the Public Health Emergency (PHE).