MEDICARE COVERAGE SUMMARY: OUTPATIENT PSYCHIATRIC AND PSYCHOLOGICAL SERVICES

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INTRODUCTION

Medicare Coverage Summaries synopsize guidance provided in CMS’ National Coverage Determinations (NCDs) and Local Coverage Determinations (LCDs), and are used to make medical necessity determinations for Medicare behavioral health benefits managed by Optum and U.S. Behavioral Health Plan, California (doing business as OptumHealth Behavioral Solutions of California (“Optum-CA”)).

In the event that CMS does not provide a NCD or a LCD for a particular State, jurisdiction, condition or service, Optum’s Level of Care Guidelines should be used for medical necessity decisions along with the member’s benefit plan.

Before using this guideline, please check the member’s specific benefit plan requirements and any federal or state mandates, if applicable.

OUTPATIENT PSYCHIATRIC AND PSYCHOLOGICAL SERVICES

The following describes Medicare covered outpatient psychiatry and psychology services according to existing Local Coverage Determinations (LCDs).

Outpatient Psychiatric and Psychological Services

- These services refer to psychiatry, psychology, clinical social work, and psychiatric nursing services rendered in a hospital outpatient facility or by individual providers for the diagnosis and treatment of various mental disorders or diseases.

- Procedure/code descriptions for services that are delivered within the scope of education, training, and State licensure.

Outpatient Services under the “Incident to” Provision

- This refers to psychological services provided “Incident to” a psychiatrist’s services furnished as an integral, although incidental part of the psychiatric services provided in the course of diagnosis or treatment. The “incident to” services may apply to psychological services provided by non-physicians including clinical psychologists, clinical social workers, nurse practitioners and clinical nurse specialists.
Outpatient Psychiatric and Psychological Services

Medicare provides guidance for coverage of psychiatric and psychological services in all states and territories with the exception of California and Hawaii. For these states, the Optum Level of Care Guidelines should be applied when making coverage decisions.

Outpatient Services under the “Incident to” Provision

Medicare provides guidance allowing “Incident to” billing in the following states and territories:

- Arkansas
- Colorado
- Connecticut
- Delaware
- District of Columbia
- Florida
- Illinois
- Kentucky
- Louisiana
- Maine
- Maryland
- Massachusetts
- Minnesota
- Mississippi
- New Hampshire
- New Jersey
- New Mexico
- New York
- Ohio
- Oklahoma
- Pennsylvania
- Puerto Rico
- Rhode Island
- Texas
- Vermont
- Virgin Islands
- Wisconsin

Psychiatric and Psychological Service Criteria

- Psychiatry and Psychology Services must meet the following criteria:
  - Services are delivered by a CMS qualified provider (psychiatrists, clinical psychologists, clinical social workers, psychiatric nurse practitioners, and clinical nurse specialists) and delivered under an individualized written plan of treatment.
  - The treatment plan states the type, amount, frequency and duration of services to be furnished indicating the diagnosis and anticipated goals.
  - Services are for the purpose of diagnostic study or reasonably expected to improve the member’s condition; and.
    - "Improvement" in this context is measured by comparing the effect of continuing treatment versus discontinuing it. Where there is a reasonable expectation that if treatment services were withdrawn the patient’s condition would deteriorate, relapse further, or require hospitalization, this criterion would be met.
  - Treatment is designed to reduce or control the member’s psychiatric symptoms so as to prevent relapse or hospitalization and improve or maintain the member’s level of functioning; and
  - Treatment improves or maintains the patient’s level of functioning; and
    - Although it may be appropriate, it is not necessary for the goal to be to restore the patient’s level of functioning prior to the onset of illness.
  - For patients with long-term or chronic conditions, the control of symptoms and maintenance of functioning to avoid further deterioration or hospitalization is considered “improvement”; and
Patients may increase their level of functioning, but reach a point where further significant increase in functioning is not expected.

- When stability can be maintained without further treatment/less intensive treatment, services are no longer necessary; and
- Frequency and duration of services should include the consideration of the following factors:
  - Nature of the illness, prior history, goals of treatment and the patient’s response.
  - If evidence of improvement continues with implementation of the treatment plan and the frequency of services is within accepted norms of medical practice, coverage may continue.
  - When a patient reaches a point in his/her treatment where further improvement does not appear to be indicated and there is no reasonable expectation of further improvement, the services are no longer considered reasonable or necessary.
- Services are medically necessary

