



DATE: TBD 2025

Behavioral Health Information Notice (BHIN) No: 25-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  
Psychiatric Health Facility Administrators  
Mental Health Rehabilitation Center Directors

SUBJECT: Reimbursement guidance for covered Medi-Cal services provided to a Medi-Cal member receiving involuntary treatment for a severe substance use disorder (SUD) only.

PURPOSE: To provide guidance to Mental Health Plans (MHPs) and Drug Medi-Cal-Organized Delivery System (DMC-ODS) Plans regarding reimbursement pathways for covered Medi-Cal services for Medi-Cal members receiving involuntary treatment for a severe SUD only.

REFERENCE: Welfare and Institutions Code (W&I Code) sections [5008](#), [5400.1](#), [Senate Bill \(SB\) 43](#), [SB 1238](#), Behavioral Health Information Notice ([BHIN](#)) [20-043](#), [BHIN 21-073](#), [BHIN 22-011](#), [BHIN 22-017](#), [BHIN 24-001](#), [BHIN 24-011](#), [BHIN 25-011](#)

## BACKGROUND:

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### California Department of Health Care Services

Deputy Director's Office, Behavioral Health  
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MS Code 2710 | Phone (916) 440-7800 |  
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### State of California

Gavin Newsom, Governor



California Health and Human Services Agency

Effective January 1, 2025, [SB 1238](#) (Eggman, Chapter 644, Statutes of 2024) expanded the facility types that can provide involuntary evaluation and treatment under the Lanterman-Petris-Short (LPS) Act to individuals diagnosed only with a severe SUD, as defined by W&I Code section 5008(o).<sup>1</sup> SB 1238 added statutes permitting Psychiatric Health Facilities (PHFs) and Mental Health Rehabilitation Centers (MHRCs) to be licensed by DHCS to admit people diagnosed only with a severe SUD if they meet specified requirements.<sup>2,3</sup>

Additionally, SB 1238 added W&I Code section 5400.1, which requires DHCS to issue guidance regarding Medi-Cal reimbursement for covered services provided to a member receiving involuntary treatment for a severe SUD only.

### **POLICY:**

The following guidance outlines how MHPs and DMC-ODS plans may seek Medi-Cal reimbursement for services provided by approved facility types to members admitted for the purpose of involuntary treatment of a severe SUD only.<sup>4,5</sup> A facility that admits members for involuntary treatment pursuant to the LPS Act must be designated for LPS evaluation and treatment by the county in which it is located and approved by DHCS.<sup>6</sup>

### Reimbursement for Specialty Mental Health Services

MHPs may seek reimbursement through Specialty Mental Health Services (SMHS) for care provided by approved facilities to members receiving involuntary treatment services for a severe SUD only, as outlined below. MHPs must ensure Medi-Cal members meet

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<sup>1</sup> Effective January 1, 2024, SB 43 (Eggman, Chapter 637, Statutes of 2023) broadened the definition of “gravely disabled” under the LPS Act to include individuals who, due to a severe SUD only or a co-occurring mental health disorder and a severe SUD, are unable to provide for their basic personal needs for food, clothing, shelter, personal safety, or necessary medical care.

<sup>2</sup> W&I Code Sections 4080.5, 5675.05.

<sup>3</sup> Please refer to forthcoming guidance for the interim regulations for designation of LPS facilities and for requirements for PHFs and MHRCs to admit individuals diagnosed solely with severe SUDs.

<sup>4</sup> This BHIN provides guidance for reimbursement of services provided for the following levels of involuntary treatment pursuant to the LPS Act, as applicable: (1) evaluation and treatment pursuant to section 5151 of the W&I Code; (2) intensive treatment pursuant to sections 5250, 5260, 5270.15, and 5270.70 of the W&I Code; and (3) conservatorship pursuant to section 5350 of the W&I Code.

