



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: December 9, 2016

MHSUDS INFORMATION NOTICE NO.: 16-061

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES

SUBJECT: CLARIFICATION ON MENTAL HEALTH PLAN RESPONSIBILITY FOR PROVIDING MEDI-CAL SPECIALTY MENTAL HEALTH SERVICES TO BENEFICIARIES ENROLLED IN MEDI-CAL MANAGED CARE HEALTH PLANS

REFERENCES: [MHSD INFORMATION NOTICE 13-01](#)  
[APL 13-018](#)  
[APL 13-021](#)  
[MHSUDS INFORMATION NOTICE 14-020](#)  
[APL 14-017](#)  
[APL 15-007](#)  
[MHSUDS INFORMATION NOTICE 15-015](#)

## PURPOSE

The purpose of this Mental Health and Substance Use Disorder Services (MHSUDS) Information Notice is to provide clarification to Mental Health Plans (MHPs) regarding the nature and extent of their responsibility to provide Medi-Cal specialty mental health services (SMHS) to Medi-Cal beneficiaries that meet medical necessity criteria for SMHS, especially regarding which entity (MHP or Medi-Cal Managed Care Plan (MCP)) is expected to provide Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) SMHS to children and youth who meet SMHS medical necessity criteria. Specifically, this Information Notice describes existing regulatory and contractual requirements that govern the provision of SMHS by MHPs which have not changed as a

result of coverage of non-specialty<sup>1</sup>, outpatient mental health services by Medi-Cal MCPs and the fee-for-service (FFS) Medi-Cal program.

## **BACKGROUND**

Effective January 1, 2014<sup>2</sup>, mental health services included in the essential health benefits package adopted by the State, pursuant to Health and Safety Code Section 1367.005 and the Insurance Code Section 10112.27, and approved by the United States Secretary of Health and Human Services under Title 42, Section 18022 of the United States Code, became covered Medi-Cal benefits. As a result, the following mental health services are covered by Medi-Cal MCPs and in the FFS Medi-Cal program for beneficiaries with a mental health disorder as defined by the current Diagnostic and Statistical Manual (DSM) that do not meet SMHS medical necessity criteria:

- Individual and group mental health evaluation and treatment (psychotherapy);
- Psychological testing, when clinically indicated, to evaluate a mental health condition;
- Outpatient services for the purposes of monitoring drug therapy;
- Psychiatric consultation; and
- Outpatient laboratory, drugs, supplies and supplements (excluding medications as described in the Medi-Cal Provider Manual and All Plan Letter (APL) 13-021).

MCP primary care providers also continue to provide mental health services within their scopes of practice.

County MHPs provide, or arrange for the provision of SMHS for all Medi-Cal beneficiaries that meet medical necessity criteria for SMHS, consistent with the beneficiary's mental health needs and treatment goals as identified in the beneficiary's client plan.

## **POLICY**

MHPs must provide SMHS to beneficiaries who meet SMHS medical necessity criteria. MCPs must provide mental health benefits covered in California's Medicaid State Plan for those beneficiaries that do not meet medical necessity criteria for SMHS. **Medi-Cal beneficiaries that meet medical necessity criteria for SMHS are entitled to receive**

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<sup>1</sup> The term "non-specialty" in this context is used to differentiate the mental health services covered and provided by MCPs and the FFS Medi-Cal program from the SMHS covered and provided by MHPs. It is not intended to describe the providers of these services as non-specialist providers.

<sup>2</sup> Prior to 2014, the FFS Medi-Cal program covered mental health services only for EPSDT-eligible beneficiaries, and covered Psychology services on a limited basis only for specified adult populations. MCPs provided mental health benefits only to the extent that they could be provided within the scope of practice of MCP primary care providers.

**medically necessary SMHS from their MHP regardless of whether or not they are enrolled in an MCP.** Disputes between MHPs and MCPs about which entity is responsible for providing services to a beneficiary should be handled according to the MHP/MCP dispute resolution process as described in the memorandum of understanding between the MHP and the MCP. Disputes that cannot be resolved at the MHP/MCP level should be submitted to DHCS for resolution in accordance with [APL 15-007](#) and [MHSUDS Information Notice 15-015](#).