**Diagnostic Evaluation and Psychotherapy Service Criteria**

- Providers of Mental Health Services include:
  - Psychiatrists, clinical psychologists, clinical social workers, psychiatric nurse practitioners, and clinical nurse specialists.
  - For approved providers of mental health services, the State licensure or authorization must specify that the provider’s scope of practice includes the provision of clinical psychotherapy for the treatment of mental illness. It is the responsibility of providers to be aware of their own State licensure laws and written agreements and/or protocols required, including changes as they occur.
  - Coverage for all non-physician practitioners is limited to services which they are authorized to perform by the State in which they practice.
- Psychiatric Diagnostic Evaluation (90791) is covered when:
  - The patient has a psychiatric illness and/or is demonstrating emotional or behavioral symptoms sufficient to cause inappropriate behavior patterns or maladaptive functioning in personal or social settings which may be suggestive of a psychiatric illness; and/or
  - Baseline functioning is altered by suspected illness or symptoms.
- Psychiatric Diagnostic Evaluation with Medical Services (90792) is covered when:
  - A member has an organic medical diagnosis and a behavioral health condition is suspected; or
  - If the patient had a previous established neurological disorder and there has been an acute or marked mental status change, or a second opinion or diagnostic clarification is necessary to rule out additional psychiatric or neurological processes.
- Individual Psychotherapy (90832-90838) is covered when:
  - The patient has a psychiatric illness and/or is demonstrating emotional or behavioral symptoms sufficient to cause inappropriate behavior or maladaptive functioning; and
  - Psychotherapy services are performed by a person licensed by the State where practicing, and whose training and scope of practice allow that person to perform such services; and
  - Psychotherapy is provided as an integral part of an active treatment plan for which it is directly related to the patient’s identified condition/diagnoses.
  - Some patients require psychotherapy alone or along with medical evaluation and management services. These services involve a variety of responsibilities unique to the medical management of psychiatric patients such as medical diagnostic evaluation (i.e. evaluation of co-morbid medical conditions, drug interactions, and physical examinations), drug management physician orders, interpretation of laboratory or other diagnostic studies and observations.
  - The patient is amenable to allowing insight-oriented therapy such as behavioral modification techniques, interpersonal psychotherapy techniques, supportive therapy, and cognitive/behavioral techniques to be effective.
- Group Psychotherapy (90853) (DE, DC, MD, NJ, and PA) is covered when:
The patient has a psychiatric illness and/or is demonstrating emotional or behavioral symptoms sufficient to cause inappropriate behavior patterns or maladaptive functioning in personal or social settings; and

The issues presented and explored in the group setting should evolve towards a theme or a therapeutic goal; and

Group psychotherapy is ordered by a provider as an integral part of an active treatment plan for which it is directly related to the patient’s identified condition/diagnosis; and

This treatment plan is adhered to and is endorsed and monitored by the treating physician or physician of record; and

The mental health care professional has obtained specialized skills as required.

- Family Psychotherapy (90846, 90847) (DE, DC, MD, NJ, and PA) is covered when:
  - The primary purpose of therapy is the treatment or management of the patient’s condition. Examples include:
    - There is a need to observe and correct, through psychotherapeutic techniques, the patient’s interactions with family members; and/or
    - There is a need to assess the conflicts or impediments within the family, and assist, through psychotherapeutic techniques, the family members in the management of the patient; and
    - Family psychotherapy is ordered by a provider as part of an active treatment plan for which it is directly related to the patient’s identified condition/diagnosis; and
    - Family psychotherapy is conducted face to face by physicians, psychologists, or other mental health professionals licensed or authorized by State statutes.

- Psychoanalysis (90845) (DE, DC, MD, NJ, and PA) is covered when:
  - The medical record documents the indications for psychoanalysis, description of transference, and the psychoanalytic techniques used; and
  - The provider is trained and credentialed in its use by an accredited psychoanalysis program; and
  - Psychoanalysis is billed once daily regardless of length of the session (typically psychoanalysis sessions are 45-50 minutes in length).

- Interactive Complexity Services (90785) are covered when (90785) is used in conjunction with other codes listed below:
  - Diagnostic evaluation (90791, 90792)
  - Psychotherapy (90832, 90834, 90837)
  - Psychotherapy when performed with an evaluation and management services (90833, 90836, 90838, 99201-99255, 99304-99337, 99341-99350)
  - Group psychotherapy (90853)
  - The above codes may be used with (90785) when:
    - There is a need to manage maladaptive communication that complicates the delivery of care; and/or
    - Caregiver emotions or behaviors interfere with implementation of the treatment plan; and/or
    - Evidence or disclosure of sentinel event and reporting to a third party is mandated; and/or
    - There is a need for the use of play equipment, physical devices, interpreter, or translator to overcome barriers to diagnostic or therapeutic interaction with a patient who is not fluent in the same language or has not developed or has lost expressive or receptive language skills to use or understand typical language.

