

## INDIANA MEDICAID WILL NOW CONTEMPLATE THE MEDICAL NECESSITY OF SERVICES RENDERED DURING AN APPLICATION FOR EMERGENCY DETENTION

Effective July 1, 2025, Indiana Medicaid is no longer required to reimburse for services rendered during an Application for Emergency Detention (“AED”) without regard to medical necessity.

### BACKGROUND

In 2023, Indiana overhauled its emergency detention framework through HEA 1006, which extended emergency detention to 14 business days, restructured procedures for initiating detentions and formally recognized the AED as a new mechanism for providing medically necessary treatment without court intervention.

The following year, Indiana implemented a temporary statutory requirement that Medicaid would automatically reimburse for services rendered during an emergency detention regardless of medical necessity until the earlier of:

- A period not to exceed 14 business days; or
- The date of the final hearing under I.C. § [12-26-5-11](#).

### “REGARDLESS OF MEDICAL NECESSITY” PROVISION EXPIRED

That temporary statute expired by its terms on July 1, 2025. IC § [12-15-5-13.5](#). As a result, Indiana Medicaid may pay for inpatient psychiatric services when they are medically necessary and an appropriate waiver or exception applies. See 405 IAC [5-20-1](#), [5-20-5](#). Providers should be prepared for increased scrutiny of these claims and clearly demonstrate medical necessity.

### PRACTICAL TAKEAWAYS

- **Medical Necessity Reevaluated.** Due to the expiration of the provision requiring Medicaid reimbursement during an AED, Indiana Medicaid will now evaluate the medical necessity of services rendered during that time. An appropriate Medicaid waiver or exception may be required for reimbursement. This may result in reimbursement denials.
- **Action Items:** Review and update protocols to ensure adequate documentation of medical necessity during AED periods.
- **Medicaid Payments.** For more information about how Indiana Medicaid will make payment determinations, call Hall Render.

If you have questions or would like more information about this topic, please contact:

- **Ryan McDonald** at (317) 429-3671 or [rmcdonald@hallrender.com](mailto:rmcdonald@hallrender.com);
- **Kennedy Bunch** at (317) 977-1420 or [kbunch@hallrender.com](mailto:kbunch@hallrender.com); or
- Your primary Hall Render contact.

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