

To: All Providers Participating in the Nebraska Medicaid Program
From: Jeremy Brunssen, Interim Director 
Date: September 18, 2026
Re: Coverage for Medically Necessary Institutions for Mental Diseases (IMDs) Stays

This provider bulletin is being issued to notify Nebraska Medicaid providers that coverage of short-term medically necessary residential and inpatient stays in Institutions for Mental Diseases (IMDs) for adults with Serious Mental Illness (SMI) and children with Serious Emotional Disturbance (SED) **will be implemented January 1, 2027**. This coverage is being implemented through Nebraska's Substance Use Disorder Program Section 1115 Demonstration Waiver Amendment, which was approved by the Centers for Medicare & Medicaid Services (CMS) on August 14, 2026.

The purpose of this waiver amendment is to:

- Support a robust statewide behavioral health continuum of care that better addresses acute mental health needs and improves health outcomes;
- Ensure appropriate, prompt and quality treatment in IMDs;
- Minimize the number of days required in the institutional setting; and
- Ensure members are discharged with the appropriate medications and resources to successfully manage their illness in their desired community living environment.

Eligibility Overview

Coverage will be available for eligible individuals who are currently enrolled in Medicaid in a full benefit eligibility category and have an SMI or SED. The amendment will not provide any new Medicaid eligibility.

The following eligibility groups with limited benefits **are not** eligible for coverage:

- Qualified Medicare Beneficiaries (QMB)
- Specified Low Income Medicare Beneficiaries (SLMB)
- Qualified Individual (QI) Program
- Qualified Disabled Working Individual (QDWI)
- Non-citizens qualifying for emergency services only benefits

Eligible beneficiaries will receive State Plan and existing waiver services furnished during clinically appropriate, short-term IMD stays to eligible populations.

- Only stays of 60 consecutive days or less will be eligible for coverage. In addition, the state must demonstrate an average length of stay of no greater than 30 days.

Billing and Reimbursement

The two relevant Nebraska Medicaid fee schedules, *Mental Health and Substance Use Rates* and *Acute Inpatient Psychiatric Hospital Rates* include rates for IMD stays for adults with SMI/SED. IMD providers who utilize the behavioral health fee schedule (Table 1) will be bill on a CMS-1500 professional claim form, whereas IMD providers who bill using the inpatient psychiatric fee schedule (Table 2) will be bill on the CMS-1450 institutional claim form. To view *Acute Inpatient Psychiatric Hospital Rates* and *Mental Health and Substance Use Rates*, go to: <https://dhhs.ne.gov/Pages/Medicaid-Provider-Rates-and-Fee-Schedules.aspx>

Stays extending beyond 60 consecutive days will not be reimbursed. Providers are also expected to manage admissions, treatment planning, discharge planning, and care transitions in a manner that supports an average length of stay (ALOS) of less than 30 days. Further information regarding length of stay, including consequences of exceeding ALOS, tracking, roles, and timeline for any system updates will be communicated to providers at a later date closer to implementation. Providers are not permitted to submit monthly/interim claims and will be required to wait until the duration of the stay has been completed to submit their IMD claim to Medicaid.

Table 1. Mental Health and Substance Use Rates

Procedure Code	Modifier Code	Short Description	Unit	Rate
H0019	HE	Psychiatric Residential Rehabilitation Services	Per diem (not including room & board)	\$157.93
H2018	HK	Secure Psychiatric Residential Rehabilitation Services	Per diem	\$478.97
H2020		Therapeutic Group Home (THGH)	Per diem (not including room & board)	\$225.87

Table 2. Acute Inpatient Psychiatric Hospital Rates

Tier	Class of Care	SFY2027
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Tier 1 (Day 1 – Day 2) Rate	86	\$994.30
Tier 2 (Day 3 – Day 4) Rate	86	\$919.55
Tier 3 (Day 5 – Day 6) Rate	86	\$877.34
Tier 4 (Day 7+) Rate	86	\$835.60
Psych-Sub-Acute Rate	90	\$741.45

Training

Nebraska DHHS Medicaid and Long-Term Care (MLTC) will be conducting provider training on coverage of IMD stays for Adults with SMI/SED. A pre-recorded training will be posted online and communicated to providers at a later date closer to implementation.

If you have questions regarding this bulletin or that you would like to see addressed in the pre-recorded training, please email: DHHS.MedicaidMHSU@nebraska.gov

Provider Resources

Provider Bulletins, such as this one, are posted on the DHHS website at <http://dhhs.ne.gov/pages/Medicaid-Provider-Bulletins.aspx>. Please subscribe to the page to help you stay up to date with new Provider Bulletins.