CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: TBD 2025

Behavioral Health Information Notice (BHIN) No: 25-XXX
Supersedes: BHIN 20-043 (as applicable to Inpatient Specialty Mental Health Services)

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: Access criteria and medical necessity criteria for Medi-Cal members accessing psychiatric inpatient hospital, psychiatric inpatient hospital professional services, and psychiatric health facility services.

PURPOSE: To provide guidance to county Behavioral Health Plans regarding access criteria and medical necessity criteria for coverage of psychiatric inpatient hospital, psychiatric inpatient hospital professional services, and psychiatric health facility services.

REFERENCE: California Code of Regulations (CCR) Title 9 Section 1820.205, California Welfare and Institutions Code (W&I Code) Sections 14059.5, 14184.402, United States Code (U.S. Code) Title 42 Section 1396d, BHIN 21-073 and superseding guidance, BHIN 22-017

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State of California
Gavin Newsom, Governor
California Health and Human Services Agency

BACKGROUND:

This BHIN establishes criteria that Medi-Cal members must meet for Behavioral Health Plans (BHPs)[1] to receive payment for psychiatric inpatient hospital services,[2] psychiatric inpatient hospital professional services,[3] psychiatric health facility services,[4] and psychiatric inpatient hospital services delivered in a psychiatric health facility[5] (collectively referred to in this BHIN as "inpatient SMHS"), including:

- Criteria for Medi-Cal members to access the SMHS delivery system, as outlined in BHIN 25-XXX or superseding guidance. (**Note to stakeholders**: A revised version of BHIN 21-073 is forthcoming and will clarify that access criteria outlined in W&I Code section 14184.402 applies to all SMHS, inclusive of psychiatric inpatient hospitalization, psychiatric inpatient hospital professional services, and psychiatric health facility services.); and,
- Medical necessity criteria for inpatient SMHS, as outlined below.

The SMHS delivery system access criteria described in W&I Code section 14184.402, subdivisions (c) and (d) are used to ensure that Medi-Cal members receive behavioral health services in the most appropriate delivery system for their needs. A BHP shall provide or arrange for medically necessary and clinically appropriate covered SMHS for Medi-Cal members who meet the criteria as outlined in BHIN 25-XXX or superseding guidance. (**Note to stakeholders:** A

[1] In this context, "BHP" means the entity that holds the contract for SMHS and includes either a "standalone" Mental Health Plan (MHP) contract, or an integrated SMHS/Drug Medi-Cal (DMC)/Drug Medi-Cal Organized Delivery System (DMC-ODS) contract.
[2] Consistent with CCR title 9, section 1810.238, psychiatric inpatient hospital services may include acute psychiatric inpatient hospital services and/or administrative day services provided in a hospital. Please refer to CCR title 9, sections 1810.201 and 1810.202 for definitions of these services.
[3] Please refer to CCR title 9, section 1810.237.1 for the definition of "psychiatric inpatient hospital professional services."
[4] Please refer to Supplement 3 (page 2h) to Attachment 3.1-A in the California Medicaid State Plan for a definition of "psychiatric health facility services."
[5] Psychiatric health facilities must meet Centers for Medicare and Medicaid Services (CMS) conditions of participation and be certified by the California Department of Public Health (CDPH) as an inpatient hospital facility to provide and be reimbursed by Medi-Cal for psychiatric inpatient hospital services.

revised version of BHIN 21-073 is forthcoming.)

All covered Medi-Cal services must be medically necessary and clinically appropriate to address the member's presenting condition.[6] Generally, qualified treating practitioners make medical necessity determinations for SMHS in accordance with the standards set forth in W&I Code section 14059.5. However, as specified in W&I Code section 14184.402, subdivision (a), DHCS has the authority to establish additional medical necessity criteria for SMHS and substance use disorder (SUD) services for Medi-Cal members who meet access criteria requirements.

This BHIN supersedes CCR title 9, sections 1820.205, 1830.230 subdivision (a), and 1830.245 subdivision (a) regarding medical necessity criteria for BHP payment for psychiatric inpatient hospital services, psychiatric inpatient hospital professional services, and psychiatric health facility services. In addition, this BHIN supersedes BHIN 20-043, as it applies to the included International Statistical Classification of Diseases and Related Health Problems (ICD) diagnoses for coverage of inpatient SMHS.[7] While DHCS no longer provides a list of included diagnoses that BHPs must select from to receive reimbursement for coverage of SMHS, this does not eliminate the requirement that all Medi-Cal claims include a Centers for Medicare and Medicaid Services (CMS)-approved ICD diagnosis code.

