# Billing Properly for Behavioral Health Services: Be Part of the Solution

Medicaid is the largest payer for mental health services and plays a significant role in the financing of substance use disorder services.[1] Together, mental health and substance use disorders are referred to as behavioral health services. The Centers for Medicare & Medicaid Services (CMS) and the States are increasing educational outreach about behavioral health services to raise awareness of and engage providers in efforts to reduce billing errors and fraud, waste, and abuse in the Medicaid program.

## Regulations and Guidance

States use regulatory and statutory guidance for Medicaid, primarily from section 1905(a) of the Social Security Act (the Act), to provide behavioral health services to eligible beneficiaries.[2] Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services are mandatory for eligible Medicaid beneficiaries who are under age 21.[3] In addition, States may use optional services such as clinic and rehabilitative services to address behavioral health services.

States may use approved waiver and demonstration authorities (sections 1915(c), 1915(i), and 1115 of the Act) to design systems that improve coverage for eligible individuals with behavioral health conditions. The Mental Health Parity and Addiction Equity Act (MHPAEA) generally prevents group health plans and health insurance issuers that provide mental health or substance use disorder benefits from imposing less favorable benefit limitations on those benefits than on medical or surgical benefits.[4] The Affordable Care Act and a recent proposed rule made or will make several improvements to the application of MHPAEA to Medicaid managed care organizations, benchmark and benchmark-equivalent plans, and the Children's Health Insurance Program. This proposed rule would adopt requirements interpreting and implementing sections 1932(b)(8), 1937(b)(6), and 2103(c)(6) of the Act.[5, 6, 7]

## Overview of State Medicaid Behavioral Health Services

States have significant flexibility in the Medicaid program to design and furnish behavioral health services in a way that fits within each State's program regulations and limits. States use a combination of the laws above and other related regulations to furnish medically necessary services to eligible individuals. Services may fall into one of several categories, including screening services, additional diagnostic services, and services to treat the condition.

## Medicaid-Covered Behavioral Health Services

Medicaid covers screenings for eligible individuals to determine the existence of behavioral health illnesses or conditions. States should cover behavioral health assessment and screening through EPSDT for those who are eligible for Medicaid and under age 21.[8] CMS is increasingly recommending Screening, Brief Intervention, and Referral to Treatment (SBIRT) as an effective practice to screen for any substance use issues in both children and adults.[9, 10, 11, 12]

To receive Medicaid-covered behavioral health services, many States require that the Diagnostic and Statistical Manual of Mental Disorders define the diagnosed illness or conditions.[13, 14, 15] For outpatient care, States may place thresholds on the amount, duration, and scope of behavioral health services for adults before requiring a prior authorization or an evaluation of medical necessity based on a provider's recommendation. EPSDT services are available for eligible persons under 21, but States may place some utilization limits on services such as prior authorization to avoid abuse of the services.[16, 17] In addition, for individuals age 21 and older, home and community-based waivers may allow beneficiaries to get case management, community support services, rehabilitation services, and day treatment services not otherwise covered under the State plan.[18, 19]

For long-term care in a nursing facility, the State Medicaid agency (SMA) defines the covered services, the diagnoses and treatments deemed medically necessary for those diagnoses, and that the issue has significantly disrupted the individual's living situation.[20]

State Medicaid programs include coverage for core behavioral health services for eligible individuals if medically necessary and, whether for outpatient or nursing facility care, are included in the individual's plan of care.[21, 22] Services typically include assessment and treatment, inpatient services, emergency services, and crisis intervention.

Most States will cover behavioral health services when delivered via telemedicine. However, the covered services delivered by telemedicine should satisfy Federal requirements of efficiency, economy, and quality of care,[23] in addition to State Medicaid requirements. Check with your SMA for covered services, limitations, and telemedicine requirements.

## Proper Billing for Behavioral Health Services

Bill Medicaid services using the Healthcare Common Procedure Coding System (HCPCS) codes: Level I Current Procedural Terminology (CPT) codes and Level II codes.[24] Each State specifies the codes Medicaid reimburses[25] and establishes billing requirements identified in the State Medicaid provider manuals. To ensure reimbursement, providers should only use appropriate State Medicaid treatment codes.

Generally, to be eligible to bill for behavioral health services, providers should meet Medicaid qualifications for participation and can only bill for services within the scope of their clinical practice as defined by the appropriate licensing entity.[26] Providers can only bill for services provided to eligible individuals and should check patient eligibility on a regular basis through State telephone or computer-based eligibility systems.

The three most common types of billing errors for behavioral health services involve documentation, the number of units billed, and policy violations.[27] Documentation errors include not having a plan of care for long-term care that outlines specific services, missing progress notes, and missing physician orders. Specific documentation should include time sheets, encounter notes, time and place of service, and evidence that a professionally led care team that included the patient and their family developed the plan.[28]

Avoid number of units billed errors by using proper codes based on the time spent on therapy. If a single treatment lasted for 15 minutes, do not use a 1-hour code to bill the treatment. If several different short treatments lasted 30 minutes, use only two 15-minute codes to bill the treatment, regardless of the number of types of treatment given.

