

**SANTA CRUZ COUNTY
Behavioral Health Services**

POLICIES AND PROCEDURE MANUAL

**Subject: Prior and Concurrent Authorization for
Medi-Cal Psychiatric Inpatient Hospitalization Services**

Policy Number: 3423

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**Responsible for Updating:
Quality Improvement Director**

Approval:


Behavioral Health Director

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Date

BACKGROUND:

Santa Cruz County Behavioral Health Services (BHS), a Mental Health Plan (MHP), is required to operate a utilization management (UM) program that ensures Medi-Cal beneficiaries have appropriate access to Specialty Mental Health Services (SMHS). The UM program must evaluate medical necessity, appropriateness, and efficiency of services provided to beneficiaries prospectively, such as through prior or concurrent authorization procedures, or through retrospective authorization procedures. Benefits on conducting concurrent reviews include, but not limited to, timely intervention to reduce risk of adverse outcomes, identification of potential patient safety issues and to ensure active treatment planning and that discharge planning is occurring.

BHS is responsible for certifying that claims for all covered SMHS meet federal and state requirements, including medical necessity. SMHS are provided to beneficiaries based on medical necessity in accordance with an individualized client plan, approved and authorized according to state requirements. This policy, 3423, focuses on UM practices for psychiatric inpatient UM activities, whereas **Policy 3421 MHP Psychiatric Inpatient UR and Payment Review** focused on the utilization review activity for authorization payment

SCOPE:

Policy pertains to Santa Cruz County Behavioral Health Services, also known as the Mental Health Plan (MHP), and BHS Contractors who refer, admit and/or authorize a Medi-Cal beneficiary, or indigent resident, of Santa Cruz County responsibility, for psychiatric inpatient level of care services based on medical necessity. This policy was developed in collaboration with MHP stakeholders and shall be reviewed and evaluated at least annually. This policy, and/or the content within the policy, will be available to both MHP beneficiaries and network providers on the BHS website.

PURPOSE: To establish requirements, in compliance with the Parity Rule, for prior and concurrent authorization of Specialty Mental Health Services (SMHS) regarding inpatient

psychiatric hospitalization settings.

POLICY: BHS, or designated contracted delegate on BHS behalf, shall approve inpatient psychiatric Specialty Mental Health Services based on Medical Necessity determination (see **Policy 2103 – Access Assessment**). In addition to determination of Medical Necessity Criteria, BHS, or designated contracted delegate, will conduct prior authorization and concurrent authorization approvals for high level of care services, including inpatient psychiatric hospitalization services.

DEFINITIONS:

1. **MHP:** The Mental Health Plan is defined as Santa Cruz County Behavioral Health Services and designated contracted delegated partners who participate in County Utilization Management (UM) Program activities. Beacon Health Options (BHO) is a designated contracted delegated partner for the MHP. The MHP shall conduct regular monitoring of BHO to ensure quality UM performance.
2. **Beneficiary Eligibility:** An eligible beneficiary is defined as an individual who is enrolled in Medi-Cal and who meets the medical necessity criteria for Specialty Mental Health Services. (BHS is also the responsible paying county for un-insured, also referred to as indigent, individuals who have proof of residency within Santa Cruz County. See **Policy 3421 MHP Psychiatric Inpatient UR and Payment Review**).
3. **UM Program:** BHS' UM program authorization activities are conducted by licensed health care professionals, and who have appropriate clinical experience in determining medical necessity criteria. The MHP's inpatient psychiatric UM activities shall be delegated to a designated contracted partner, Beacon Health Options (BHO), who shall collaborate with BHS' Quality Improvement staff to establish appropriate limits on a service based on medical necessity, or for the purpose of utilization control, provided that the services furnished are sufficient in amount, duration or scope to reasonably achieve their purpose and that services for beneficiaries with ongoing or chronic conditions are authorized in a manner that reflects the beneficiaries ongoing need for such services and supports.
4. **Medical Necessity Justification:** Medical Necessity indication within medical record documentation that reflects the ongoing need for such services and supports, in accordance with the specific level of care service criteria.
5. **Service Authorization:** Authorization of Specialty Mental Health Services (SMHS) is based on medical necessity and appropriately cover service scope, duration, and frequency. Provider service requests will be evaluated on set criteria for level of care service appropriateness, including admission, continued stay and discharge criteria.
6. **Service Denial or Modification:** Provider service requests that do not meet the service authorization criteria shall receive a written provider letter, or Notice of Adverse Benefit Determination (NOABD), from BHO UM Program that explains the reason for either a denial or modification of the requested services. (see **Policy 3223 Notice of Adverse Benefit Determination for procedures**.)

