



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

DATE: December 13, 2013

ALL PLAN LETTER 13-021

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: MEDI-CAL MANAGED CARE PLAN RESPONSIBILITIES FOR
OUTPATIENT MENTAL HEALTH SERVICES

PURPOSE:

The purpose of this All Plan Letter (APL) is to explain the contractual responsibilities of Medi-Cal managed care plans (MCPs) for the provision of medically necessary outpatient mental health services. MCPs must provide specified services to adults and children diagnosed with a mental health disorder, as defined by the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) that results in mild to moderate distress or impairment¹ of mental, emotional, or behavioral functioning. This APL also delineates MCP responsibilities for referring to, and coordinating with, county Mental Health Plans (MHPs) for the delivery of specialty mental health services.

This letter provides updates to the responsibilities of the MCPs for providing mental health services that were described in Policy Letter (PL) 00-001REV². Specialty mental health services (SMHS) provided by county MHPs as described in PL 00-001REV have not changed, and therefore remain the same. The Department of Health Care Services (DHCS) also issued APL 13-018 on November 27, 2013 to address the required memorandum of understanding (MOU) between each MCP and its county MHP.³

BACKGROUND:

The Section 1915(b) Freedom of Choice waiver entitled Medi-Cal Specialty Mental Health Services requires Medi-Cal beneficiaries needing specialty mental health services to access these services through MHPs. To qualify for these services, beneficiaries must meet specialty mental health services medical necessity criteria including having received a covered diagnosis, demonstrating specified impairments,

¹ DHCS recognizes that the medical necessity criteria for impairment and intervention for Medi-Cal specialty mental health services differ for children and adults. Therefore, many children with impairments that may be considered moderate meet, and will continue to meet, medical necessity criteria (Title 9, CCR, Section 1830.210) to access Medi-Cal specialty mental health services provided by MHPs.

² Policy Letters are available at <http://www.dhcs.ca.gov/formsandpubs/Pages/PolicyLetters.aspx>.

³ APLs are available at <http://www.dhcs.ca.gov/formsandpubs/Pages/AllPlanLetters.aspx>.

and meeting specific intervention criteria. Medical necessity criteria differ depending on whether the determination is for:

1. Inpatient services;
2. Outpatient services; or
3. Outpatient services for beneficiaries under the age of 21.

Regulations governing medical necessity criteria may be found at Title 9, California Code of Regulations (CCR), Sections (§§) 1820.205 (inpatient),⁴ 1830.205 (outpatient), and 1830.210 (outpatient for beneficiaries under the age of 21).

1. Pursuant to Title 9, CCR §1830.205, a beneficiary must meet the following criteria to receive outpatient Medi-Cal specialty mental health services:
 - a. Diagnosis: The beneficiary has one or more diagnoses covered by Title 9, CCR §1830.205(b)(1), whether or not additional diagnoses that are not included in Title 9, CCR §1830.210(b)(1) are also present.
 - b. Impairment: The beneficiary must have at least one of the following impairments as a result of the covered mental health diagnosis (see #1.a. above):
 - i. A significant impairment in an important area of life functioning;
 - ii. A reasonable probability of significant deterioration in an important area of life functioning; or,
 - iii. Except as described in #2 below, a reasonable probability a child (e.g. a beneficiary under the age of 21) will not progress developmentally as individually appropriate.
 - c. Intervention: The proposed intervention is focused on addressing the impairment resulting from the covered diagnosis with the expectation that the proposed intervention will significantly diminish the impairment, prevent significant deterioration in an important area of life functioning, or, except as described in #2 below, allow the child to progress developmentally as individually appropriate. In addition, the beneficiary's condition would not be responsive to physical health care based treatment.
2. Pursuant to Title 9, CCR, §1830.210, for beneficiaries under the age of 21 receiving services under the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit who do not meet the medical necessity requirements described in #1.b and #1.c above, medical necessity criteria for specialty mental health services other than psychiatric inpatient hospital services are met when all of the following exist:
 - a. Diagnosis: The beneficiary has one or more diagnoses covered by Title 9, CCR §1830.205(b)(1), whether or not additional diagnoses that are not included in Title 9, CCR §1830.210(b)(1) are also present;

⁴ Medical necessity criteria for inpatient specialty mental health services (Title 9, CCR, §1820.205) are not described in detail in this APL, as this APL is primarily focused on outpatient mental health services.