Policy violations include such things as billing for services that Medicaid does not cover, billing for services beyond utilization or predetermined limits (such as limits in a plan of care or budgetary limits for self-directed care), failing to record progress notes in a timely manner, or billing for services that require prior authorization without first receiving that authorization. This is why every Medicaid provider should understand what services are covered through the State Medicaid plan, waivers, and demonstration projects before providing those services to Medicaid beneficiaries.

## What Providers Can Do to Correct and Avoid Errors

The risk of improper payments made to behavioral health providers is real and can pose problems for the provider. The 2013 Payment Error Rate Measurement (PERM) report projects that Medicaid paid approximately $917 million in error for Psychiatric, Mental Health, and Behavioral Health Services under Medicaid Fee-For-Service and the Children's Health Insurance Program (CHIP).[29]

To correct and avoid billing errors, providers should consider:

- Implementing internal processes to ensure proper documentation and billing of services.
- Implementing a voluntary compliance program as recommended by the U.S. Department of Health and Human Services Office of Inspector General (HHS-OIG).[30]
- Seeking State and Federal educational opportunities on proper billing practices, procedures, and policies to enhance competencies and reduce errors.

Providers and their staff should report any acts of fraud to the State Medicaid Fraud Control Unit (MFCU) or SMA. A link to a list of their contact information is available at https://www.cms.gov/medicare-medicaid-coordination/fraud-prevention/fraudabuseforconsumers/report_fraud_and_suspected_fraud.html on the CMS website.

You may also contact HHS-OIG by email at HHSTips@oig.hhs.gov or by telephone at 1-800-HHS-TIPS (1-800-447-8477), TTY: 1-800-377-4950.

To see the electronic version of this fact sheet and the other products included in the "Billing Behavioral Health" Toolkit, visit the Medicaid Program Integrity Education page at https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/edmic-landing.html on the CMS website.

**Follow us on Twitter** #MedicaidIntegrity

## References


1 Centers for Medicare & Medicaid Services. Medicaid.gov. (2015, March). Behavioral Health Services. Retrieved December 16, 2015, from https://medicaid.gov/medicaid-chip-program-information/by-topics/benefits/mental-health-services.html

2 Social Security Act. § 1905(a). Retrieved December 16, 2015, from https://www.ssa.gov/OP_Home/ssact/title19/1905.htm

3 Social Security Act. § 1905(r). Retrieved December 16, 2015, from https://www.ssa.gov/OP_Home/ssact/title19/1905.htm

4 Centers for Medicare & Medicaid Services. The Center for Consumer Information & Insurance Oversight. The Mental Health Parity and Addiction Equity Act. Retrieved December 16, 2015, from https://www.cms.gov/CCIIO/Programs-and-Initiatives/Other-Insurance-Protections/mhpaea_factsheet.html

5 U.S. Department of Health and Human Services. Office of the Assistant Secretary for Planning and Evaluation (ASPE) Research Brief. Affordable Care Act Expands Mental Health and Substance Use Disorder Benefits and Federal Parity Protections for 62 Million Americans. Retrieved December 16, 2015, from https://aspe.hhs.gov/health/reports/2013/mental/rb_mental.cfm

6 Patient Protection and Affordable Care Act. (2010, March 23). § 2001(c) Medicaid Benchmark Benefits Must Consist of at Least Minimum Essential Coverage and § 1302 Essential Health Benefits Requirements. Retrieved December 16, 2015, from https://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf

7 Federal Register. Vol. 80, No. 69. 19418. (2015, April 10). Medicaid and Children's Health Insurance Programs; Mental Health Parity and Addiction Equity Act of 2008; the Application of Mental Health Parity Requirements to Coverage Offered by Medicaid Managed Care Organizations, the Children's Health Insurance Program (CHIP), and Alternative Benefit Plans. Proposed Rule. Retrieved December 16, 2015, from, https://www.gpo.gov/fdsys/pkg/FR-2015-04-10/pdf/2015-08135.pdf

8 Social Security Act. § 1905(r). Retrieved December 16, 2015, from https://www.ssa.gov/OP_Home/ssact/title19/1905.htm

9 Center for Medicaid and CHIP Services. (2014, October 29). Medicaid Innovation Accelerator Program: Delivery Opportunities for Individuals with a Substance Use Disorder [CMCS Informational Bulletin]. Retrieved December 16, 2015, from https://www.medicaid.gov/federal-policy-guidance/downloads/cib-10-29-14.pdf

10 Center for Medicaid and CHIP Services. (2015, July 27). Re: New Service Delivery Opportunities for Individuals with a Substance Use Disorder [State Medicaid Director Letter # 15-003; pp. 6–7]. Retrieved December 16, 2015, from https://www.medicaid.gov/federal-policy-guidance/downloads/smd15003.pdf

11 Substance Abuse and Mental Health Services Administration. SAMHSA.gov. About Screening, Brief Intervention, and Referral to Treatment (SBIRT). Retrieved December 16, 2015, from http://www.samhsa.gov/sbirt/about

