



REIMBURSEMENT POLICY STATEMENT

Indiana Marketplace

Policy Name & Number	Date Effective
Residential Treatment Services-Behavioral Health-IN MP-PY-1749	10/01/2026
Policy Type	
REIMBURSEMENT	

Reimbursement Policies are intended to provide a general reference regarding billing, coding, and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design, and other factors are considered in developing Reimbursement Policies. Reimbursement Policies do not guarantee authorization or payment for services. Coverage and payment determinations are subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreements, and applicable referral, authorization, notification, and utilization management guidelines.

Please refer to the plan contract (e.g., Evidence of Coverage, Member Handbook) for the service(s) referenced herein. Except as otherwise required by law, if there is a conflict between the Reimbursement Policy and the plan contract and/or provider agreement, then the plan contract and/or provider agreement will be the controlling document used to make the determination. Reasonable discretion may be used in interpreting and applying this policy to services provided in a particular case and the policy may be modified at any time. Reimbursement policies may be superseded by federal and state laws and regulations, as applicable. In the case of a discrepancy between the Policy Statement's effective date and any applicable legal or regulatory requirement, the law or regulation will govern.

Coverage for mental health and substance use disorder (MH/SUD) benefits are provided at the same level as coverage for medical and surgical (M/S) benefits, as required by the Mental Health Parity and Addiction Equity Act (MHPAEA). MH/SUD benefits are not subject to limits or requirements that are more restrictive than those that apply to M/S benefits.

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A. Subject

Residential Treatment Services – Behavioral Health

B. Background

Residential treatment programs encounter numerous challenges regarding reimbursement for services in the marketplace. Providers may experience authorization and pre-approval issues, which lead to delays in reimbursement. Coverage limitations and correct coding present additional challenges. Thorough documentation is essential to support medical necessity. Network restrictions, member eligibility and benefits verification add to reimbursement complexity.

To navigate common payment issues effectively, providers must have a clear understanding of member benefits, ensure proper documentation and coding, and stay informed about the specific requirements of the marketplace. Dedicated billing teams or staff members who can handle authorizations, claims, and appeals help mitigate many of these challenges, as well.

CareSource reviews requests for services and determines medical necessity for residential treatment for both mental health and substance use disorders (SUD). Treatment is dependent on a diagnosis based on criteria in the most current edition of the *Diagnostic and Statistical Manual of Mental Disorders (DSM)* or the *American Society of Addiction Medicine's (ASAM) Criteria, 3rd edition*. ASAM level 3, or residential levels of care, are considered transitional with the goal of returning the member to the community with a less restrictive level of care.

C. Definitions

- **Inpatient Services** – Healthcare services for which a member is formally admitted for uninterrupted confinement to a hospital, skilled nursing facility, inpatient hospice, long term acute care, respite care or inpatient rehabilitation facility.
- **Medication Assisted Treatment (MAT)** – The use of Food and Drug Administration-approved medication(s) combined with psychotherapy and behavioral strategies for treatment of SUD providing a 'whole patient' approach to treatment.
- **Residential Treatment** – Programs providing BH services, not meeting the definition of inpatient services but requiring a member to reside at an appropriately certified or licensed residential treatment facility for the duration of the treatment period, designed to treat groups of patients with similar BH concerns who live within a congregate community with 24-hour support.
- **Substance Use Disorder (SUD)** – Alcoholism and substance use disorders listed in the current *Diagnostic and Statistical Manual of Mental Disorders (DSM)* written by the American Psychiatric Association.

D. Policy

- I. A review of medical necessity is required for residential treatment services for psychiatric and substance use disorder stays. A continuing stay review is required no later than 14 days after admission and every 7 days thereafter. CareSource follows
 - A. MCG for medical necessity reviews for mental health or psychiatric requests