The determination of medical necessity for SMHS is based on an assessment of the beneficiary by the MHP or the MHP's contracted provider that includes all elements required by the DHCS/MHP contract. A beneficiary meets SMHS medical necessity criteria when the beneficiary has a covered mental health diagnosis, and meets specific impairment and intervention criteria related to that diagnosis, as defined in Cal. Code Regs., tit. 9, § 1820.205 (inpatient), § 1830.205 (outpatient), or § 1830.210 (outpatient EPSDT).

In determining if a beneficiary meets medical necessity criteria and requires SMHS, MHPs are required to use the medical necessity criteria described herein. MHPs may not use alternate criteria as a basis for determining SMHS medical necessity or making referrals to the MCP or a FFS Medi-Cal provider. MHPs should refer beneficiaries to the MCP or a FFS Medi-Cal provider for outpatient mental health services when these criteria are not met. When an MHP's assessment identifies that a beneficiary meets SMHS medical necessity criteria, the MHP is required to provide SMHS to that beneficiary consistent with the beneficiary's mental health needs and treatment goals, as documented in the beneficiary's client plan.

DHCS recognizes that the medical necessity criteria for impairment and intervention for Medi-Cal SMHS differ between children and adults. For children and youth, under EPSDT, the "impairment" criteria component of SMHS medical necessity is less stringent than it is for adults, therefore children with low levels of impairment may meet medical necessity criteria for SMHS (Cal. Code Regs., tit. 9 § 1830.205 and § 1830.210), whereas adults must have a significant level of impairment. To receive SMHS, Medi-Cal children and youth must have a covered diagnosis and meet the following criteria:

- (1) Have a condition that would not be responsive to physical health care based treatment; and
- (2) The services are necessary to correct or ameliorate a mental illness and condition discovered by a screening conducted by the MCP, the Child Health and Disability Prevention Program, or any qualified provider operating within

the scope of his or her practice, as defined by state law regardless of whether or not that provider is a Medi-Cal provider.

DHCS continues to conduct clinical chart reviews related to SMHS medical necessity criteria determinations based on the MHP's application of medical necessity criteria as defined in Cal. Code Regs., tit. 9, § 1820.205, § 1830.205, and § 1830.210 and supporting chart documentation.

MHPs must ensure that their contracted providers are aware of and abide by the policy clarified in this MHSUDS Information Notice and those issued previously. MHPs must ensure that their contracted providers apply SMHS medical necessity criteria consistent with the policy guidance described herein when making SMHS medical necessity determinations.

Previously issued DHCS APLs and MHSUDS Information Notices<sup>3</sup> regarding the implementation of the MCP and FFS Medi-Cal mental health services and coordination of care between MCPs and MHPs remain in effect.

Questions regarding the content of this information notice may be directed to the MHP's designated DHCS MHS County Support Unit Liaison. A current list of county assignments can be found at:

<http://www.dhcs.ca.gov/services/MH/Pages/CountySupportUnit.aspx>.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services

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<sup>3</sup> [APL 13-018](#) describes the responsibilities of MCPs for amending or replacing Memoranda of Understanding (MOU) with MHPs for coordination of Medi-Cal mental health services. These requirements are in addition to existing MOU requirements for SMHS provided by MHPs as outlined in Cal. Code Regs., tit. 9, § 1810.370.

[APL 13-021](#) describes the contractual responsibilities of MCPs for the provision of the new medically necessary outpatient mental health services and delineates MCP responsibilities for referring to and coordinating with county MHPs for the delivery of Medi-Cal SMHS.

[MHSUDS Information Notice 14-020](#) informs MHPs of new MCP and FFS/MC mental health benefits, and references APLs 13-018 and 13-021. Additionally, MHSUDS Information Notice 14-020 informs MHPs that SMHS medical necessity requirements have not changed, and relays DHCS' expectations that MHPs work in coordination with MCPs in order to ensure that Medi-Cal beneficiaries receive timely, medically necessary mental health services in the most appropriate setting and service delivery system.

[APL 15-007](#) and [MHSUDS Information Notice 15-015](#) provide guidance to MCPs and MHPs respectively on how to submit a service delivery dispute that cannot be resolved at the local level to DHCS.