7. **Crisis Stabilization Program (CSP):** A CSP provides crisis stabilization services lasting less than 24 hours, to or on behalf of a beneficiary for a condition that required more timely response than a regularly scheduled visit for evaluation and stability determination. Crisis stabilization is distinguished from crisis intervention by being delivered by providers who meet the CCR Title 9 regulatory requirements of a CSP. BHS contracts with Telecare CSP to conduct crisis stabilization services for Santa Cruz County. Telecare CSP is the designated receiver of involuntary 5150/5585 72-hour evaluation holds within Santa Cruz County.
8. **Emergency Psychiatric Services:** No prior authorization is required for an emergency psychiatric inpatient hospital or psychiatric health facility admission, whether the admission is voluntary or involuntary. After the date of admission, the hospital must request authorization for continued stay services by the MHP's designated delegate. MHP's designated delegate, shall conduct ongoing concurrent reviews based on medical necessity.
9. **Inpatient Psychiatric Services:** Per CCR, Title 9, 1820.205 and 1820.225, voluntary or involuntary admission criteria is based on an identifiable mental disorder, and a current danger to self or others, or immediately unable to provide for, or utilize, food, shelter, or clothing; and therefore cannot be safely treated at a lower level of care. MHP's designated delegate, shall be responsible for authorizing continued inpatient psychiatric services during the UM process.
10. **Crisis Residential Treatment Services (CRTS):** CRTS are designed to serve as an alternative to unnecessary hospitalization and/or post hospital structured rehabilitation setting. CRT settings serve individuals who are experiencing acute psychiatric episode or crisis and whose adaptive functioning is moderately impaired. CRTS are available 24 hours a day, seven days a week, and offer short-term (up to 30 days), intensive and supportive structure in a home-like environment through an active multi-disciplinary rehabilitation program. A CRTS shall adhere to CCR Title 9 program requirements and have active certification by SCCBHS for Medi-Cal outpatient MH services, as a delegate of CA Department of Health Care Services (DHCS), and CA Department of Social Services, Community Care Licensing Division.

PROCEDURES:

1. Crisis Stabilization Services

- a. Beneficiaries in acute psychiatric episode or crisis shall receive crisis intervention services according to **Policy 2201: Mental Health Crisis Services: Overview.**
- b. Designated crisis assessment staff who determine an individual meets imminent risk status, shall initiate a 5150/5585 evaluation hold and refer beneficiaries to the CSP for stabilization and acute care evaluation.
- c. Beneficiaries may self-refer/self-present as a "Walk-In" at the CSP for crisis stabilization services and acute care evaluation.
- d. CSP shall conduct acute care evaluation for all CSP admissions and refer to next level of care according to medical necessity criteria, including discharges to established outpatient services.

2. Inpatient Psychiatric Services [Hospital or Psychiatric Health Facility (PHF)]

a. Emergency Psychiatric Admissions

i. Admission Criteria:

