Residential Mental Health Treatment Facilities

MEDICAL POLICY NUMBER: 307

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COVERAGE CRITERIA 2
POLICY CROSS REFERENCES 5
POLICY GUIDELINES 6
REGULATORY STATUS 7
CLINICAL LITERATURE REVIEW 7
HEALTH EQUITY CONSIDERATIONS 7
BILLING GUIDELINES AND CODING 8
REFERENCES 8
POLICY REVISION HISTORY 8

INSTRUCTIONS FOR USE: Company Medical Policies serve as guidance for the administration of plan benefits. Medical policies do not constitute medical advice nor a guarantee of coverage. Company Medical Policies are reviewed annually and are based upon published, peer-reviewed scientific evidence and evidence-based clinical practice guidelines that are available as of the last policy update. The Company reserves the right to determine the application of medical policies and make revisions to medical policies at any time. The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Medical Policy will be resolved in favor of the coverage agreement. Coverage decisions are made on the basis of individualized determinations of medical necessity and the experimental or investigational character of the treatment in the individual case. In cases where medical necessity is not established by policy for specific treatment modalities, evidence not previously considered regarding the efficacy of the modality that is presented shall be given consideration to determine if the policy represents current standards of care.

SCOPE: Providence Health Plan, Providence Health Assurance, and Providence Plan Partners as applicable (referred to individually as “Company” and collectively as “Companies”).

PLAN PRODUCT AND BENEFIT APPLICATION

☒ **Commercial** ☒ **Medicaid/OHP*** ☐ **Medicare****

*Medicaid/OHP Members

Oregon: Services requested for Oregon Health Plan (OHP) members follow the OHP Prioritized List and Oregon Administrative Rules (OARs) as the primary resource for coverage determinations. Medical policy criteria below may be applied when there are no criteria available in the OARs and the OHP Prioritized List.

**Medicare Members

This *Company* policy may be applied to Medicare Plan members only when directed by a separate *Medicare* policy. Note that investigational services are considered **"not medically necessary"** for Medicare members.

COVERAGE CRITERIA

Notes:

- This policy does not address admission criteria for residential mental health treatment for children/adolescents or adults. This policy specifically focuses on minimum program standards for treatment facilities.
- ***Facilities in Oregon must meet the definition of a residential facility under ORS 430.010. Facilities not contracted with PHP, or not located in Oregon, must hold licensure appropriate to their state accreditation requirements.

I. Residential mental health treatment centers must meet all of the following (A.-F.) treatment-center-specific criteria in order to be considered **medically necessary**:

A. The facility holds state licensure (if required, see *Note above) and accreditation through the Joint Commission or the Commission on Accreditation of Rehabilitation Facilities (CARF) for the level of care provided; **and**
B. The facility is staffed by a multidisciplinary treatment team under the leadership of a Board Certified/Board Eligible psychiatrist; **and**
C. The facility conducts a structured treatment program, including all of the following:
    1. A face-to-face interview conducted by a psychiatrist within 72 hours of admission; **and**
    2. Physician visits occurring at least weekly (or more frequently if clinically indicated); **and**
    3. Individual therapy occurring at least weekly (or more frequently if indicated); **and**
    4. Multiple daily group therapy sessions, including family therapy for children/adolescents; **and**

D. The program provides for the mental and physical health needs of the individual member; **and**
E. The facility includes 7 days per week, 24-hour supervision and monitoring. This includes **both** of the following:
    1. An onsite nurse available 24/7 who is able to provide psychiatric nursing services (e.g. observation, crisis intervention, medication administration); **and**
    2. A psychiatrist is available 24/7 (at least by phone) to assist with crisis intervention, treat medical and psychiatric issues, and prescribe medication; **and**
F. Treatment is focused on stabilization, functional improvement, and reintegration of the member. This includes **all** of the following:
    1. The residential treatment program is transitional in nature, designed with the purpose of reintegrating the individual with continued treatment services at less restrictive levels of care; **and**
    2. The residential treatment program is not based on a preset number of days; **and**
    3. Admission to or continued stay in a residential treatment program is not primarily for custodial reasons such as housing, but is based on active treatment of current clinical presentations.