B. ASAM's LOC criteria for SUD treatment requests, which includes the following:

ASAM Criteria LOC Guidelines (Residential)		
Level	Common Population	Minimum Evaluation and Treatment
3.1	Adults & adolescents needing a structured recovery residence	Services provided: - Individual, group, family therapy or some combination thereof - Medication management and education - Psychoeducation to develop recovery - Relapse prevention and recovery support - Promotion of personal responsibility and emotional coping - Reintegration to work, school, and family environments - Telephone and in-person physician and emergency services 24-hours daily with clinical monitoring - Direct affiliations with other levels of care - Necessary lab or pharmacotherapy procedures - Mental health evaluation and treatment - Motivational enhancement and engagement strategies - MAT - Intensive case management for co-occurring diagnoses
3.5	Adults & medium intensity adolescents	Within 24 hours: - Preliminary discharge plan initiated - Medication reconciliation Within 48 hours: - Psychosocial and substance use evaluation Daily: - Medication supervision or administration - Qualified provider observation - Biomedical services from appropriately credentialed medical staff At least 4 hours/day: - Structured therapeutic programming
3.7	Adults & high intensity adolescents with co-occurring psychiatric diagnoses	Within 4 hours: Nursing assessment Within 6 hours: - Blood/urine laboratory screening - Medical history and physical examination - Initial psychiatric evaluation by qualified provider legally authorized in IN Daily: - Psychiatric evaluation by qualified provider legally authorized in IN - Individual, family or group therapy, as deemed necessary - Qualified provider observation - Care coordination with other health or social service providers Within 12 hours: - Multidisciplinary treatment plan - Psychosocial and substance evaluation

- II. Claims should be submitted according to the following:
- A. For UB04 claims, revenue code 0900 should be used with the identified procedure code and bill type 086.
- III. The following codes are provided as a courtesy only. Providers are responsible for submitting correct and the most specific code(s) for services rendered.

Mental Health Residential Treatment Codes	
Code	Description
H0018	Behavioral health; short-term residential (nonhospital residential treatment program), without room and board, per diem
H0019	Behavioral health; long-term residential (nonmedical, nonacute care in a residential treatment program where stay is typically longer than 30 days), without room and board, per diem

SUD Residential Treatment Codes	
Code	Description
H0012	Alcohol and/or drug services; subacute detoxification (residential addiction program outpatient) (ASAM 3.5)
H0013	Alcohol and/or drug services; acute detoxification (residential addiction program outpatient) (ASAM 3.7)
H2034	Alcohol and/or drug abuse halfway house services, per diem (ASAM 3.1)

- IV. Limitations and exclusions include the following:
- A. Failure to provide documentation to support the necessity of test(s) or treatment(s) may result in denial of claims or services, including medical records
 - 1. that do not support the reasonableness and necessity of service(s) furnished
 - 2. in which the documentation is illegible
 - 3. failure to document the required level of physician or medical supervision and treatment planning
 - B. The following services do not represent reasonable and medically necessary services and coverage is excluded
 - 1. experimental and/or investigational treatments
 - 2. primarily social, recreational or diversion activities, or custodial or respite care
 - 3. services attempting to maintain psychiatric wellness for the chronically mentally ill
 - 4. treatment of chronic conditions without acute exacerbation
 - 5. vocational training
 - 6. patients whose symptoms are the result of a medical condition that requires a medical/surgical setting for appropriate treatment
 - 7. patients whose primary problem is a physical health problem without a concurrent major psychiatric episode
 - 8. treatment used for members as an alternative to incarceration
 - 9. unavailable or unsuitable housing arrangements (eg, inclusion of therapy services as part of treatment does not warrant coverage)

E. Conditions of Coverage

- I. Providers must utilize the procedure code(s) best describing the service rendered and not bill under separate procedure code(s) for services included under a single procedure code. Coding of both diagnoses and procedures is required for all claims and must be to the highest level.
- II. Compliance with the provisions in this policy may be monitored and addressed through post payment data analysis, subsequent medical review audits, recovery of overpayments identified and provider prepayment review.

F. Related Policies/Rules

NA

G. Review/Revision History

	DATE	ACTION
Date Issued	07/15/2026	New policy. Approved at Committee.
Date Revised		
Date Effective	10/01/2026	
Date Archived		

H. References

1. *Indiana Marketplace Evidence of Coverage*. CareSource; 2026. Accessed June 24, 2026. www.caresource.com
2. Treatment options for substance use disorder. Substance Abuse and Mental Health Services Administration. Updated August 25, 2025. Accessed June 24, 2026. www.samhsa.gov
3. American Society of Addiction Medicine. The ASAM National Practice Guideline for the Treatment of Opioid Use Disorder: 2020 Focused Update. Adopted December 18, 2019. Accessed June 24, 2026. www.asam.org