<sup>5</sup> This BHIN does not address or supersede the respective responsibilities of Medi-Cal Managed Care Plans and Medi-Cal Fee-for-Service (FFS) to cover and/or be the payer of responsibility for emergency services. Medi-Cal behavioral health delivery systems may continue to seek reimbursement for Medi-Cal covered services, including for crisis services such as Crisis Stabilization, Crisis Intervention, and Mobile Crisis Response, prior to the determination of a diagnosis as well as when a member has a co-occurring mental health condition and SUD consistent with guidance outlined in [BHIN 22-011](#).

<sup>6</sup> Please refer to forthcoming guidance for the regulations for designation of LPS facilities and for requirements for PHFs and MHRCs to admit individuals diagnosed solely with severe SUDs. [BHIN 24-011](#) (or superseding guidance).



applicable SMHS access criteria<sup>7</sup> and medical necessity<sup>8</sup> to receive covered SMHS (**Note:** A revised version of BHIN 21-073 is forthcoming and will clarify that SMHS may be covered for individuals with SUD diagnoses. DHCS is also in the process of updating [BHIN 20-043](#) with new guidance on acceptable ICD-10 diagnostic codes, which will be released for public comment in the coming weeks.).

### *Psychiatric Inpatient Hospital Services*

When applicable, authorized inpatient facilities (i.e., General Acute Care Hospitals [GACHs], and Freestanding Acute Psychiatric Hospitals [FAPHs], and PHFs certified as inpatient hospital facilities)<sup>9</sup> providing care to members receiving involuntary treatment for a severe SUD only may provide and seek Medi-Cal reimbursement for the following inpatient SMHS:

- Acute psychiatric inpatient hospital services,<sup>10</sup>
- Psychiatric inpatient hospital professional services,<sup>11</sup> and/or
- Administrative day services.<sup>12</sup>

MHPs must meet the requirements for authorization of inpatient SMHS outlined in [BHIN 22-017](#) (Page 4) and include an appropriate International Classification of Diseases (ICD-10) diagnosis as referenced in BHIN 20-043 (or superseding guidance) to receive reimbursement of Federal Financial Participation (FFP) for Medi-Cal covered psychiatric inpatient hospital services.<sup>13</sup> (**Note:** DHCS is in the process of updating BHIN 20-043 with new guidance on acceptable ICD-10 diagnostic codes, which will be released for public comment in the coming weeks.).

### *Rehabilitative Mental Health Services*

PHFs and MHRCs may provide and seek reimbursement for select rehabilitative mental health services provided to members receiving involuntary treatment for a severe SUD only, as outlined below.

- Psychiatric Health Facilities:  
When applicable, PHFs providing care to members receiving involuntary treatment

<sup>7</sup> See [W&I Code section 14184.402](#) and [BHIN 21-073](#) (or superseding guidance).

<sup>8</sup> See [W&I Code section 14184.402](#) and [United States Code Title 42 section 1396d\(r\)\(5\)](#).

<sup>9</sup> PHFs must be certified by DHCS Licensing and Certification Division as an inpatient hospital facility to provide and be reimbursed by Medi-Cal for inpatient specialty mental health services.

<sup>10</sup> [CCR Title 9 section 1810.201](#) and [Attachment 4.19-A \(pages 38-39\) in the California Medicaid State Plan](#).

<sup>11</sup> [CCR Title 9 section 1810.237.1](#) and [Attachment 4.19-A \(page 42\) in the California Medicaid State Plan](#).

<sup>12</sup> [CCR Title 9 section 1810.202](#) and [Attachment 4.19-A \(page 41\) in the California Medicaid State Plan](#).

<sup>13</sup> More information on authorization can be found at [BHIN 22-017 \(page 4\)](#), 42 C.F.R., section 438.210(b)(1), and 42 C.F.R., section 438.210(b)(2)(i-ii).



for a severe SUD only may seek Medi-Cal reimbursement for the following rehabilitative mental health services, as outlined in the [California State Plan, Supplement 3 to Attachment 3.1-A \(Page 11\)](#).