POLICY:

Access Criteria

As stated in BHIN 25-XXX (**Note to stakeholders:** A revised version of BHIN 21-073 is forthcoming), members must meet the access criteria for the SMHS delivery system in order for BHPs to receive Medi-Cal payment for medically necessary inpatient SMHS.

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[6] Code of Federal Regulations (CFR), title 42 sections 456.5 and 440.230 subdivision (d). https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-C/part-440/subpart-B/section-440.230

[7] BHIN 20-043 as it applies to the included ICD diagnoses for outpatient SMHS is superseded by BHIN 21-073 or superseding guidance.

Medical Necessity Criteria for Psychiatric Inpatient Hospital Services, Psychiatric Inpatient Hospital Professional Services, and Psychiatric Health Facility Services

For Medi-Cal members who meet access criteria to the SMHS delivery system as outlined in BHIN 25-XXX (**Note to stakeholders:** A revised version of BHIN 21-073 is forthcoming), all covered SMHS must be medically necessary based on the clinical judgment of a treating practitioner that is qualified under California law to make such determinations.

For Medi-Cal payment for inpatient SMHS the member shall meet medical necessity criteria, as outlined below:

(1) The member cannot be safely treated at a lower level of care, except that a member who can be safely treated with crisis residential treatment services for an acute psychiatric episode shall be considered to have met this criterion; and

(2) The member requires inpatient SMHS as the result of a mental disorder, or suspected mental health disorder that has not yet been diagnosed,[8,9] due to either:
   a. Having symptoms or behaviors due to a mental disorder, or suspected mental disorder that has not yet been diagnosed, that (**one of the following**):
      i. Represent a current danger to self or others, or significant property destruction.

[8] ICD-10 Z codes do not represent mental disorders and, therefore, are not sufficient on their own to substantiate the medical necessity of inpatient psychiatric hospitalization. When a patient exhibits mental, cognitive, or behavioral symptoms indicative of a potential mental disorder but a definitive psychiatric diagnosis has not yet been established, the appropriate practice is to assign ICD-10-CM code R41.89 (Other symptoms and signs involving cognitive functions and awareness) to document the clinical presentation pending diagnostic clarification.

[9] A neurocognitive disorder (e.g., dementia) is not a "mental health disorder" for the purpose of determining whether a member meets criteria for psychiatric inpatient hospital or psychiatric health facility services. However, BHPs must cover SMHS for members with a neurocognitive disorder if they also have a mental health disorder (or suspected mental health disorder not yet diagnosed) and meet criteria for these services as described within this BHIN.

ii. Prevent the member from providing for, or utilizing, food, clothing or shelter.

iii. Present a severe risk to the member's physical health.

iv. Represent a recent, significant deterioration in ability to function.

OR

b. Requiring admission for **one of the following**:
   i. Further psychiatric evaluation.

   ii. Medication treatment.

   iii. Other treatment that can reasonably be provided only if the patient is hospitalized.

Continued stay services in a hospital or psychiatric health facility shall only be paid for when a member experiences one of the following:

(1) Continued presence of indications that meet medical necessity as outlined in this BHIN.

(2) Serious adverse reaction to medications, procedures or therapies requiring continued hospitalization or treatment in a psychiatric health facility.

(3) Presence of new indications that meet medical necessity as outlined in this BHIN.

(4) Need for continued medical evaluation or treatment that can only be provided if the member remains in a hospital or psychiatric health facility.

BHPs must meet the requirements for authorization of psychiatric inpatient hospital services, psychiatric inpatient hospital professional services, and psychiatric health facility services outlined in BHIN 22-017 or superseding guidance.

COMPLIANCE MONITORING:

BHPs are responsible for conducting monitoring of contracted providers for compliance with the terms of the BHPs' contract with DHCS, including policies outlined in this BHIN. DHCS will continue to carry out its responsibility to monitor and oversee 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, the MHP contract, and the DMC-ODS Interagency Agreement, as applicable. Recoupment shall be focused on identified overpayments and fraud, waste, and abuse.

Please direct any questions to CountySupport@dhcs.ca.gov.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief
Medi-Cal Behavioral Health Policy Division