



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 - Mental Health-NC MP-AD-1280	05/01/2024-08/31/2025
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.

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A. Subject

Residential Treatment Services – Mental Health

B. Background

Mental health (MH) services are provided along a continuum of care where the level of care varies dependent on the type and intensity of services provided. These services involve an integrated system of care, ranging from outpatient services to residential treatment, that offers comprehensive services based on member needs and examines factors such as support systems available, prior life experiences, and behavioral, physical, gender, cultural, cognitive, and/or social factors.

Treatment of behavioral health (BH) conditions is dependent on a diagnosis based on criteria found in the most recent edition of the *Diagnostic and Statistical Manual of Mental Disorders (DSM)*. Appropriate assessment and diagnosis ensures that care is delivered consistently with industry-standard criteria and evidence-based treatment measures.

C. Definitions

- **Inpatient Services** - BH 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 BH issues provided by BH facilities, group practices or clinics for at least 4 hours of treatment a day at least 9 hours a week and are usually a step down from acute inpatient care, partial hospitalization care, or residential care but a step up from traditional outpatient services.
- **Outpatient Services** - BH 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 BH issues 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 BH 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 for residential treatment services for mental health diagnosis(-es). CareSource follows MCG for medical necessity reviews.
- II. Billing
 - A. Reimbursement is considered a bundled, all-inclusive per diem service payment. Concurrent billing of individual services is not reimbursable.

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

- 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 process by CareSource only when the place of service is 56 (Psychiatric Residential Treatment Center).
- 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	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 residential treatment program with stay typically longer than 30 days), without room and board, per diem

F. Related Policies/Rules

Medical Necessity Determinations

G. Review/Revision History

	DATE	ACTION
Date Issued	11/30/2022	MP template AD-1265.
Date Revised	02/14/2024	Annual review. Updated references. Approved at Committee.
Date Effective	05/01/2024	
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. Anorexia Nervosa, Residential Care: B-001-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
- 2. Anxiety Disorders, Residential Care: B-002-RES. MCG. 27th ed. Updated

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

- September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
3. Attention Deficit and Disruptive Behavior Disorders, Residential Care: B-003-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 4. Autism Spectrum Disorders, Residential Care: B-012-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 5. Bipolar Disorders, Residential Care: B-004-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 6. Bulimia Nervosa, Binge-Eating Disorder, and Other Specified Feeding or Eating Disorders, Residential Care: B-005-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 7. Dementia, Residential Care: B-007-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 8. *Diagnostic and Statistical Manual of Mental Disorders (5th ed, Text Revised)*. American Psychiatric Association; 2022. Accessed December 12, 2023. doi:10.1176/appi.books.9780890425787
 9. Eating Disorders, Residential Behavioral Health Level of Care, Adult: B-904-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 10. Eating Disorders, Residential Behavioral Health Level of Care, Child or Adolescent: B-913-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 11. Major Depressive Disorder, Residential Care: B-008-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 12. *North Carolina Marketplace Evidence of Coverage*. CareSource; 2024. Accessed December 12, 2023. www.caresource.com
 13. Persistent Depressive Disorder (Dysthymia), Residential Care: B-009-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 14. Obsessive Compulsive and Related Disorders, Residential Care: B-030-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 15. Other Psychiatric Disorders, Residential Care: B-010-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 16. Other Psychotic Disorders, Residential Care: B-011-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 17. Place of service code set. Centers for Medicare and Medicaid Services. Updated September, 2023. Accessed February 1, 2024. www.cms.gov
 18. Posttraumatic Stress Disorder, Residential Care: B-013-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 19. Residential Behavioral Health Level of Care, Adult: B-901-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com
 20. Residential Behavioral Health Level of Care, Child or Adolescent: B-902-RES. MCG. 27th ed. Updated September 21, 2023. Accessed February 1, 2024. www.careweb.careguidelines.com

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

21. Schizophrenia Spectrum Disorders, Residential Care: B-014-RES. MCG. 27th ed.
Updated September 21, 2023. Accessed February 1, 2024.
www.careweb.careguidelines.com

Archived