- b. Impairment: The beneficiary has a condition that would not be responsive to physical health care-based treatment and meets the requirements of Title 22, CCR §51340(e)(3)(A) with respect to the mental illness which provides a list of criteria that apply to the provision of EPSDT supplemental services including, but not limited to, the requirement that the service provided must correct or ameliorate the mental health condition; and,
- c. Intervention: The services are necessary to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services.

Through December 31, 2013, MCP beneficiaries with mental health conditions that do not meet medical necessity criteria for specialty mental health services have only had access to limited outpatient mental health services delivered by primary care providers (PCPs) or were referred to Medi-Cal Fee-for-Service mental health providers. DHCS pays MCPs a capitated rate to provide mental health services that are within the PCP's scope of practice (unless otherwise excluded by contract). Effective January 1, 2014, DHCS will adjust MCP capitation payments to include the expanded outpatient mental health services described in this APL.

This letter describes the new policy regarding outpatient mental health services in accordance with sections 29 and 30 of Senate Bill X1 1 of the First Extraordinary Session (Hernandez & Steinberg, Chapter 4, Statutes of 2013), which added §§14132.03 and 14189 to the Welfare and Institutions Code.

POLICY:

Beginning January 1, 2014, MCPs are responsible for the delivery of certain mental health services through the MCP provider network to beneficiaries with mild to moderate impairment of mental, emotional, or behavioral functioning resulting from a mental health disorder as defined by the current DSM, that are outside of the PCP's scope of practice. The eligibility and medical necessity criteria for Medi-Cal specialty mental health services provided by MHPs have not changed pursuant to this policy. Specialty mental health services provided by MHPs continue to be available.

MCPs continue to be responsible for the provision of mental health services within the scope of PCP practice. MCPs will also continue to be responsible for the arrangement and payment of all medically necessary Medi-Cal physical health care services, not otherwise excluded by contract, to MCP beneficiaries who require specialty mental health services.

MCP Responsibility for Outpatient Mental Health Services

Effective January 1, 2014, each MCP is obligated to cover and pay for mental health assessments of MCP beneficiaries with potential mental health disorders conducted by licensed mental health professionals as specified in the Medi-Cal Provider Manual. This new requirement is in addition to the existing requirement that PCPs offer mental health

services within their scope of practice. MCPs are also obligated to cover outpatient mental health services to beneficiaries with mild to moderate impairment of mental, emotional, or behavioral functioning (assessed by a licensed mental health professional through the use of a Medi-Cal-approved clinical tool or set of tools agreed upon by both the MCP and MHP), resulting from a mental health disorder, as defined in the current DSM. Conditions that the DSM identifies as relational problems (e.g. couples counseling, family counseling for relational problems) are not covered as part of the new benefit by an MCP nor by an MHP. All services must be provided in a culturally and linguistically appropriate manner.

Attachment 1 summarizes mental health services provided by MCPs and MHPs. MCPs must provide the services listed below, when medically necessary and provided by PCPs or licensed mental health professionals in the MCP provider network within the scope of their practice:

1. Individual and group mental health evaluation and treatment (psychotherapy);
2. Psychological testing, when clinically indicated to evaluate a mental health condition;
3. Outpatient services for the purposes of monitoring drug therapy;
4. Outpatient laboratory, drugs, supplies, and supplements (excluding medications listed in Attachment 2); and,
5. Psychiatric consultation.

Current Procedural Terminology codes that are covered can be found in the Medi-Cal Provider Manual.

Laboratory testing may include tests to determine a baseline assessment before prescribing psychiatric medications or to monitor side effects from psychiatric medications. Supplies may include laboratory supplies. Supplements may include vitamins that are not specifically excluded in the Medi-Cal formulary and that are scientifically proven effective in the treatment of mental health disorders (although none are currently indicated for this purpose).

For MCP-covered services, medically necessary services are defined as reasonable and necessary services to protect life, prevent significant illness or significant disability, or to alleviate severe pain through the diagnosis and treatment of disease, illness, or injury. These include services to:

1. Diagnose a mental health condition and determine a treatment plan;
2. Provide medically necessary treatment for mental health conditions (excluding couples and family counseling for relational problems) that result in mild or moderate impairment; and,
3. Refer adults to the county MHP for specialty mental health services when a mental health diagnosis covered by the MHP results in significant impairment; or

refer children under age 21 to the MHP for specialty mental health services when they meet the criteria for those services.