12 Centers for Medicare & Medicaid Services. Medicare Learning Network. (2014, June). Screening, Brief Intervention, and Referral to Treatment (SBIRT) Services [p. 10]. Retrieved December 15, 2015, from https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/SBIRT_Factsheet_ICN904084.pdf

13 Centers for Medicare & Medicaid Services. (1999). State Medicaid Manual. Chapter 4—Services, § 4250.1B.1. Mental Illness; §4250.1.C.1. For MI. Retrieved December 16, 2015, from https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html

14 Centers for Disease Control and Prevention. (2013, October 4). Mental Health: Mental Illness. Retrieved December 16, 2015, from http://www.cdc.gov/mentalhealth/basics/mental-illness.htm

15 State of Oklahoma. Health Care Authority. (2014, September 12). Outpatient Behavioral Health Services. 317:30-5-240.1 Definitions. Retrieved December 16, 2015, from http://www.okhca.org/xPolicyPart.aspx?id=562&chapter=30&subchapter=5&part=21&title=OUTPATIENT%20BEHAVIORAL%20HEALTH%20SERVICES

16 U.S. Department of Health and Human Services. Centers for Medicare & Medicaid Services. (2014, June). EPSDT—A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents. Section V: Permissible Limitations on Coverage of EPSDT Services. Retrieved December 16, 2015, from https://www.medicaid.gov/medicaid-chip-program-information/by-topics/benefits/downloads/epsdt_coverage_guide.pdf

17 Centers for Medicare & Medicaid Services. (1999). State Medicaid Manual. Chapter 5—Early and Periodic Screening, § 5110 Basic Requirements. Retrieved December 16, 2015, from https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html

18 State Assurances. 42 C.F.R § 441.302(j). Retrieved December 16, 2015, from https://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol4/pdf/CFR-2011-title42-vol4-part441.pdf

19 Centers for Medicare & Medicaid Services. Medicaid.gov. Retrieved December 16, 2015, from https://www.medicaid.gov/medicaid-chip-program-information/by-state/by-state.html

20 Applicability and Definitions. 42 C.F.R. § 483.102(b)(1)(i), § 483.102(b)(1)(ii). Retrieved December 16, 2015, from https://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec483-102.pdf

21 Centers for Medicare & Medicaid Services. (1999). State Medicaid Manual. Chapter 4. § 4221: Outpatient Psychiatric Services. C. Treatment Planning and § 4250.2: Level II—Preadmission Screening and Annual Review (PASARR) for Individuals with MR or MI. B.1. Active Treatment. Retrieved December 16, 2015, from https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html

22 Quality of Care. 42 C.F.R. §483.25. Retrieved December 16, 2015, from https://www.gpo.gov/fdsys/pkg/CFR-2011-title42-vol5/pdf/CFR-2011-title42-vol5-sec483-25.pdf

23 Centers for Medicare & Medicaid Services. Medicaid.gov. Telemedicine. Retrieved December 16, 2015, from https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Telemedicine.html

24 Centers for Medicare & Medicaid Services. (2014, December 5). HCPCS—General Information. Retrieved December 16, 2015, from https://www.cms.gov/Medicare/Coding/MedHCPCSGenInfo

25 Smith, S. and SAMHSA's Center for Mental Health Services. (2007, December). Examples of States' Billing Codes for Mental Health Services, Publicly Funded. Retrieved December 16, 2015, from http://162.99.3.205/Financing/file.axd?file=2010%2F10%2FExamplesofStatesBillingCodesforMentalHealthServicesPubliclyFunded.pdf

26 North Carolina Division of Medical Assistance. (2015, October 1). Enhanced Mental Health and Substance Abuse Services Clinical Coverage Policy 8-A. Retrieved December 16, 2015, from http://www2.ncdhhs.gov/dma/mp/8A.pdf

27 Centers for Medicare & Medicaid Services. (2014). Medicaid and CHIP 2013 Improper Payments Report. Retrieved December 16, 2015, from https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/2013MedicaidandCHIPImproperPaymentsReport.pdf

28 Centers for Medicare & Medicaid Services. (1999). State Medicaid Manual. Chapter 4. § 4221: Outpatient Psychiatric Services. C. Treatment Planning. Retrieved December 16, 2015, from https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021927.html

29 Centers for Medicare & Medicaid Services. (2013). Medicaid and CHIP 2013 Improper Payments Report. Retrieved December 16, 2015, from https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM/Downloads/2013MedicaidandCHIPImproperPaymentsReport.pdf

30 U.S. Department of Health and Human Services. Office of Inspector General. Compliance Guidance. Retrieved December 16, 2015, from https://oig.hhs.gov/compliance/compliance-guidance/index.asp

## Disclaimer

This fact sheet was current at the time it was published or uploaded onto the web. Medicaid and Medicare policies change frequently so links to the source documents have been provided within the document for your reference.

This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. Use of this material is voluntary. Inclusion of a link does not constitute CMS endorsement of the material. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.

January 2016