- Psychotherapy for Crisis (90839, 90840) is covered when:
  - The presenting problem is typically life threatening or complex and requires immediate attention to a patient with high distress; and
o The crisis codes are used to report the total face-to-face with the patient and/or family with the physician or other qualified health care professional providing psychotherapy for crisis, even if the time spent on that date is not continuous; and

o For any given period of time spent providing psychotherapy for crisis, the physician or other qualified health care professional must devote his or her full attention to the patient and, therefore, cannot provide service to any other patient during the same time period.

- Other Psychiatric Services or Procedures (DE, DC, MD, NJ, and PA) Includes:

  o Narcosynthesis (90865) used for the administration of sedative or tranquilizer drugs, usually intravenously, to relax the patient and remove inhibitions for discussion of subjects difficult for the patient to discuss freely in the fully conscious state. Narcosynthesis is covered when:
    - The record reflects medical necessity (i.e., the patient had difficulty verbalizing about psychiatric problems without the aid of the drug) and document the specific pharmacological agent, dosage, and whether the technique was effective.
    - Only physicians may administer narcosynthesis.

**Psychological Services under the “Incident to” Provision Service Criteria (CO, CT, DE, D.C., FL, IL, KY, LA, MA, MD, ME, MI, MN, NH, NJ, NM, NY, OH, OK, PA, PR, RI, TX, VT, VI, WI)**

These services refer to psychological services provided “incident to” a psychiatrist’s services furnished as an integral, although incidental part of the psychiatric services provided in the course of diagnosis or treatment.

- Only the following types of individuals, when they are performing within their scope of clinical practice as authorized under to state law, are qualified to perform the indicated services under the “incident to” provision in an office or other outpatient facility. Individuals who are not licensed or otherwise authorized by state law to provide psychological services may not provide services under the “incident to” provision:
  - Doctorate or Masters Level Clinical Psychologist
  - Doctorate or Masters Level Clinical Social Worker
  - Clinical Nurse Specialist (CNS)
  - Nurse Practitioner (NP) (Limited to advanced registered nurse practitioners with a master’s degree in the mental health equivalent to a masters prepared certified clinical nurse specialist).

- In order for services to be covered under the “incident to” provision:
  - The services must be a part of an integral part of the member’s normal course of treatment; and
  - The physician must personally perform the initial evaluation, initiate the course of therapy and remains actively involved in the course of treatment; and
  - Appropriately trained therapists complete follow-up psychotherapy services, incident to the billing provider’s services, which would then be monitored and supervised by the billing provider; and
  - The physician remains actively involved and available to provide direct supervision and course of treatment, including documented review of notes and brief direct contact with the member as necessary to confirm findings.

**Clinical Best Practices**

**Evaluation and Treatment Planning**

- The medical record should indicate the presence of a psychiatric illness and/or demonstration of emotional or behavioral symptoms which may be suggestive of a psychiatric illness or altered baseline functioning. The evaluation should include:
  - Reason for the evaluation/chief complaint
  - Referral source
  - History of present illness, including length of existence of problems/symptoms/conditions
  - Past history
  - Significant medical history and current medications
  - Social, family history
  - Mental status exam
The treatment plan should include methods of therapy, anticipated length of treatment to the extent possible, and a description of the planned measurable and objective goals related to expected changes in behavior or thought processes.

Psychotherapy services should be documented to include:

- A detailed summary of each session, including descriptive documentation of therapeutic interventions such as examples of attempted behavior modification, supportive interaction and discussion of reality.
- The degree of patient participation and interaction with the therapist, the reaction of the patient to the therapy session, documentation toward goal oriented outcomes and the changes or lack of changes in patient symptoms and/or behavior as a result of the therapy session.
- The rationale for any departure from the plan or extension of therapy should be documented in the medical record. The therapist should document patient/therapist interaction in addition to an assessment of the patient’s problems.
- When outpatient psychiatric services are provided at a high frequency or long duration, the plan of treatment, progress notes, and condition of the patient should justify the intensity of services rendered.
- There should be documentation of the patient’s capacity to participate in and benefit from psychotherapy, especially if the patient is in any way cognitively impaired.
- The record should indicate target symptoms, goals of therapy and methods of monitoring outcome.
- There should be documentation of how the treatment is expected to improve the health status or function of the patient.

REFERENCES


HISTORY/REVISION INFORMATION

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The term “medically necessary” refers to health care services or supplies needed to diagnose or treat an illness, injury, condition, disease, or its symptoms and that meet accepted standards of medicine.