The number of visits for mental health services is not limited as long as the MCP beneficiary meets medical necessity criteria.

Each MCP is obligated to continue to ensure mental health screening of all beneficiaries by network PCPs. Beneficiaries with positive screening results may be treated by a network PCP within the PCP's scope of practice. When the condition is beyond the PCP's scope of practice, the MCP must refer the beneficiary to a mental health provider within the MCP network for a mental health assessment. The mental health provider must use a Medi-Cal-approved clinical tool or the set of tools mutually agreed upon with the MHP to assess the beneficiary's disorder, level of impairment, and appropriate care needed. This tool must be identified in the MOU between the MCP and MHP, as discussed in APL 13-018.

If an MCP beneficiary with a mental health diagnosis is not eligible for MHP services because the adult beneficiary's level of impairment is mild to moderate, or, for adults and children, the recommended treatment does not meet criteria for Medi-Cal specialty mental health services, then the MCP is required to ensure the provision of the outpatient mental health services listed or other appropriate services within the scope of the MCP's covered services.

Each MCP must ensure its network providers refer beneficiaries with significant impairment resulting from a covered mental health diagnosis to the county MHP. Also, when the MCP beneficiary has a significant impairment, but the diagnosis is uncertain, the MCP must ensure that the beneficiary is referred to the MHP for further assessment.

MCPs must also cover outpatient laboratory tests, medications (excluding those listed in Attachment 2), supplies, and supplements prescribed by the mental health providers in the MCP network, as well as by PCPs, to assess and treat mental health conditions. The MCP may require that covered services be provided through the MCP's provider network and be subject to a medical necessity determination.

The MCP may negotiate with the MHP to provide the outpatient mental health services when the MCP covers payment for these services.

MCPs continue to be required to provide medical case management and cover and pay for all medically necessary Medi-Cal-covered physical health care services for an MCP beneficiary receiving specialty mental health services. The MCP must coordinate with the MHP. The MCP is responsible for the appropriate management of a beneficiary's mental and physical health care, which includes, but is not limited to, the coordination of all medically necessary, contractually required Medi-Cal-covered services, including mental health services, both within and outside the MCP's provider network.

DHCS will monitor the implementation of this new policy and make adjustments as needed. Reporting requirements and performance metrics are being established with input from MCPs and will be communicated in a separate APL.

If you have any questions regarding this APL, please contact Sarah Royce, MD, MPH at sarah.royce@dhcs.ca.gov or Liana Lianov, MD, MPH, at liana.lianov@dhcs.ca.gov, Medi-Cal Managed Care Division.

Sincerely,

Original Signed by Margaret Tatar

Margaret Tatar
Assistant Deputy Director
Health Care Delivery Systems

Attachments

**Attachment 1
Mental Health Services Description Chart for Medi-Cal Managed Care Members**

DIMENSION	Medi-Cal ¹	MHP ² OUTPATIENT	MHP INPATIENT
<p>ELIGIBILITY</p>	<p>Mild to Moderate Impairment in Functioning</p> <p>A member is covered by the MCP for services if he or she is diagnosed with a mental health disorder as defined by the current DSM³ resulting in mild to moderate distress or impairment of mental, emotional, or behavioral functioning:</p> <ul style="list-style-type: none"> • Primary care providers identify the need for a mental health screening and refer to a specialist within their network. Upon assessment, the mental health specialists can assess the mental health disorder and the level of impairment and refer members that meet medical necessity criteria to the MHP for a Specialty Mental Health Services (SMHS) assessment. • When a member's condition improves under SMHS and the mental health providers in the MCP and MHP coordinate care, the member may return to the MH provider in the MCP network. <p><i>Note: Conditions that the current DSM identifies as relational problems are not covered, i.e. couples counseling or family counseling.</i></p>	<p>Significant Impairment in Functioning</p> <p>A member is eligible for services if he or she meets all of the following medical necessity criteria:</p> <ol style="list-style-type: none"> 1. Has an included mental health diagnosis;⁴ 2. Has a significant impairment in an important area of life function, or a reasonable probability of significant deterioration in an important area of life function, or a reasonable probability of not progressing developmentally as individually appropriate; 3. The focus of the proposed treatment is to address the impairment(s) described in #2; 4. The expectation that the proposed treatment will significantly diminish the impairment, prevent significant deterioration in an important area of life function, and 5. The condition would not be responsive to physical health care-based treatment. <p><i>Note: For members under age 21 who meet criteria for EPSTD specialty mental health services, the criteria allow for a range of impairment levels⁴ and include treatment that allows the child to progress developmentally as individually appropriate.</i></p>	<p>Emergency and Inpatient</p> <p>A member is eligible for services if he or she meets the following medical necessity criteria:</p> <ol style="list-style-type: none"> 1. An included diagnosis; 2. Cannot be safely treated at a lower level of care; 3. Requires inpatient hospital services due to one of the following which is the result of an included mental disorder: <ol style="list-style-type: none"> a. Symptoms or behaviors which represent a current danger to self or others, or significant property destruction; b. Symptoms or behaviors which prevent the beneficiary from providing for, or utilizing, food, clothing, or shelter; c. Symptoms or behaviors which present a severe risk to the beneficiary's physical health; d. Symptoms or behaviors which represent a recent, significant deterioration in ability to function; e. Psychiatric evaluation or treatment which can only be performed in an acute psychiatric inpatient setting or through urgent or emergency intervention provided in the community or clinic; and f. Serious adverse reactions to medications, procedures or therapies requiring continued hospitalization.