1. The beneficiary, on voluntary or involuntary status, must meet the following medical necessity criteria for admission to a hospital for psychiatric inpatient hospital services. CCR Title 9, Section 1820.205 medical necessity criteria requirements:
 - A. Have an included diagnosis;
 - B. Cannot be safely treated at a lower level of care, except that a beneficiary who can be safely treated with crisis residential treatment services or psychiatric health facility services for an acute psychiatric episode shall be considered to have met this criterion; and,
 - C. Requires psychiatric inpatient hospital services, as the result of a mental disorder, due to one of the following:
 1. Has symptoms or behaviors due to a mental disorder that (one of the following):
 - a. Represent a current danger to self or others, or significant property destruction.
 - b. Prevent the beneficiary from providing for, or utilizing, food, clothing, or shelter.
 - c. Present a severe risk to the beneficiary's physical health.
 - d. Represent a recent, significant deterioration in ability to function.
 2. Require admission for one of the following:
 - a. Further psychiatric evaluation.
 - b. Medication treatment.
 - c. Other treatment that can be reasonably provided only if the beneficiary is hospitalized.

ii. Eligibility Verification

1. Beneficiary service authorizations shall be based on medical necessity and beneficiary eligibility.
2. MHP shall accept authorization referrals for individuals with Santa Cruz County Medi-Cal or who are indigent and have proof of Santa Cruz County residency per **Policy 3421 MHP Psychiatric Inpatient UR and Payment Review**.
3. If an admitted individual is not linked to Santa Cruz County Medi-Cal (County # 44) or does not have proof of residency, the hospital or PHF shall be responsible to coordinate authorization and payment with the county of responsibility.
4. If an admitted individual has other primary insurance, the hospital or PHF shall be responsible to coordinate authorization and payment with the primary insurer, as Medi-Cal is the payer of last resource. Santa Cruz County Quality Improvement Staff will retroactively review these cases for medical necessity and payment, requiring a copy of the Evidence of Benefit (EOB) from the primary insurance included with the submitted chart records.

- iii. MHP Notification of emergency admission
 - 1. MHP's designated delegate, Beacon Health Options (BHO), shall maintain 24/7 telephone and fax access for providers to make admission notifications and request authorization for acute inpatient psychiatric hospital services. MHP shall distribute contact information for BHO to inpatient settings to ensure requesting providers are aware of the admission and authorization procedures.
 - 2. Hospital or PHF must notify BHO within 24 hours of emergency admission via fax., including eligibility verification and admission criteria. The facility shall follow up with a phone call to initiate and complete the initial UM authorization process.
 - For Santa Cruz County responsible indigent residents with an emergency psychiatric condition and is scheduled for admission or is admitted to a hospital or PHF, CSP or inpatient psychiatric facility, in network and out-of-network, shall request and obtain a completed authorization for payment (short doyle) form from the MHP.
 - 3. After the date of admission, hospitals and PHFs, must request authorization for admission and continued stay services for the MHP beneficiary through BHO as subject to the below concurrent review procedures.

3. Authorization Request for Continued Inpatient Stay Services

a. MHP's designated delegate Beacon Health Options (BHO) Continued Authorization of Inpatient Stay (UM Concurrent Review)

- i. BHO shall ensure that furnished services meet medical necessity for acute inpatient criteria through clinical review of inpatient documented records as provided by hospital or PHF to determine medical necessity.
 - 1. BHO shall base medical necessity determination for continued stay on below criteria and clinical review information provided by the hospital or PHF from the treating physician's admission evaluation or daily treating physician's progress.
 - 2. County MHP Quality Improvement (QI) staff shall monitor BHO's UM activity and offer TA services to ensure alignment between delegate's UM and County UR payment activity.
- ii. Beacon Health Options Authorization Process
 - 1. BHO shall record all notifications and inpatient authorization requests and document UM activities, including but not limited to, beneficiary identifier, eligibility, medical necessity justification, approval date range or denial/modification date, next scheduled concurrent review appointment, any peer review information and discharge plan.
 - 2. BHO may initially authorize multiple days based on the submitted notification documentation if each authorized day meets admission and/or continued stay medical necessity criteria.

