CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: TBD

Behavioral Health Information Notice No.: 26-XXX

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Agencies
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators

SUBJECT: Billing Intensive Outpatient Programs and Partial Hospitalization Programs that meet Medi-Cal requirements as Day Treatment Intensive services in Medi-Cal.

PURPOSE: To clarify that, in alignment with existing guidance for Behavioral Health Plans and providers, Intensive Outpatient Programs and Partial Hospitalization Programs that meet the definitions and requirements of Day Treatment Intensive services can be billed as such in Medi-Cal.

REFERENCE: State Plan Amendment (SPA) 22-0023; Welfare & Institutions (W&I) Code section 14184.400, subdivision (a); W&I Code section 14184.102, subdivision (d); Behavioral Health Information Notice (BHIN) 23-068; Mental Health Plan (MHP) Contract 2025-2026

BACKGROUND:
The use of intensive outpatient programs and partial hospitalization programs are an important part of the mental health continuum of care and have become more widespread in California; however, definitions for these services vary by payer and are not identified as specialty mental health services (SMHS) in California's Medicaid State Plan[1].

DHCS recognizes that portions of intensive outpatient programs and partial hospitalization programs programming may align with existing SMHS benefits. DHCS supports using these intensive outpatient program and partial hospitalization program services when clinically appropriate.

In 2022, DHCS made changes to the Medicaid State Plan and MHP contracts to remove barriers and better align day treatment intensive service requirements with intensive outpatient and partial hospitalization program requirements. This alignment was intended to allow intensive outpatient programs services and partial hospitalization programs services to be claimed as Medi-Cal day treatment intensive when the provision of those service meets SMHS requirements.

The changes made to the State Plan and MHP contracts to align day treatment intensive with intensive outpatient programs and partial hospitalization programs were:

1. Removed "unavoidable absence" language from the MHP contracts and as a reason for recoupment in BHIN 21-053 Enclosure 3.
2. Removed community meetings as a requirement from the MHP contracts and the Medicaid State Plan.
3. Removed weekly summaries as a requirement in BHIN 23-068.

This BHIN clarifies the conditions under which Behavioral Health Plans (BHPs) may use existing day treatment intensive service codes to bill Medi-Cal for services provided in intensive outpatient programs and partial hospitalization programs settings, provided those services meet all applicable SMHS requirements. DHCS is providing this clarification to provide flexibility, improve access, and to make it more seamless for an intensive outpatient program or partial hospitalization program provider that serves

[1] Intensive outpatient program and partial hospitalization program services do not refer to the Drug Medi-Cal (DMC) and Drug Medi-Cal Organized Delivery System (DMC-ODS) substance use disorder Intensive Outpatient Services.

individuals with commercial or Medicare insurance to also serve Medi-Cal members in the same program.

POLICY:

BHPs may bill SMHS day treatment intensive for intensive outpatient programs or partial hospitalization program services that meet the day treatment intensive requirements outlined in this BHIN and in the following:

- California's Medicaid State Plan Supplement 3 to Attachment 3.1-A (pages 2c-2d);
- Mental Health Plan Contract 2025-2026 (page 21); SMHS/DMC-ODS Agreement 2025-2026 (page 95); SMHS/DMC Agreement 2025-2026 (page 18)[2]
- California Code of Regulations (CCR), title 9, sections 1840.318, 1840.328,, 1840.350;
- Claiming and payment guidance in the latest SMHS Billing Manual (pages 34-40, 51) and rates in the Behavioral Health Fee Schedule; and
- Documentation requirements outlined below and in BHIN 23-068 (page 10) or subsequent policy guidance.

Service Definition

Day Treatment Intensive
As outlined in California State Plan Supplement 3 to Attachment 3.1-A (page 2c), day treatment intensive is a structured, multi-disciplinary program which provides services to a distinct group of individuals. Day treatment intensive is intended to provide an alternative to hospitalization, avoid placement in a more restrictive setting, or assist the beneficiary in living within a community setting. Services are available for at least three hours each day. Day treatment intensive is a program that lasts less than 24 hours each day. Day treatment intensive may include contact with significant support people or other collaterals if the purpose of their participation is to focus on the treatment of the beneficiary. Day treatment intensive services must have a clearly established site for services although all services need not be delivered at that site, and some service components may be delivered through telehealth or telephone.

[2] See the MHP Contract 2025-2026, SMHS/DMC-ODS Agreement 2025-2026, SMHS/DMC Agreement 2025-2026, or subsequent updates, for additional requirements for day treatment intensive providers. Note that the updated contract removes day treatment intensive requirements related to attendance and avoidable absence as well as community meetings.