¹ Medi-Cal Managed Care Plan

² County Mental Health Plan Medi-Cal Specialty Mental Health Services

³ Current policy is based on DSM IV and will be updated to DSM 5 in the future

⁴ As specified in regulations Title IX, Sections 1820.205 and 1830.205 for adults and 1830.210 for those under age 21

DIMENSION	Medi-Cal ⁵	MHP ⁶ OUTPATIENT	MHP INPATIENT
SERVICES	<p>Mental health services when provided by licensed mental health care professionals (as defined in the Medi-Cal provider bulletin) acting within the scope of their license:</p> <ul style="list-style-type: none"> • 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 medication therapy • Outpatient laboratory, medications, supplies, and supplements • Psychiatric consultation 	<p>Medi-Cal Specialty Mental Health Services:</p> <ul style="list-style-type: none"> • Mental Health Services <ul style="list-style-type: none"> ○ Assessment ○ Plan development ○ Therapy ○ Rehabilitation ○ Collateral • Medication Support Services • Day Treatment Intensive • Day Rehabilitation • Crisis Residential • Adult Crisis Residential • Crisis Intervention • Crisis Stabilization • Targeted Case Management 	<ul style="list-style-type: none"> • Acute psychiatric inpatient hospital services • Psychiatric Health Facility Services • Psychiatric Inpatient Hospital Professional Services if the beneficiary is in fee-for-service hospital

⁵ Medi-Cal Managed Care Plan

⁶ County Mental Health Plan Medi-Cal Specialty Mental Health Services

Attachment 2

Drugs Excluded from MCP Coverage

The following psychiatric drugs are noncapitated except for HCP 170 (KP Cal, LLC)	
Amantadine HCl	Olanzapine Fluoxetine HCl
Aripiprazole	Olanzapine Pamoate Monohydrate (Zyprexa Relprevv)
Asenapine (Saphris)	
Benzotropine Mesylate	Paliperidone (Invega)
Biperiden HCl	Paliperidone Palmitate (Invega Sustenna)
Biperiden Lactate	
Chlorpromazine HCl	Perphenazine
Chlorprothixene	Phenelzine Sulfate
Clozapine	Pimozide
Fluphenazine Decanoate	Prochlorperidine HCl
Fluphenazine Enanthate	Promazine HCl
Fluphenazine HCl	Quetiapine
Haloperidol	Risperidone
Haloperidol Decanoate	Risperidone Microspheres
Haloperidol Lactate	Selegiline (transdermal only)
Iloperidone (Fanapt)	Thioridazine HCl
Isocarboxazid	Thiothixene
Lithium Carbonate	Thiothixene HCl
Lithium Citrate	Tranlycypromine Sulfate
Loxapine HCl	Trifluoperazine HCl
Loxapine Succinate	Triflupromazine HCl
Lurasidone Hydrochloride	Trihexyphenidyl
Mesoridazine Mesylate	Ziprasidone
Molindone HCl	Ziprasidone Mesylate
Olanzapine	

These drugs are listed in the Medi-Cal Provider Manual in the following link:

http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part1/mcpgmc_z01.doc