II. Level 3.5 residential treatment centers for substance use disorders (SUDs) (see Policy Guidelines for definition) must meet all of the following treatment-center-specific criteria in order to be considered **medically necessary:**

A. The facility holds state licensure (if required, see *Note above) and accreditation through the Joint Commission or CARF for the level of care provided; **and**
B. The facility has direct affiliations or close coordination with more and less intensive levels of care or services; **and**
C. Staff must include all of the following:
    1. Telephone or in-person consultation with a physician, physician assistant, or nurse practitioner in states where they are licensed as physician extenders and may perform the duties designated here for a physician; emergency services, available 24 hours a day, 7 days a week; **and**
    2. Licensed or credentialed clinical staff such as addiction counselors, social workers, and licensed professional counselors who work with the allied health professional staff in an interdisciplinary team; **and**
    3. Allied health professional staff on-site 24 hours a day; **and**
    4. One or more clinicians with competence in the treatment of substance use disorders are available on-site or by telephone 24 hours a day; **and**
D. The facility has a structured treatment program, including all of the following:
    1. Individualized comprehensive biopsychosocial assessment of the member's substance use or addictive disorder; **and**
    2. Individualized treatment plan with short-term, measurable treatment goals and activities designed to achieve those goals; **and**

3. Biopsychosocial assessment, treatment plan, and updates that reflect the member's clinical progress, reviewed by an interdisciplinary treatment team; **and**
4. Physical examination, performed within a reasonable time, as determined by the member's medical condition; **and**
5. Medical, psychiatric, psychological, laboratory, and toxicology services, based on the severity and urgency of the member's condition; and
6. Planned clinical program activities to:
    i. Stabilize and maintain stabilization of the member's addiction symptom; **and**
    ii. Help members develop and apply recovery skills such as: relapse prevention, exploring interpersonal choices, and development of a social network supportive of recovery; **and**
7. Daily clinical services, including counseling and clinical monitoring, designed with the purpose of reintegrating the individual with continued treatment services at less restrictive levels of care; **and**
8. Random drug screening; **and**
9. Range of evidence-based cognitive, behavioral and other therapies on an individual and group bases, medication education and management, addiction pharmacotherapy, educational skill building groups, and occupational or recreational activities, adapted to the member; **and**
10. Motivational enhancement and engagement strategies appropriate to the member's stage of readiness and desire to change; **and**
11. Counseling and clinical interventions to facilitate teaching the patient the skills needed for productive daily activity and, as indicated, successful reintegration into family living. Health education services are also provided; **and**
12. Monitored member's adherence in taking any prescribed medications and/or any permitted over-the-counter medications; **and**
13. Planned community reinforcement designed to foster prosocial values and community living skills; **and**
14. Services for the member's family and significant others.

III. Level 3.7 residential treatment centers for SUDs (see Policy Guidelines for definition) must meet all of the following treatment-center-specific criteria in order to be considered **medically necessary:**

A. The facility holds state licensure (if required, see *Note above) and accreditation through the Joint Commission or CARF for the level of care provided; **and**
B. Admission to facility includes all of the following:
    1. Physician is available to assess member in person within 24 hours of admission; **and**
    2. Registered nurse (RN) conducts an SUD focused nursing assessment at admission; **and**
    3. An individualized, comprehensive biopsychosocial assessment is conducted; **and**

4. An individualized treatment plan is created which includes problem formulation, and articulation of short-term, measurable treatment goals, and activities designed to achieve those goals; **and**