3. BHO shall review and monitor acute inpatient day or administrative inpatient day criteria (see below) and authorize approval accordingly.
 4. BHO decisions to approve, modify or deny provider authorization requests shall be communicated to the facility's UM designee who represents the beneficiary's treating provider, including both the facility and treating physician, in writing within 24 hours of the decision; as well as County MHP QI staff
 5. BHO and hospital or PHF, UM clinical staff shall establish ongoing concurrent review sessions. If hospital or PHF, fail to conduct concurrent reviews as scheduled, BHO, on behalf of the MHP, may deny continued stay authorization.
 6. If medical necessity determination discrepancies arise during UM process, related to continued stay criteria, BHO UM staff shall contact the available BHO physician for consultation and for resolving the dispute, which could include establishing a peer review with the hospital's treating physician.
 7. BHO shall notify the beneficiary of any denial or modification of authorization request in writing in accordance with **Policy 3223: Notice of Adverse Benefit Determination (NOABD)** procedures.
- b. Continued stay services in a hospital shall be reimbursed when a beneficiary experiences one of the following:
- i. Continued presence of indications that meet the medical necessity criteria;
 - ii. Serious adverse reaction to medications, procedures or therapies requiring continued hospitalization;
 - iii. Presence of new indications that meet medical necessity criteria; and,
 - iv. Need for continued medical evaluation or treatment that can only be provided if the beneficiary remains in the hospital.
- v. Continued Stay Criteria for Concurrent Reviews
1. Acute Stay Criteria:
 - a) MHP's designated delegate, Beacon Health Options (BHO) shall determine ongoing authorization based on the medical necessity criteria referenced in 1.b above.
 - b) In the case of concurrent review for acute criteria, care shall not be discontinued until the beneficiary's treating provider(s) has been notified of the MHP's decision and a care plan has been agreed upon by the treating provider that is appropriate for the medical needs of the beneficiary.
 - c) In cases where BHO determines acute stay medical necessity criteria is not met, yet the facility believes criteria is met, BHO shall initiate physician consultation to resolve authorization dispute.
 - d) BHO decisions to approve, modify or deny provider authorization requests shall be communicated to the facility's UM designee who represents the beneficiary's treating

provider, including both the facility and treating physician, in writing within 24 hours of the decision.

- e) When BHO determines it will terminate, modify, or reduce services, BHO must notify the beneficiary, in writing, of the adverse benefit determination prior to discontinuing services.

2. Administrative Stay Criteria:

- a) A hospital may claim for administrative day services when a beneficiary no longer meets medical necessity criteria for acute inpatient psychiatric hospital services but has not yet been accepted for placement at a non-acute residential treatment facility in a reasonable geographic area, for example Encompass' Telos CRTS or a Santa Cruz County IMD contracted placement.
- b) In order to conduct concurrent review and authorization for administrative day service claims, the MHP shall review that the hospital has documented having made at least one contact to a non-acute residential treatment facility per day (except weekends and holidays), starting with the day the beneficiary is placed on administrative day status.
- c) Once five contacts have been made and documented, any remaining days within the seven-consecutive-day period from the day the beneficiary is placed on administrative day status can be authorized.
- d) A hospital may make more than one contact on any given day within the seven-consecutive-day period; however, the hospital will not receive authorization for the days in which a contact has not been made until and unless all five required contacts are completed and documented. Once the five-contact requirement is met, any remaining days within the seven-day period can be authorized without a contact having been made and documented.
 - a. MHPs may waive the requirements of five contacts per week if there are fewer than five appropriate, non-acute residential treatment facilities available as placement options for the beneficiary.
- e) The hospital or PHF shall document in the medical records the lack of appropriate, non-acute treatment facilities and the contacts made at appropriate facilities, including the status of the placement, date of the contact, and the signature of the person making the contact.
- f) Examples of appropriate placement status options include, but may not be limited to, the following:
 - a. The beneficiary's information packet is under review;
 - b. An interview with the beneficiary has been scheduled for [date];
 - c. No bed available at the non-acute treatment facility;
 - d. The beneficiary has been put on a wait list;

- e. The beneficiary has been accepted and will be discharged to a facility on [date of discharge];
 - f. The patient has been rejected from a facility due to [reason]; and/or,
 - g. A conservator deems the facility to be inappropriate for placement.
- g) BHO shall collect and document the facility's sub-acute placement activity, as well as additional psych-social clinical disposition information, as justification for administrative day approval criteria.

