



Qualified Health Plans offered in North Carolina by CareSource North Carolina Co., d/b/a CareSource

ADMINISTRATIVE POLICY STATEMENT North Carolina Marketplace

Policy Name & Number	Date Effective
Residential Treatment Services-Substance Use Disorder-NC MP-AD-1279	01/01/2023-08/31/2025
Policy Type	
ADMINISTRATIVE	

Administrative Policy Statement prepared by CareSource and its affiliates are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

Administrative Policy Statements prepared by CareSource and its affiliates do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced in the Administrative Policy Statement. If there is a conflict between the Administrative Policy Statement and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

Table of Contents

A. Subject.....	2
B. Background.....	2
C. Definitions	2
D. Policy	3
E. Conditions of Coverage.....	4
F. Related Policies/Rules.....	4
G. Review/Revision History.....	4
H. References.....	4

A. Subject**Residential Treatment Services – Substance Use Disorder (SUD)****B. Background**

Substance Use Disorder (SUD) treatment is dependent on the needs of the member with the type, length, and intensity of treatment determined by the severity of the SUD, types of substances used, support systems available, prior life experiences, and behavioral, physical, gender, cultural, cognitive, and/or social factors. Additional factors include the availability of treatment in the community and coverage for the cost of care.

The American Society of Addiction Medicine's (ASAM) levels 3 and 4, or residential and intensive inpatient levels of care, are considered transitional with the goal of returning the member to the community with a less restrictive level of care. Level 3 services include residential and/or inpatient services that are clinically managed or medically monitored. Level 4 services include medically managed, intensive inpatient services.

Providers use ASAM's level of care criteria as a basis for the provision of SUD benefits to deliver services for the full continuum of care, which also ensures that care is delivered consistently with industry-standard criteria. ASAM also provides key benchmarks from nationally adopted standards of care and guidelines involving evidence-based treatment measures that guide services. Treatment of substance use disorders is dependent on an SUD diagnosis based on the Diagnostic and Statistical Manual of Mental Disorders (DSM).

C. Definitions

- **American Society of Addiction Medicine (ASAM)** - A professional medical society dedicated to increasing access and improving the quality of addiction treatment, educating physicians and the public, supporting research and prevention, and promoting the appropriate role of physicians in the care of patients with addiction.
- **ASAM's Residential Levels of Care (LOC)** -
 - 3.1 - Clinically managed, low-intensity residential program
 - 3.5 - Clinically managed, high-intensity residential program for adults and/or medium intensity for adolescents
 - 3.7 - Medical monitored, intensive inpatient for adults and/or high-intensity for adolescents
- **Clinically Managed Services** - Services directed by nonphysician addiction specialists rather than medical personnel appropriate for members whose primary problems involve emotional, behavioral, cognitive, readiness to change, relapse, or recovery environment concerns. Intoxication, withdrawal, and biomedical concerns, if present, are safely manageable in a clinically managed service, particularly under Level 3.1 and 3.5 residential programs.
- **Inpatient Services** - Behavioral health or substance use disorder services provided during an inpatient admission or confinement for acute inpatient services in a hospital or treatment setting on a 24-basis under the direct care of a physician,

including psychiatric hospitalization, inpatient detoxification, and emergency evaluation and stabilization.

- **Intensive Outpatient Services** – Services addressing mental health or substance abuse issues provided by behavioral health facilities, group practices or clinics for at least four (4) hours of treatment per day at least nine (9) hours per week and usually a step down from acute inpatient care, partial hospitalization care, or residential care but a step up from traditional outpatient services.
- **Medically Managed Services** - Services involving 24-hour nursing and daily medical care by an appropriately trained and licensed physician providing diagnostic and treatment services directly, managing the provision of those services, or both, particularly under Level 4 medically managed intensive inpatient programs.
- **Medically Monitored Services** – Services provided by an interdisciplinary staff of nurses, counselors, social workers, addiction specialists, or other health and technical personnel under the direction of a licensed physician through a mix of direct patient contact, review of records, team meetings, 24-hour coverage by a physician and nursing staff and a quality assurance program, particularly under Level 3.7 inpatient programs.
- **Outpatient Services** - Behavioral health or substance use disorder services provided to a member on an ambulatory basis in an office or clinic setting, typically weekly or biweekly, including diagnostic evaluation, psychological testing, and psychotherapy.
- **Partial Hospitalization** - Structured, multimodal, active treatment for behavioral health or substance use disorders less than 24 hours including individual, group and/or family psychotherapy, member education and training, and diagnostic services focusing on member reintegration into society.
- **Residential Treatment** – Services for behavioral health or substance use disorder issues that can include individual, family and group therapy, nursing services, and pharmacological therapy in a congregate living community with 24-hour support.

D. Policy

- I. Prior authorization is required. CareSource follows ASAM's LOC criteria when reviewing medical necessity.
- II. Billing
 - A. Reimbursement is considered a bundled, all-inclusive per diem service payment. Concurrent billing of individual services is not reimbursable.
 - B. Residential treatment services are not reimbursable for non-participating facilities or providers without a mutually agreed upon need for and negotiated single case agreement (SCA).
 - C. Residential treatment is not reimbursable in situations where housing arrangements are unavailable or unsuitable, and the inclusion of therapy services as part of treatment does not warrant coverage in this situation.
 - D. Payments are made at the group level, not at the individual, rendering provider level. Rendering provider is not necessary on either UB04 or CMS1500 forms.
 1. For UB04 billing, revenue code 0900 should be used with identified procedure code.

2. CMS 1500 claims are processed by CareSource only when the place of service is 55 (Residential Substance Abuse Treatment Facility).

E. In the event of any conflict between this policy and a provider's agreement with CareSource, the provider's agreement will be the governing document.

E. Conditions of Coverage

Reimbursement is dependent on, but not limited to, submitting approved Healthcare Common Procedure Coding System (HCPCS) and Current Procedural Terminology (CPT) codes along with appropriate modifiers, if applicable. The following list(s) of codes is provided as a reference only, may not be all inclusive, and is subject to updates.

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

F. Related Policies/Rules

Medical Necessity Determinations
Evidence of Coverage

G. Review/Revision History

DATE		ACTION
Date Issued	12/14/2022	
Date Revised		
Date Effective	01/01/2023	
Date Archived	08/31/2025	This Policy is no longer active and has been archived. Please note that there could be other Policies that may have some of the same rules incorporated and CareSource reserves the right to follow CMS/State/NCCI guidelines without a formal documented Policy.

H. References

1. American Psychiatric Association. (2022). Diagnostic and statistical manual of mental disorders, 5th edition, text revised (DSM-5-TR). Retrieved October 31, 2022 from www.doi.org.
2. American Society of Addiction Medicine. The ASAM Criteria. E-Learning Center. Retrieved October 31, 2022 from www.asam.org.
3. CareSource. Evidence of Coverage, North Carolina. (2023). Retrieved November 14, 2022 from www.caresource.com.
4. Centers for Medicare & Medicaid Services. (2021, September). Place of Service Codes for Professional Claims. Retrieved October 31, 2022 from www.cms.gov.
5. Law Insider. Definitions. Retrieved October 31, 2022 from www.lawinsider.com.
6. Mee-Lee D, Shulman GD, Fishman MJ, Gastfriend DR, Miller, eds. The ASAM Criteria: Treatment Criteria for Addictive, Substance-Related, and Co-Occurring Conditions. 3rd ed. Carson City, NV: The Change Companies.

The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.

7. Substance Abuse and Mental Health Services Administration. Evidenced-Based Practices Resource Center. Retrieved October 31, 2022 from www.samhsa.gov.

Archived