C. Staff must include all of the following:
   1. Physician monitoring, nursing care, and observation; **and**
   2. Psychiatric services available on site, through consultation or referral within 8 hours by telephone or 24 hours in person; **and**
   3. Interdisciplinary staff (including physicians, nurses, addiction counselors and behavioral health specialists) to provide daily clinical services; **and**
   4. Staff able to provide a planned regimen of 24-hour professionally directed evaluation, care, and treatment services (including administration of prescribed medications); **and**
   5. A licensed physician to oversee treatment process and the quality of care; **and**
   6. Physicians with specialty training and/or experience in addiction medicine to perform physical examinations for all patients admitted to this level of care; **and**

D. Facility provides all of the following:
   1. Planned clinical program activities to:
      i. stabilize the acute addictive and/or psychiatric symptoms; **and**
      ii. enhance patient's understanding of his or her substance use/and or mental disorder; **and**
   2. Daily treatment services to manage acute symptoms of member's biomedical, substance use, or mental disorder; **and**
   3. Counseling and clinical monitoring designed for member to build skills for productive daily living and successfully reintegrate into family living; **and**
   4. Random drug screening; **and**
   5. Regular monitoring of adherence in taking prescribed medications; **and**
   6. Services for member's family and significant others.

IV. Residential mental health treatment centers are considered **not medically necessary** when criteria I, II, or III are not met.

V. Facilities providing custodial care, such as therapeutic group homes, therapeutic schools, and wilderness (outdoor) therapy do not meet the minimum requirements for a residential mental health treatment center and are considered **not medically necessary**.

Link to Evidence Summary

POLICY CROSS REFERENCES

- Wilderness Therapy, MP289

The full Company portfolio of current Medical Policies is available online and can be accessed here.

POLICY GUIDELINES

BACKGROUND

Residential Mental Health Treatment Facility

Residential mental health treatment facilities refer to non-hospital facilities that offer psychiatric services and treatment programs for individuals with mental health and substance use disorders. Facilities tend to offer intensive programs with daily individual and group therapy sessions with the goal of improving functionality and reintegrating patients in their communities.

The American Society of Addition Medicine (ASAM) Levels of CARE[1]

The ASAM Criteria describe SUDs treatments based on four broad levels of care: (1) Outpatient services, (2) Intensive Outpatient/Partial Hospitalization Services, (3) Residential/Inpatient Services, and (4) Medially Managed Intensive Inpatient Services. The following definitions pertain to this policy:

- **ASAM Level 3.5:** "Called Clinically Managed Medium-Intensity Residential Services for adolescents and Clinically Managed High-Intensity Residential Services for adults, this level of care provides 24-hour care with trained counselors to stabilize multidimensional imminent danger and prepare for outpatient treatment. Patients in this level are able to tolerate and use full active milieu or therapeutic communities. Level 3 encompasses residential services that are described as co-occurring capable, co-occurring enhanced, and complexity capable services, which are staffed by designated addiction treatment, mental health, and general medical personnel who provide a range of services in a 24-hour treatment setting."
- **ASAM Level 3.7**: "Called the Medically Monitored High-Intensity Inpatient Services for adolescents and Medically Monitored Intensive Inpatient Services Withdrawal Management for adults, this level of care provides 24-hour nursing care with a physician's availability for significant problems in Dimensions 1, 2, or 3. Patients in this level of care require medication and have a recent history of withdrawal management at a less intensive level of care, marked by past and current inability to complete withdrawal management and enter into continuing addiction treatment. This is the appropriate setting for patients with subacute biomedical and emotional, behavioral, or cognitive problems that are so severe that they require inpatient treatment. Level 3 encompasses residential services that are described as co-occurring capable, co-occurring enhanced, and complexity capable services, which are staffed by designated addiction treatment, mental health, and general medical personnel who provide a range of services in a 24-hour treatment setting."[1]

Custodial Care

Custodial care refers to:

1. Nonmedical assistance, such as assistance with activities of daily living
2. Health-related services provided for the primary purposed of meeting the member's personal needs or maintaining a level of function, regardless of setting.
3. Remaining in treatment for the purpose of supportive living environment or avoidance of to avoid returning to home environment.