3. Discharge Criteria

An individual is appropriate for discharge when one of the following criteria are met:

- a) Patient no longer meets admission criteria and/or meets criteria for another level of care, either higher or lower; or
- b) Patient or parent/guardian withdraws consent for treatment and/or member does not meet criteria for involuntary or mandated treatment; or
- c) Patient is not making progress towards goals, nor is there an expectation of any progress, i.e. "baseline".; or
- d) Patient's physical condition necessitates transfer to a medical/surgical facility; or
- e) Patient's individual treatment plan and goals met; or
- f) Patient's support system is aware and in agreement with the aftercare treatment plan.

4. Utilization Review

- a. County Behavioral Health Services (BHS) MHP is required to certify that submitted claimed services for inpatient stays meet federal and state reimbursement requirements, including medical necessity. Utilization Management (UM) activities shall not prohibit BHS from conducting utilization review (UR) and/or auditing activities.
- b. Utilization review services conducted by MHP Quality Improvement (QI), including retroactive documentation auditing of inpatient stay medical records, shall continue as a separate function in accordance with state and federal requirements. (see **Policy 3421 referenced above**)
- c. Inpatient Hospitals and PHFs shall continue to submit medical records for UR to MHP Quality Improvement via mail or fax for reimbursement of claimed treatment services. UR staff shall adhere to UR standards based on state and federal requirements. UR may result in denied/disallowed services based on insufficient medical necessity justification in the submitted documentation.
 - i. UR staff shall determine medical necessity justification primarily by, but not limited to, reviewing BHO's UM activity reports on authorization justification, the treating physician's admission evaluation, daily treating physician's progress notes, and treating physician's discharge summary.
 - ii. All audited services that appear to lack medical necessity for inpatient level of care shall be presented to the Medical Peer Review Chair for review and final determination.

5. Retrospective Authorization

Retrospective Authorization of services covered in this policy may be conducted under the following circumstances:

- Retroactive Medi-Cal eligibility determination;
- Inaccuracies in the Medi-Cal Eligibility Data System; and/or
- Authorization of services for beneficiaries with other health care coverage pending evidence of billing, including dual-eligible beneficiaries.
- Inpatient hospital or PHF is not a Medi-Cal provider.

6. Appeals of UR Decision

- a. Hospitals and PHFs may utilize the appeal process in accordance with state and federal requirements when in disagreement with the UR findings.
- b. All UR appeals shall be conducted by the Quality Improvement Director, or designated delegate, and include an independent review of the hospital's submitted documentation for the appealed dates of service.
- c. An outcome letter shall be submitted to the hospital representative who submitted the appeal and the authorization of services shall be modified in accordance with the findings.

7. MHP oversight of designated delegate's UM activity

- a. MHP shall conduct regular monitoring activities to ensure quality UM service designated delegate, Beacon Health Options (BHO). Such activities shall include, but not limited to:
 - i. BHO to submit to the MHP daily, weekly, monthly and quarterly activity reports for review and analysis.
 - ii. MHP QI staff conducting daily review of daily UM activities and verify County responsibility and document activity in MHP's electronic health record.
 - iii. At least monthly meeting, and more frequent communication, with BHO clinical and operational staff to address any issues and concerns.
 - iv. Routine audits of BHO's authorization and decision-making practices to align medical necessity determination between BHO UM and QI UR activities.
 - v. Analyze BHO UM reports to determine effect of UM on inpatient stay trends, such as admission criteria, length of stay, readmission, discharge placement, acute day vs administrative day ratio and post hospital next appointment service.

PRIOR VERSIONS: 08/01/2019

REFERENCES: CCR, tit. 9, §§ 1820.205 and 1820.225, 42 CFR, Parts 438, 440, 456, and 457 as amended March 30, 2016, as published in the Federal Register (81 Fed. Reg. 18390); Medicaid Mental Health Parity and Addiction Equality Act Compliance Plan October 2, 2017; MHSUDS IN 19-026; MHSUDS IN 17-040; Policy 2103 ; Policy 2201; Policy 3223; Policy 3421.

FORMS/ATTACHMENTS: None