

Driscoll Health Plan Medical Necessity Guideline

Medical Necessity Guideline: In Lieu of Services (ILOS): Behavioral Health (BH) and Substance Use Disorder (SUD) Non-Covered Benefits	Creation Date: 09/19/2024	Review Date: 05/30/2026	Effective Date: 07/28/2026
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PURPOSE:

To detail the process for medical necessity review of specific BH and SUD non-covered benefit services not requiring authorization.

LINE OF BUSINESS: STAR, STAR Kids, and CHIP

DEFINITIONS:

Partial Hospitalization Services: Partial hospitalization services provide a structured day program of outpatient behavioral health (BH) services. Partial Hospitalization Programs (PHPs) may provide services for mental health, substance use disorder (SUD), or both. These services resemble highly structured, short-term hospital inpatient programs. The treatment level is more intense than outpatient day treatment or psychosocial rehabilitation.

Intensive Outpatient (IOP) Services: Intensive outpatient services, also referred to as IOP services, are used to treat behavioral health issues that do not require detoxification or 24-hour supervision. IOPs are generally less intensive than PHPs. They may be delivered for mental health, SUD, or both. Intensive outpatient services are organized non-residential services providing structured group and individual therapy, educational services, and life skills training which consists of at least 10 hours per week for four to 12 weeks, but less than 24 hours per Day.

Residential treatment Center (RTC) Services: A facility that provides intensive care and supervision for people with behavioral, psychological, psychiatric, or substance abuse issues. RTCs are also known as residential treatment facilities, residential programs, or rehab centers. RTCs offer a variety of services, including:

- **Treatment programs:** These can include psychoanalytic therapy, behavioral management, family therapy, group counseling, and medication management.
- **Supervision:** RTCs offer 24-hour supervision in a structured environment that is often staff-secure.

GUIDELINE: ⁽¹⁾

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Per the DHP In Lieu of Services (ILOS) Operational Plan, ILOS must be recommended and deemed medically necessary by the evaluating/treating provider. DHP will not require authorization for PHP and IOP for members 20 and under. These services are not a covered benefit but paid under EPSDT. In addition, some RTC services that are not classified as ILOS are also not covered benefits, and the same process will apply. This applies to in-network providers or those with a standing letter of agreement.

The following BH non-covered benefit services do not require an authorization for in-network providers, and the medical necessity will be delegated to the participating treating/admitting provider:

ILOS

PHP (BH and SUD) and IOP (BH and SUD) for STAR and SK members aged 20 and under.

CHIP IOP (BH)

CHIP IOP for BH.

Residential Treatment Center (RTC):

RTC BH for STAR and SK in a Free-standing Facility/Hospital all ages.

BH RTC: Procedure code 99232 with diagnosis codes (specific to BH not RTC): F12.10, F31.0, F31.10, F31.12, F31.2, F31.4, F31.63, F31.64, F31.9, F32.2, F32.89, F32.9, F33.2, F33.3, F34.81, F34.89, F39, F40.10, F41.1, F41.9, F43.10, F43.12, F43.9, F43.50, F50.9, F60.3, F63.81, F65.0, F65.89, F84.0, F90.0, F90.1, F90.2, F90.8, F90.9, F91.3, F94.1, G40.813, G40.824, G40.919, Z62.810, Z62.820, Z71.3.

All out-of-network providers will require authorization.

DHP will audit participating providers that provide these non-covered services without authorization quarterly or frequency determined by DHP. DHP will select a random sample retrospectively for compliance with medical necessity reviews. DHP will determine sample size. DHP will utilize InterQual or ASAM criteria to base medical necessity. Action planning would be implemented for providers not meeting a 90% compliance threshold. If there is a failure to improve within 180 days, the provider would be required to submit authorizations through DHP.

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BACKGROUND:

DHP will report to HHSC the BH/CD non-covered services that are provided without authorization via an FAC code on the encounter. This will demonstrate compliance with the reporting and identification of non-covered benefit services and medical necessity review.

PROVIDER CLAIMS CODES:

PHP:

Mental health services

H0035 - Mental health partial hospitalization, treatment, less than 24 hours

SUD services

S0201 - Partial hospitalization services, less than 24 hours per diem

IOP:

Mental health services

S9480 - Intensive outpatient psychiatric services, per diem

SUD services

H0015 - Alcohol and/or drug services; intensive outpatient

RTC:

99232

Inpatient Services for Acute Psychiatric Conditions in a Free-Standing Psychiatric Hospital up to 15 Calendar Days per Month, Members Ages 21-64 Years:

99221

REFERENCES:

1. Texas Medicaid Provider Procedures Manual, Volume 2 (May 2026), Behavioral Health and Case Management Services Handbook; Inpatient and Outpatient Hospital Services Handbook
2. DHP ILOS Operational Plan

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DOCUMENT HISTORY:

DHP Committee that Approved	Review Approval Date (last 5 years)				
Medical Director	09/23/2024	05/23/2025	05/30/2026		
CMO	09/23/2024	06/10/2025	06/16/2026		
Medical Policy Workgroup	09/25/2024	06/10/2025	06/16/2026		
Provider Advisory Committee (PAC)	09/27/2024	06/24/2025	06/16/2026		
Clinical Management Committee	10/01/2024	07/01/2025	07/21/2026		
Executive Quality Committee	10/02/2024	07/17/2025	07/28/2026		

<i>Document Owner</i>	<i>Organization</i>	<i>Department</i>
Dr. Fred McCurdy, Medical Director	Driscoll Health Plan	Utilization Management

<i>Review/Revision Date</i>	<i>Review/Revision Information, etc.</i>
09/23/2024	Medical Necessity Guideline developed to establish Medical Necessity directives for the Non-Covered Benefits listed within the document.
05/13/2025- 05/23/2025	Annual review and revision initiated 5/13/2025 and completed on 05/23/2025 by Dr. Dan Doucet
05/30/2026	Annual review and revision initiated and completed on 5/30/2026 by Dr Dan Doucet

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