

**Behavioral Health Provider Teleconference:
Medical Necessity & Active Treatment**

May 13, 2015

FEDERAL OVERVIEW OUTPATIENT PSYCHIATRIC SERVICES

Center for Medicaid & Medicaid Services (CMS), State Operations Manual

REQUIREMENTS AND LIMITS 07-85 APPLICABLE TO SPECIFIC
SERVICES 4221

4221. **OUTPATIENT PSYCHIATRIC SERVICES.**

- A. General.--Medicaid provides coverage of various types of organized outpatient programs of psychiatric treatment. These programs are covered primarily as either outpatient hospital services (42 CFR 440.20(a)) or as clinic services (42 CFR 440.90). Problems have sometimes arisen regarding outpatient programs which inappropriately billed Medicaid for chance, momentary social encounters between a therapist and a patient as if they were valid therapeutic sessions. There have also been instances of billing for services without sufficient documentation to establish that the services were clearly related to the patient's psychiatric condition. With the ongoing effort to encourage furnishing psychiatric treatment in the least restrictive setting possible, there is an increasing need for coverage guidelines specifically directed at outpatient programs. The following guidelines can help to ensure appropriate utilization with regard to outpatient psychiatric programs.

- B. Outpatient Program Entry.--An intake evaluation should be performed for each recipient being considered for entry into an outpatient psychiatric treatment program. This applies to any organized program or course of treatment that a recipient enters or attends to receive scheduled or planned outpatient psychiatric services. The evaluation is a written assessment that evaluates the recipient's mental condition and, based on the patient's diagnosis, determines whether treatment in the outpatient program would be appropriate.

- C. The evaluation team should include, at a minimum, a physician and an individual experienced in diagnosis and treatment of mental illness (both criteria can be satisfied by the same individual, if appropriately qualified). For each recipient who enters the program, the assessment should include a certification by the evaluation team that the program is appropriate to meet the recipient's treatment needs. The assessment should be made a part of the patient records.

D. Treatment Planning.--For each recipient who enters the outpatient program, the evaluation team should develop an individual plan of care (PoC). This consists of a written, individualized plan to improve the patient's condition to the point where the patient's continued participation in the program (beyond occasional maintenance visits) is no longer necessary. The PoC is included in the patient records, and contains a written description of the treatment objectives for that patient. It also describes:

1. the treatment regimen--the specific medical and remedial services, therapies, and activities that will be used to meet the treatment objectives;
2. a projected schedule for service delivery--this includes the expected frequency and duration of each type of planned therapeutic session or encounter;
3. the type of personnel that will be furnishing the services; and
4. a projected schedule for completing reevaluations of the patient's condition and updating the PoC.

E. Documentation.--The outpatient program should develop and maintain sufficient written documentation to support each medical or remedial therapy, service, activity, or session for which billing is made. This documentation, at a minimum, should consist of material which includes:

1. the specific services rendered;
2. the date and actual time the services were rendered;
3. who rendered the services;
4. the setting in which the services were rendered;
5. the amount of time it took to deliver the services;
6. the relationship of the services to the treatment regimen described in the PoC and

7. updates describing the patient's progress.

- F. For services that are not specifically included in the recipient's treatment regimen, a detailed explanation of how the services being billed relate to the treatment regimen and objectives contained in the patient's PoC should be submitted with bills. Similarly, a detailed explanation should accompany bills for a medical or remedial therapy, session, or encounter that departs from the PoC in terms of need, scheduling, frequency, or duration of services furnished (e.g., unscheduled emergency services furnished during an acute psychotic episode), explaining why this departure from the established treatment regimen is necessary in order to achieve the treatment objectives.
- G. Periodic Review.--The evaluation team should periodically review the recipient's PoC in order to determine the recipient's progress toward the treatment objectives, the appropriateness of the services being furnished and the need for the recipient's continued participation in the program. The evaluation team should perform such reviews on a regular basis (i.e., at least every 90 days) and the reviews should be documented in detail in the patient records, kept on file and made available as requested for State or Federal assessment purposes.

ACTIVE TREATMENT

1. Code of Federal Regulations (CFR) Title 42: Public Health PART 485—CONDITIONS OF PARTICIPATION: SPECIALIZED PROVIDERS

Subpart J—Conditions of Participation: Community Mental Health Centers (CMHCs) Contents

[§485.900 Basis and scope.](#)

[§485.902 Definitions.](#)

Active treatment plan means an individualized client plan that focuses on the provision of care and treatment services that address the client's physical, psychological, psychosocial, emotional, and therapeutic needs and goals as identified in the comprehensive assessment.

2. CMS, State Operations Manual, Chapter 2 – The Certification Process 2130B – Definitions Active Treatment (<http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/som107c02.pdf>):

Active treatment means the aggressive, consistent implementation of a program of specialized and generic training, treatment, health, and related services directed toward the acquisition of the behaviors necessary for the individual to function with as much self-determination and

independence as possible. It includes the prevention or deceleration of regression or loss of current optimal functional status.

3. State of Alaska, Integrated Behavioral Health Regulations:

7 AAC 70.990. Definitions. (1) "active treatment" means that the individual who renders the services actively engages the recipient and provides pre-planned specific interventions, supports, or other actions that assist the recipient in achieving the goals written in the behavioral health treatment plan;