
**Centers for Medicare & Medicaid Services
Serious Mental Illness (SMI) and Serious Emotional Disturbance (SED)
Demonstration Opportunity
Technical Assistance Questions and Answers**

November 4, 2019

The Centers for Medicare & Medicaid Services (CMS) is committed to supporting states in improving access and quality of care for beneficiaries with serious mental illness (SMI) or serious emotional disturbance (SED). On November 13, 2018, CMS announced a new SMI/SED demonstration opportunity in a [State Medicaid Director Letter](#) (SMDL). These technical assistance questions and answers are related to that SMI/SED demonstration opportunity, specifically clarifying the state’s ability to claim federal financial participation (FFP) for services delivered to individuals during *short term stays for acute care* in psychiatric hospitals or residential treatment settings that qualify as Institutions for Mental Diseases (IMD).

Q1: What is the opportunity for claiming FFP under the SMI/SED demonstration authority?

A1: Under the SMI/SED demonstration opportunity, upon CMS approval, a state can receive FFP for services furnished to Medicaid beneficiaries during *short term stays for acute care* in psychiatric hospitals or residential treatment settings that qualify as IMDs.¹ The SMDL also states that “*states will be expected to achieve a statewide average length of stay of 30 days for beneficiaries receiving care in IMDs pursuant to this SMI/SED demonstration opportunity.*”²

For purposes of claiming FFP through a demonstration approved under this SMI/SED demonstration opportunity, a short term stay for acute care is limited to *no more than 60 consecutive days* as long as the state continues to meet the statewide average length of stay of 30 days or less. States may not claim for any part of a stay (days 0 to 60) that exceeds 60 days.

Q2: How is the state expected to demonstrate that it is meeting the expectation of a statewide average length of stay of 30 days or less?

A2: A state will be expected to report on the average length of stay in each annual monitoring report. Additionally, in the mid-point assessment, a state will need to show that it is meeting the expectation of a statewide average length of stay of 30 days or less.

¹ <https://www.medicare.gov/federal-policy-guidance/downloads/smd18011.pdf>, page 12.

² *Id.*

Q3: What happens if a state does not show that it meets the expectation of a statewide average length of stay of 30 days or less at the mid-point assessment?

A3: If the state does not show that it is meeting the expectation of a statewide average length of stay of 30 days or less at the mid-point assessment, CMS will notify the state as part of the mid-point assessment process of CMS's determination that the state has not met the expectation. As of CMS's notification, the state may only claim FFP for short-term stays up to a maximum of 45 days. The state should continue to report on the average length of stay in its annual monitoring reports for the demonstration years that follow the mid-point assessment whether it is or is not meeting the expectation at the mid-point assessment. If the state shows in subsequent annual monitoring reports that the statewide average length of stay is 30 days or less, the state may resume claiming for short-term stays of up to 60 days. CMS will expect the state to make changes, as needed, in order to meet the expectation of a statewide average length of stay of 30 days or less. If the state does not meet the expectation of a statewide average length of stay of 30 days or less in subsequent annual monitoring reports, the state will continue to only be able to claim FFP for short-term stays up to a maximum of 45 days.

Please see information in Q and A4 below that discusses what types of flexibility are available if the state is close to the 30 day or less average length of stay.

Q4: If a state's data show that the state is close to a statewide average length of stay of 30 days, will CMS provide any flexibility regarding the length of stay expectation?

A4: Yes. CMS recognizes that the average length of stay is likely to vary by state, along with the spread of the data around the average (mean) for this measure, which is captured by the standard deviation. To provide some flexibility to states, CMS will consider a state meeting this expectation of a 30-day or less average length of stay, so long as the measure falls within a specific range. This range will be calculated using the standard deviation of the average of the statewide average length of stay measure. While unlikely, if allowing one standard deviation results in more than 60 days, FFP will only be available for stays up to 60 days. CMS intends to provide additional guidance and information to help states calculate the average length of stay and the standard deviation in the technical specifications for the monitoring metrics.

Q5: Can CMS provide an example of how states may or may not claim FFP as they are related to the expectation to achieve a 30 day or less statewide average length of stay?

A5: Please see the table below that shows an example of the requirements of FFP and the consequences of not meeting the expectation of a statewide average length of stay of 30 days or less. In the example below, at the mid-point assessment, state 'A' met the expectation of a statewide average length of stay of 30 days or less, and state B did not.

Demonstration Year (DY)	Number of Days State A Can Receive FFP	Number of Days State B Can Receive FFP
DY 1	Up to 60 days and No FFP for stays that exceed 60 days	
DY 2	Up to 60 days and No FFP for stays that exceed 60 days	
Mid-Point Assessment: Does the state's midpoint-assessment (due around 2.5 years after implementation) meet the statewide average length of stay of 30 days or less?	Yes	No
DY 3	Up to 60 days and No FFP for stays that exceed 60 days as long as state continues to meet a statewide average length of stay of 30 days or less	Up to 45 days and No FFP for stays that exceed 45 days
DY 4	Up to 60 days and No FFP for stays that exceed 60 days as long as state continues to meet a statewide average length of stay of 30 days or less	Up to 45 days and No FFP for stays that exceed 45 days
DY 5	Up to 60 days and No FFP for stays that exceed 60 days as long as state continues to meet a statewide average length of stay of 30 days or less	<p>If the state shows in its DY4 annual monitoring report that it now meets the 30 day or less average length of stay, CMS may consider allowing the state to claim up to 60 days for FFP as long as the state continues to meet a statewide average length of stay of 30 days or less.</p> <p>If the state still does not meet the 30 day or less average length of stay in its DY4 annual monitoring report, then the state may claim up to 45 days and no FFP for stays that exceed 45 days and go up to 60 days.</p>