- Psychiatric Health Facility Services
- Mental Health Rehabilitation Centers:<sup>14</sup>  
When applicable, MHRCs providing care to members receiving involuntary treatment for a severe SUD only may seek Medi-Cal reimbursement for the following rehabilitative mental health services, as outlined in the [California State Plan, Supplement 3 to Attachment 3.1-A \(Page 9\)](#).
  - Adult Residential Treatment Services; and/or
  - Crisis Residential Treatment Services.

#### Reimbursement for DMC-ODS Services

DMC-ODS plans may seek reimbursement for services provided by LPS designated facilities that meet the requirements outlined in the forthcoming guidance on LPS Facility Designation Requirements to members receiving involuntary treatment for a severe SUD only.

In order to participate in the DMC-ODS program, inpatient treatment providers (i.e., those who provide American Society of Addiction Medicine [ASAM] levels 3.7 and 4.0) must be DMC-certified, licensed by DHCS as an inpatient SUD treatment facility, and have a signed provider agreement with the county in which the services will be provided. For further information regarding DMC provider requirements, please refer to [California State Plan, Supplement 3 to Attachment 3.1-A \(Page 20\)](#) and [BHIN 24-001](#) (or superseding guidance).

When applicable, GACHs, FAPHs, and Chemical Dependency Recovery Hospitals (CDRHs) operating in counties that cover the following services may provide and seek reimbursement for the Inpatient Treatment Services outlined below.

- Withdrawal Management (WM) ASAM Levels 3.7-WM, 4.0-WM
- Inpatient Services ASAM Levels 3.7 and 4.0

#### Payment and Claiming

MHPs and DMC-ODS plans should reference the guidance outlined in the most updated SMHS and DMC-ODS service tables and billing manuals on the [Medi-Cal County](#)

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<sup>14</sup> As outlined in W&I Code 5675.05(a)(1), MHRCs are required to obtain and maintain at least one level of care designation from DHCS or at least one ASAM level of care certification consistent with all program services it offers for the treatment of severe SUD.



[Customer Services \(MedCCC\) webpage](#) to review covered behavioral health services and how to properly claim for them.

#### *Institution for Mental Disease Exclusions*

A facility designated as an Institution for Mental Diseases (IMD) is typically not eligible to claim FFP for any expenditure for services provided to IMD residents ages 21 to 64. California has two federal waivers that allow short-term coverage for stays in IMDs in certain scenarios, including:

- DHCS has expenditure authority to receive FFP for Medi-Cal services provided to short-term residents of IMDs receiving DMC-ODS Residential and Inpatient Treatment Services (ASAM 3.1, 3.3, 3.5, 3.7, 4.0).<sup>15</sup>
- MHPs may opt into the Mental Health IMD FFP Program, which would authorize them to receive reimbursement for Medi-Cal-covered SMHS provided to adult Medi-Cal members ages 21 to 64 during short-term stays in residential or inpatient psychiatric settings classified as IMDs, if they meet specified requirements. See [BHIN 25-011](#) for more information.<sup>16</sup>

#### **COMPLIANCE:**

Medi-Cal Behavioral Health Delivery Systems (BHDS)<sup>17</sup> are responsible for conducting monitoring of contracted providers for compliance with the terms of the BHDS' contract with DHCS, including policies outlined in this BHIN. DHCS monitors and oversees Medi-Cal BHDS and their operations as required by state and federal law. DHCS will monitor Medi-Cal BHDS 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, the MHP contract, and the DMC-ODS Interagency Agreement. Recoupment shall be focused on identified overpayments and fraud, waste, and abuse.

Please direct any questions to [CountySupport@dhcs.ca.gov](mailto:CountySupport@dhcs.ca.gov).

Sincerely,

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<sup>15</sup> [CalAIM 1115 Approval Letter and STCs](#) (pages 42 – 47)

<sup>16</sup> [BH-CONNECT Approval Letter and STCs](#) (pages 32 – 39)

<sup>17</sup> A Medi-Cal Behavioral Health Delivery system is an entity or local agency that contracts with DHCS to provide one or more categories of Medi-Cal specialty behavioral health services: SMHS, DMC, and/or DMC-ODS benefits.



Original signed by

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