



Health Care Agency Mental Health and Recovery Services Policies and Procedures	Section Name:	Administrative
	Sub Section:	Billing & Reimbursement
	Section Number:	04.02.09
	Policy Status:	<input checked="" type="checkbox"/> New <input type="checkbox"/> Revised
SIGNATURE		DATE APPROVED
Director of Operations Mental Health and Recovery Services		_____ 2/1/2022
Signature on File		_____ 2/1/2022

SUBJECT: Medical Necessity and Concurrent Authorization of Psychiatric Inpatient Hospital Services

PURPOSE:

To establish a written protocol for authorization for psychiatric inpatient services for child, adolescent and adult Orange County Medi-Cal beneficiaries in accordance with all applicable regulations.

POLICY:

The County of Orange Health Care Agency (hereby referred to as Orange MHP) will follow all applicable regulations and contract provisions when determining medical necessity for Psychiatric Inpatient services and when authorizing treatment. Orange MHP will place appropriate limits on services based on medical necessity and will provide or arrange/pay for services in an amount, duration, and scope reasonably needed to achieve their purpose. Orange MHP will not require or permit prior authorization for an emergency admission when an Orange County beneficiary meets medical necessity for admission. Orange MHP does require concurrent authorization of continued stay services. All authorizations for Specialty Mental Health Services (SMHS) acute care will be developed with the involvement from network providers, including, but not limited to, hospitals, organizational providers, and licensed mental health professionals acting within their scope of practice. The requirements will be disclosed to Orange MHP beneficiaries and network providers. This process will be evaluated and updated, if necessary, at least annually.

SCOPE:

Applies to authorization for psychiatric inpatient services at contracted and non-contracted hospitals within Orange County and out of county hospitals providing inpatient psychiatric hospital services to Orange County residents including Medi-Cal beneficiaries.

REFERENCES:

- Code of Federal Regulations, Title 42, §438.210, §438.330, §438.608
- California Code of Regulations, Title 9, §1820.100 – 1820.230
- California Code of Regulations, Title 22, §77113, §77135

California Health and Safety Code (HSC) §1367.01

Contract with Department of Health Care Services (DHCS), Exhibits A, B

[MHSUDS Information Notice 19-026 Authorization of Specialty Mental Health Services](#)

[MHRS P&P 02.02.04 Notice of Adverse Benefit Determination \(NOABD\)](#)

DEFINITIONS:

Medical Necessity - a set of criteria established in CCR, Title 9, § 1820.205.

Admission:

- (1) Must have an included DSM 5/ICD 10 diagnosis (Inpatient Included List) AND
- (2) Both the following criteria:
 - (A) Cannot be safely treated at a lower level of care AND
 - (B) Requires psychiatric inpatient hospital services
 1. Has symptoms or behaviors due to a mental disorder that (one or more):
 - a) Represent a current danger to self, 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 reasonably be provided only if the patient is hospitalized

Administrative Days - psychiatric inpatient hospital services provided to a beneficiary who has been admitted to the hospital for acute psychiatric inpatient hospital services, and the beneficiary's stay at the hospital must be continued beyond the beneficiary's need for acute psychiatric inpatient hospital services due to a temporary lack of residential placement options at non-acute residential treatment facilities that meet the needs of the beneficiary, (9, CCR, §1810.202)

Continued stay services:

- 1) Continued presence of indications that meet the admission medical necessity criteria;
- 2) Serious adverse reaction to medications, procedures or therapies requiring continued hospitalization;
- 3) Presence of new indications that meet medical necessity criteria; and
- 4) Need for continued medical evaluation or treatment that can only be provided if the beneficiary remains in a hospital

Concurrent Authorization - is permission from Orange MHP or designee to deliver specific services in a specified time frame. It is an agreement to pay for those services when the written record documents that the services were medically necessary. Concurrent authorization must occur immediately upon receipt of information necessary to establish medical necessity. Concurrent authorization is prospective, meaning it applies to services on the day of decision and future service dates.

Utilization Review (UR) - a review of records to ensure the documentation of medical necessity so that payment decisions are consistent with Orange MHP, State, and Federal standards. UR is retrospective and is part of Orange MHP compliance program to help prevent waste, fraud, and abuse in claiming. Adverse Benefit Determinations that result from UR will result in denial of payment or payment recoupment and will be documented in writing using the most current version of a Notice of Adverse Benefit Determination (NOABD).

Retrospective Authorization - a review of the record and a payment authorization determination after the service was provided. Retrospective Authorization is permitted in the following limited circumstances when concurrent authorization is not possible:

- 1) When Medi-Cal eligibility is determined retroactively after the service was provided
- 2) When errors in the Medi-Cal Eligibility Data System (MEDS) are identified after the service
- 3) When a beneficiary fails to identify a payor, which is later determined to be Medi-Cal
- 4) When a beneficiary has more than one health care coverage and a payment determination cannot be made until after the service has been provided and another payor processed a claim

Notice of Adverse Benefit Determination (NOABD) - Form used to notify the requesting provider, and give the enrollee written notice of any decision by the Plan to deny or delay a service authorization request, or to authorize a service in an amount, duration, or scope that is less than requested. There are multiple versions of this form, to be used depending on the situation.

