

**Medicaid Funding for Services at
Adult Psychiatric Residential Treatment Facilities**
(FY2020 Appropriation Act - Public Act 67 of 2019)

March 1, 2020

Sec. 979. The department shall review the feasibility of utilizing Medicaid funding for services provided at adult psychiatric residential treatment facilities. By March 1 of the current fiscal year, the department shall report its findings to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, the house and senate policy offices, and the state budget office.



Section 979: Feasibility of Medicaid-funding for Adult Psychiatric Residential Treatment Facilities

Pursuant to [State Medicaid Director Letter #18—011](#) distributed by the US Centers for Medicare & Medicaid Services (CMS), state Medicaid programs may seek Section 1115 Demonstration Waivers to implement innovative services to improve access to and quality of services for adult Medicaid beneficiaries with a serious mental illness (SMI) and/or children and youth Medicaid beneficiaries with a serious emotional disturbance (SED). This opportunity includes the potential of utilizing Medicaid funding to provide short-term psychiatric residential stays of up to 60 days. The Michigan Department of Health and Human Services (MDHHS) had an exploratory call with CMS on November 6, 2019, in which CMS confirmed the feasibility of utilizing Medicaid funding to cover short-term stays in adult psychiatric residential treatment facilities. MDHHS would need to apply for the Section 1115 Demonstration Waiver for SMI/SED in order to obtain the authority for these services.