

PSYCHIATRIC RESIDENTIAL TREATMENT FACILITIES

Phone: (517) 373-8080
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House Bill 5298 as enacted

Public Act 285 of 2020

Sponsor: Rep. Mary Whiteford

1st House Committee: Health Policy

2nd House Committee: Ways and Means

Senate Committee: Health Policy and Human Services

Complete to 12-31-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5298 amends the Mental Health Code to require the Department of Health and Human Services (DHHS) to establish *psychiatric residential treatment facilities* (PRTFs) for Medicaid patients under age 21 as described under 42 CFR 441.151 to 441.184,¹ subject to appropriation of sufficient funding.

Psychiatric residential treatment facility (PRTF) means a *facility* that is not a hospital and that provides psychiatric services, as described in 42 CFR 441.141 to 441.182, in an inpatient setting to individuals under 21.

Facility means a residential facility for the care or treatment of individuals with serious mental illness, serious emotional disturbance, or developmental disability that is one of the following:

- A center (a facility operated by DHHS to admit individuals with developmental disabilities and provide habilitation and treatment services).
- A *hospital* operated by DHHS. (*Hospital* means either an inpatient program operated by DHHS for the treatment of individuals with serious mental illness or serious emotional disturbance or a psychiatric hospital or psychiatric unit licensed under section 137 of the code.)
- A facility licensed by DHHS under section 137 of the code.
- An adult foster care facility licensed under the Adult Foster Care Facility Licensing Act.

The bill adds that *facility* also includes a preadmission screening unit established under section 409 of the code that is operating a *crisis stabilization unit*.

Crisis stabilization unit means a prescreening unit established under section 409 of the code or a facility certified under Chapter 9A of the code that provides unscheduled clinical services designed to prevent or ameliorate a behavioral health crisis or reduce acute symptoms on an immediate, intensive, and time-limited basis in response to a crisis situation.

¹ 42 CFR 441.151 to 441.184: <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-441/subpart-D>

Note that the bill often cites 42 CFR 441.151 to 441.182, omitting 42 CFR 151.184. That provision requires PRTFs to comply with all applicable federal, state, and local emergency preparedness requirements and prescribes elements a PRTF emergency preparedness program must include.

The bill requires DHHS to select PRTF providers through a request for proposals process. Public or private providers, including those providing state-operated services, may respond to the request for proposals.

To be eligible for reimbursement from DHHS, a PRTF must meet the following requirements:

- Be certified by DHHS.
- Be accredited by the Joint Commission, Commission on Accreditation of Rehabilitation Facilities, or Council on Accreditation.
- Be enrolled in the Medicaid Management Information System.
- Any other requirements DHHS considers appropriate and necessary to provide PRTF services and comply with 42 CFR 441.151 to 441.182.

The bill allows DHHS to establish a Medicaid policy and promulgate administrative rules necessary to implement the bill. DHHS must consider both of the following when promulgating rules or developing the criteria by which a PRTF will be selected or certified:

- The geographic need and appropriateness for PRTF services, including prioritizing areas that lack inpatient psychiatric services for individuals under 21 years of age, avoiding geographic concentration of PRTFs, and considering the availability of community resources to support a PRTF and its patients (such as the capacity of public safety and emergency medical response services and proximity to ancillary medical providers).
- The capacity of a PRTF to provide care that results in the successful integration of patients back into the community within 60 to 120 days after admission, including a reintegration with family whenever possible and appropriate.

DHHS must evaluate each selected PRTF at least every two years based on criteria developed by DHHS, including the considerations described above. DHHS may revoke the selection and certification of, or take necessary corrective action against, any PRTF that is determined to no longer satisfy either of the bulleted considerations above. However, these provisions do not limit DHHS's ability to take corrective action or to revoke the selection or certification of a PRTF at any time for other good cause.

Finally, the bill defines the term *public patient* to mean an individual approved for mental health services by a community mental health services program, including an individual who is admitted as a patient under section 423, 429, or 438 of the code. Note that, aside from this definition, the term *public patient* does not appear to be used in the bill, in the code, or in any other Michigan law.

MCL 330.1100b and 330.1100c and proposed MCL 330.1137a

BRIEF DISCUSSION:

According to House committee testimony, the bill was intended to address the shortage of inpatient psychiatric beds for minors. (The general state psychiatric bed inventory, last updated March 1, 2022, lists 334 beds in the state for children and adolescents.² Bed inventories are

² https://www.michigan.gov/documents/mdhhs/PSYCHBEDINV_March_2017.xls_553341_7.pdf

updated every other month on the DHHS website.³) The bill proposes a nonhospital setting for children to receive psychiatric supports in a less intense environment if they are not yet ready to return home, which, according to the bill sponsor, is an option that does not currently exist.

FISCAL IMPACT:

The fiscal impact of the bill would depend on the number of facilities that submit a request for proposal to become a psychiatric residential treatment facility and the number of requests for proposals DHHS selects to become psychiatric residential treatment facilities. The cost of the bill also would be contingent on a second legislative action to appropriate “sufficient funding” to support psychiatric residential treatment facilities.

As an example, on an ongoing basis, a 30-bed psychiatric residential treatment facility could cost an estimated \$5.4 million Gross (\$1.6 million GF/GP). It is estimated that approximately 70% of the ongoing costs would be supported with federal Medicaid and Children's Health Insurance Program (CHIP) reimbursements.

Legislative Analyst: Jenny McInerney
Fiscal Analyst: Kevin Koorstra

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

³ <https://www.michigan.gov/mdhhs/doing-business/providers/certificateofneed/reports/bed-inventories>