

DEPARTMENT OF HEALTH AND HUMAN SERVICES

T-24

6 1991

Ms. Barbara D. Matula, Director  
Division of Medical Assistance  
North Carolina Department of Human Resources  
1985 Umstead Drive  
Raleigh, North Carolina 27603

Dear Ms. Matula:

I am responding to your **letter** concerning the Medicaid inpatient **psychiatric benefit** for individuals under age 21. As you indicated, there have **been** several statutory and policy changes relating to this benefit in recent years.

As you know, we are currently developing revised regulations which will define the settings that may be used for this benefit and establish standards for these settings. During the period before these regulations are promulgated, States that offer this benefit may elect to provide it in **psychiatric** hospitals that meet the definition in section 1861(f) of the Social Security Act and, if a State wishes to offer this benefit in other types of psychiatric facilities, these facilities must meet the current regulatory requirements in Subpart D of 42 CFR Part 441. **Each State** that offers this benefit must indicate in the State plan what setting(s) it includes. States that **do not** wish to provide this benefit in any setting other than psychiatric hospitals are under **no** obligation to do so.

Although you did not raise the issue of inpatient psychiatric **services that must be provided** to an individual under age 21 when the need for them is determined as a result of **an EPSDT** screen, we thought that **this** topic should be addressed because **the** same age group is involved. **We** believe that a State could determine that a psychiatric hospital could provide any medically necessary inpatient **service** that an individual may **require** and that it is not medically necessary to provide

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(inpatient psychiatric services in additional lower level of  
care settings for these individuals.

I hope that this has been helpful.

Sincerely yours,

Christine Nye  
Director  
**Medicaid** Bureau

cc:  
All Regional Offices