Service Components

Day treatment intensive must include one or more of the following service components:

- Assessment - is a service activity designed to collect information and evaluate the current status of a beneficiary's mental, emotional, or behavioral health to determine whether Rehabilitative Mental Health Services are medically necessary and to recommend or update a course of treatment for that beneficiary. (California State Plan Supplement 3 to Attachment 3.1-A (Page 1a))

- Treatment Planning - is a service activity to develop or update a beneficiary's course of treatment, documentation of the recommended course of treatment, and monitoring a beneficiary's progress. (California State Plan Supplement 3 to Attachment 3.1-A (Page 2b))

- Therapy - is a service activity that is a therapeutic intervention that focuses primarily on symptom reduction and restoration of functioning as a means to improve coping and adaptation and reduce functional impairments. (California State Plan Supplement 3 to Attachment 3.1-A (Page 2b))

- Psychosocial Rehabilitation - is a recovery or resiliency focused service activity which addresses a mental health need. (California State Plan Supplement 3 to Attachment 3.1-A (Page 2a))

Additional details on service component requirements for day treatment intensive programs are outlined in page 21 of the MHP contract.[3]

Services are not reimbursable when crisis residential treatment services, psychiatric inpatient hospital services, psychiatric health facility services, or psychiatric nursing facility services are reimbursed, except for the day of admission to those services. Mental Health Services are not reimbursable when provided by day treatment intensive

[3] See the MHP Contract 2025-2026 , SMHS/DMC-ODS Agreement 2025-2026, SMHS/DMC Agreement 2025-2026, or subsequent updates, for additional requirements for day treatment intensive service component.

staff during the same time that day treatment intensive services are provided. Authorization is required if provided on the same day.[4]

For information on the criteria Medi-Cal members must meet to access the SMHS delivery system and medical necessity requirements, see BHIN 26-002 or superseding guidance.

Claiming and Payment

To bill Medi-Cal for intensive outpatient program or partial hospitalization program services that meet day treatment intensive requirements, services must be provided by a Medi-Cal enrolled and SMHS certified provider.[5] Services should be billed using existing the day treatment intensive code, noted in the table below.[6][7] For day treatment intensive rates, refer to the Medi-Cal Behavioral Health Fee Schedules webpage, select the current fiscal year, and navigate to "SMHS Day Service Rates."

Service	Code	Modifier(s)
Day Treatment Intensive	H2012 (full or half day)[8]	HE- Mental Health Program TG- Complex/high tech level of care

When claiming for day treatment intensive services, a half day shall be billed for each day in which the member receives face-to-face services in a program with services available for four hours or less per day. Services must be available a minimum of three hours each day the program is open. A full day shall be billed for each day in which the

[4] SPA 22-0023 supersedes limitations on the provision of day treatment intensive contained in CCR, title 9, section 1840.360.
[5] See CCR, title 9, section 1810.435 and the MHP Contract 2025-2026, SMHS/DMC-ODS Agreement 2025-2026, and SMHS/DMC Agreement 2025-2026 for more information on provider requirements.
[6] For additional information on claiming day treatment intensive services, reference the latest SMHS Medi-Cal Billing Manual and Service Table.
[7] This BHIN does not change the responsibility of Managed Care Plans to cover the costs of partial h services where there is a specialty mental health component, as described in BHIN 22-009.
[8] Day treatment intensive must be provided for at least three hours before it is eligible for reimbursement. One unit of service is equal to one hour of service. See the latest SMHS Medi-Cal Billing Manual for more information.

member receives face-to-face services in a program with services available more than four hours per day. Although the member must receive face-to-face services on any full or half day claimed, all service activities during that day are not required to be face-to-face with the member. The requirement for continuous hours of operation does not preclude short breaks (e.g., a school recess period) between activities. A lunch or dinner may also be appropriate depending on the program's schedule. These breaks should not be counted toward the total hours of operation of the day program for purposes of determining the minimum hours of service.[9] Additionally, members must attend more than 50% of the scheduled program for the day in order for the BHP to claim for day treatment intensive for that day.

For dual eligible members, Medi-Cal is the payer of last resort, which means providers must submit claims to Medicare for Medi-Cal eligible services performed by Medicare providers before submitting a claim to Medi-Cal.[10]

Prior Authorization Requirement

In alignment with the MHP Contract and BHIN 22-016[11], prior authorization for day treatment intensive services is required by the MHP.

Documentation Requirements

Clinical documentation of day treatment intensive services must be documented in accordance with the requirements of BHIN 23-068, or any subsequent guidance. This includes retention of daily progress notes for each service and review and signature, or co-signature, by a Licensed Practitioner of the Healing Arts (LPHA) as required under Medi-Cal and EPSDT standards.

Compliance Monitoring:

[9] See the MHP Contract 2025-2026 , SMHS/DMC-ODS Agreement 2025-2026, SMHS/DMC Agreement 2025-2026, SPA 22-0023 Approval, SMHS Medi-Cal Billing Manual or subsequent updates, for more information on claiming requirements for day treatment intensive.
[10] See the latest SMHS Medi-Cal Billing Manual for more information.
[11] See BHIN 22-016, MHP Contract 2025-2026, SMHS/DMC-ODS Agreement 2025-2026, SMHS/DMC Agreement 2025-2026, or subsequent updates, for more information on prior authorization.

Medi-Cal BHPs are responsible for conducting monitoring of contracted providers for compliance with the terms of the BHP's contract with DHCS, including policies outlined in this BHIN. DHCS monitors and oversees Medi-Cal BHPs and their operations as required by state and federal law. DHCS will monitor Medi-Cal BHPs for compliance with the requirements outlined above, and deviations from the requirements may require corrective action plans or other applicable remedies. This oversight may include, but is not limited to, verifying that services provided to Medi-Cal members are medically necessary, and that documentation complies with the applicable state and federal laws, regulations, and the MHP contract.

For any questions regarding this BHIN, please contact CountySupport@dhcs.ca.gov.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief
Medi-Cal Behavioral Health Policy Division