REGULATORY STATUS

U.S. FOOD AND DRUG ADMINISTRATION (FDA)

Approval or clearance by the Food and Drug Administration (FDA) does not in itself establish medical necessity or serve as a basis for coverage. Therefore, this section is provided for informational purposes only.

CLINICAL LITERATURE REVIEW

CLINICAL PRACTICE GUIDELINES

American Society of Addiction Medicine (ASAM)

In 2013, ASAM published guidelines for placement, continued stay, transfer, or discharge of patients with addiction and co-occurring conditions. The guideline book offers specific guidance for the 3rd levels of care, residential/inpatient services.[1]

Mental Health America (MHA)

In 2015, MHA published a position statement on Residential Treatment for Children and Adolescents with Serious Mental Health and Substance Use Conditions. The statement calls out great variance in the quality of residential treatment facilities and promotes evidence-based practices, monitored outcomes, mandated licensure, training and continuing education, and required background checks for a treatment personnel.[2]

Oregon Health Authority (OHA)

OHA published rules and regulations for Residential Treatment Facilities and Residential Treatment Homes for Adults with Mental Health Disorders. The rules "promote optimum health, mental and social well-being, and recovery for adults with mental health disorders through the availability of a wide range of home and community based residential settings and services. They prescribe how services will be provided in safe, secure, and homelike environments that recognize the dignity, individuality, and right to self-determination of each individual."[3]

HEALTH EQUITY CONSIDERATIONS

The Centers for Disease Control and Prevention (CDC) defines health equity as the state in which everyone has a fair and just opportunity to attain their highest level of health. Achieving health equity requires addressing health disparities and social determinants of health. A health disparity is the occurrence of diseases at greater levels among certain population groups more than among others. Health disparities are linked to social determinants of health which are non-medical factors that influence health outcomes such as the conditions in which people are born, grow, work, live, age, and

the wider set of forces and systems shaping the conditions of daily life. Social determinants of health include unequal access to health care, lack of education, poverty, stigma, and racism.

The U.S. Department of Health and Human Services Office of Minority Health calls out unique areas where health disparities are noted based on race and ethnicity. Providence Health Plan (PHP) regularly reviews these areas of opportunity to see if any changes can be made to our medical or pharmacy policies to support our members obtaining their highest level of health. Upon review, PHP creates a Coverage Recommendation (CORE) form detailing which groups are impacted by the disparity, the research surrounding the disparity, and recommendations from professional organizations. PHP Health Equity COREs are updated regularly and can be found online here.

BILLING GUIDELINES AND CODING

No CPT or HCPCS codes for residential mental health treatment facilities. Revenue codes 1001 (Residential Treatment, Psychiatric) and 1002 (Behavioral Health Accommodations Residential Chemical Dependency) apply.

REFERENCES

1. Mee-Lee D SG, Fishman MJ, Gastfriend DR, Miller MM. *The ASAM criteria: Treatment criteria for addictive, substance-related, and co-occurring conditions. 3rd ed.* Carson City, NV: American Society of Addiction Medicine; 2013.
2. Mental Health America. Position Statement 44: Residential Treatment For Children And Adolescents With Serious Mental Health And Substance Use Conditions. Approved 6/3/2015. https://www.mhanational.org/issues/position-statement-44-residential-treatment-children-and-adolescents-serious-mental-health. Accessed 8/19/2024.
3. Oregon Health Authority. Health Systems Division: Behavioral Health Services. Chapter 309. Residential treatment facilities and residential treatment homes for adults with mental health disorders. https://secure.sos.state.or.us/oard/viewSingleRule.action?ruleVrsnRsn=45175. Accessed 8/20/2025.

POLICY REVISION HISTORY

DATE	REVISION SUMMARY
2/2023	Converted to new policy template.
10/2023	Annual update. No changes.
10/2024	Annual update. No changes.
10/2025	Annual update. No changes.