



**Center for Clinical Standards and Quality/Survey & Certification Group**

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**Ref: S&C 17-39-CMHC**

**DATE:** July 28, 2017

**TO:** State Survey Agency Directors

**FROM:** Director  
Survey and Certification Group

**SUBJECT:** Community Mental Health Centers (CMHC) - Clarification on the Provision of Services

**Memorandum Summary**

- **Provision of CMHC Services:** 42 CFR 485.918(b)(1)(iii) *Provision of Services* requires that a CMHC provide either day treatment, (the provision of partial hospitalization services other than in an individual's home or in an inpatient or residential setting), or psychosocial rehabilitation services. The certified CMHC must provide one of the above referenced services to be in compliance with the Standard.
- **Medicare Provider Agreements:** However, 42 CFR 489.2(c)(2) states that CMHCs may enter into provider agreements under Medicare only to furnish partial hospitalization services. Therefore, a CMHC may not enter into or continue a provider agreement with the Centers for Medicare & Medicaid Services (CMS) unless the CMHC provides, at a minimum, partial hospitalization services consistent with the requirements in §485.918(f).

**Background and Discussion**

The Conditions of Participation (CoP) for CMHCs, were published in October 29, 2013 and became effective on October 29, 2014.

The Condition at §485.918(b)(1)(iii) *Provision of Services* requires that the CMHC provide day treatment, partial hospitalization services other than in an individual's home or in an inpatient or residential setting, or psychosocial rehabilitation services. The use of the word, "or" in the regulatory text of the Standard suggests that the CMHC must provide at least one of the services listed in order to be in compliance with the Standard. There is no requirement included within the regulatory text that the one service must be partial hospitalization. Therefore, a CMHC could be found in compliance with Standard §485.918(b)(1)(iii) without providing partial hospitalization services.

However, §489.2(c)(2) *Provider Agreements and Supplier Approval* states, that CMHCs may only enter into provider agreements under Medicare to furnish partial hospitalization services. Therefore, if a survey finds that a CMHC does not provide or intend to provide partial hospitalization services even though §485.918(b)(1)(iii) was found to be met during the survey, the State Survey Agency (SA) would document this finding in the CMS-2567 “Statement of Deficiencies and Plan of Correction” under Tag 000 “Initial Comments.” If the CMHC does not choose to either add partial hospitalization services or to voluntarily terminate their Medicare provider agreement, CMS may exercise its authority to terminate the agreement with the CMHC pursuant to §489.53.

**Contact:** For questions contact Donald Howard [donald.howard@cms.hhs.gov](mailto:donald.howard@cms.hhs.gov) or if not available, Peter Ajuonuma [peter.ajuonuma@cms.hhs.gov](mailto:peter.ajuonuma@cms.hhs.gov).

**Effective Date:** Immediately. This policy should be communicated with all survey and certification staff, their managers and the State/Regional Office training coordinators within 30 days of this memorandum.

/s/  
David R. Wright

cc: Survey and Certification Regional Office Management