PROCEDURE:

- I. Notification of Admission
 - A. In order to provide timely concurrent authorization as required by regulation, Orange MHP requires hospital providers to notify the MHP upon admission of an Orange County resident including Medi-Cal beneficiaries for Psychiatric Inpatient Hospital Services. The admitting facility must notify Orange MHP designee, Beacon Health Options of California, Inc. (Beacon) at (800) 723-8641 upon admission.
 1. MHP uses the state's MEDS file for identifying county of financial responsibility.
 - B. Emergency psychiatric services do not require authorization for the day of admission, provided the beneficiary meets medical necessity criteria.
 - C. The Orange MHP designee will authorize payment, upon notification by a hospital, for out-of-network services when a beneficiary of the Orange MHP, with an emergency psychiatric condition, is admitted to a hospital, or Psychiatric Health Facility (PHF), to receive psychiatric inpatient hospital services or PHF services.
 - D. Prompt notification is required so that Orange MHP designee staff may provide concurrent authorization for continued stay days, without which claims for continued stay will be denied.
- II. Concurrent Authorization
 - A. Upon notification of admission and documentation that the beneficiary continues to meet medical necessity for inpatient psychiatric services, Orange MHP designee staff will provide the facility with a written concurrent authorization for one to five calendar days of service.
 - B. During regular business hours, Orange MHP designee staff will review the facility's documentation or review the case with the facility by phone to complete the Psychiatric Inpatient Concurrent Authorization. Record submission will be by fax to 866-308-3074 or by secure email to BHSInpatient@ochca.com
 - C. Prior to the end of any authorization period, the facility must submit clinical documentation sufficient for Orange MHP designee to establish that any additional services requested by the facility are medically necessary for acute days and to for claims to be reimbursed for Federal Financial Participation. Continued stay days provided prior to authorization will be denied.

III. Utilization Review (UR)

- A. Orange MHP staff will review the written record as quickly as possible after submission. Whenever possible, written documentation will be reviewed prior to the concurrent authorization.
- B. Orange MHP Mental Health and Recovery Services (MHRS) Adult and Older Adult (AOA) Inpatient Services Managed Care UR may result in payment denial to the facility when documentation submitted by the facility is inconsistent with that provided during concurrent review.

IV. Retrospective Authorization

- A. Requests for Retrospective Authorization must be forwarded to Orange MHP MHRS AOA Inpatient Services Managed Care staff, who will review the reason for the request to determine if it qualifies for Retrospective Authorization.
- B. Orange MHP MHRS AOA Inpatient Services Managed Care staff will complete UR of documentation submitted to determine whether the service was medically necessary. Staff will make an authorization decision within 5 business days of receipt of documentation.
- C. Orange MHP MHRS AOA Inpatient Services Managed Care will notify the beneficiary or legal representative and the provider of the authorization decision in writing no more than 30 calendar days of receipt of documentation reasonably necessary to make a payment determination, unless a notice of adverse benefit determination (NOABD) is made, in which case notification is made within 24 hours of the decision.

V. Administrative Days

- A. When administrative days are requested, the Orange MHP designee ensures the beneficiary no longer meets medical necessity criteria for acute psychiatric hospital services.
- B. Orange MHP MHRS AOA Inpatient Managed Care will review that the hospital has documented having made at least one contact to a non-acute treatment facility per day (except weekends and holidays), starting with the day the beneficiary is placed on administrative status.
- C. Orange MHP MHRS AOA Inpatient Managed Care will ensure 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. Orange MHP MHRS AOA Inpatient Managed Care can 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. Orange MHP MHRS AOA Inpatient Managed Care must maintain documentation there is a lack of appropriate, non-acute treatment facilities.
 - F. Orange MHP MHRS AOA Inpatient Managed Care will review documentation sufficient to determine that medical necessity criteria are met for administrative day criteria and for administrative days claimed for reimbursement of Federal Financial Participation.
- VI. Notice of Adverse Benefit Determination (NOABD)
- A. Orange MHP designee staff will issue the appropriate NOABD to the provider and to the beneficiary within 24 hours of the decision when:
 - 1. Payment for services will be denied or recouped.
 - 2. When an inpatient facility requests authorization, but Orange MHP designee determines that the requested service is not medically necessary.
 - B. See MHRS Policy and Procedure 02.02.04 Notice of Adverse Benefit Determination (NOABD) for further details.
 - C. Care will not be discontinued until the beneficiary's treating provider has been notified of Orange MHP decision and a care plan has been agreed upon by the treating provider that is appropriate for the medical needs of that beneficiary.
- VII. Beneficiary and Provider Problem Resolution Processes
- A. When a provider does not agree with Orange MHP designee concurrent authorization or UR decision, the provider and/or the beneficiary may appeal the decision.
 - B. The NOABD will detail the appeal and Fair Hearing processes available to the provider and beneficiary.
- VIII. Facility Informing
- A. Upon notification of admission, Orange MHP designee staff will fax an information sheet to the facility that describes the designee's concurrent authorization, service level expectations, UR, and Provider Problem Resolution.
 - B. Information regarding authorization, service level expectations, UR and Provider Problem Resolution process will be available on the County of Orange Health Care Agency website or at BHSInpatient@ochca.com.