Reimbursement Policy

Psychotherapy and Evaluation and Management Services

REIMBURSEMENT POLICY NUMBER: 18

Effective Date: 7/1/2025

Last Review Date: 5/2025

Next Annual Review: 5/2026

SCOPE AND APPLICATION 1
POLICY STATEMENT 1
POLICY GUIDELINES 3
CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) 4
BILLING AND CODING GUIDELINES 5
CROSS REFERENCES 7
REFERENCES 7
POLICY REVISION HISTORY 8

INSTRUCTIONS FOR USE: Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement 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 Reimbursement Policy will be resolved in favor of the coverage agreement.

SCOPE AND APPLICATION

Provider Type:

☒ Professional Claims

Plan Product:

☒ Commercial
☒ Medicare
☐ Medicaid/Oregon Health Plan (OHP)

POLICY STATEMENT

NOTE: This policy complies with Federal Parity Compliance regulations. Correct coding and billing requirements are applied equally across all behavioral health/substance use disorder (BH/SUD) and medical/surgical (MED/SUR) services.

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

General Criteria

I. Listed evaluation and management (E&M) services (CPT codes 99202, 99203, 99211-99213, 99221-99255, 99304-99316, 99341-99350) may be reported with a psychotherapy add-on code (CPT codes 90833, 90836, and 90838) on the same day by the same physician or other qualified health professional when **all of the following** (A-D) apply:

A. All services **must** be fully documented as performed; **and**
B. All services **must** be coded correctly based on the following guidelines (1-3); **and**

1. The type and level of E&M service selected is based on medical decision-making (MDM) when reported with psychotherapy services. Type and level in these situations **cannot** be based on time alone.[1,2]
2. Select the psychotherapy add-on code (CPT 90833, 90836 or 90838) based on time spent in psychotherapy **only**. Any time spent on activities relating to the reported E&M service may **not** be counted.[2,3]

    i. A psychotherapy code cannot be used for sessions lasting **less than** 16 minutes.[2]

3. Prolonged services cannot be reported when psychotherapy with E&M services are reported.[2]

C. Centers for Medicare and Medicaid Services (CMS) and the American Medical Association (AMA) coding guidelines and requirements will be used as references in the event of a utilization audit; **and**
D. Medical records **must** support the medical necessity of all services reported, including the level of service reported. *(See Billing and Coding Guidelines below regarding medical necessity and E&M coding)*

Interactive Complexity

II. Psychiatric procedures may be reported with interactive complexity (CPT 90785) when at least **one of the following** (A-D) is present:

A. Manage maladaptive communication (related to, e.g., high anxiety, high reactivity, repeated questions, or disagreement) among participants that complicates delivery of care; **or**
B. Caregiver emotions or behavior that interferes with the caregiver's understanding and ability to assist in the implementation of the treatment plan; **or**
C. Evidence or disclosure of a sentinel event and mandated report to third party (e.g., abuse or neglect with report to state agency) with initiation of discussion of the sentinel event and/or report with patient and other visit participants; **or**
D. Use of play equipment or other physical devices to communicate with the patient to overcome barriers to therapeutic or diagnostic interaction between the provider and a patient who has not developed, or has lost, **either** of the following (i or ii):

i. The expressive language communication skills to explain symptoms and response to treatment, or
ii. The receptive communication skills to understand the provider if they were to use typical language for communication.

POLICY GUIDELINES

DOCUMENTATION REQUIREMENTS

In order to provide an effective and accurate review, the following documentation **must** be provided. If any of these items are not submitted, any necessary review may be delayed and decision outcomes affected[4]:

- Name, date of service, session length
- Encounter reason - mental status
- Relevant interval history
- Service type (individual, group, family, interactive, etc.) and pertinent themes discussed
- Type of therapy or interventions used
- Patient assessment (progression/regression)
- Treatment plan/diagnosis/medication change
- Expected treatment outcomes on periodic basis
- Modalities/frequency of treatment furnished
- Each encounter must have its own documentation
- E&M and Psychotherapy may be on same report; specifically, separately identifiable within note
- Time indicated in psychotherapy code
    - Do not overlap psychotherapy and E&M services
    - Note: Providers must clearly document in the patient's medical record, time spent providing psychotherapy service, rather than entering one total time period (which includes E&M service)

45 CFR §164.501[5]:

> *Psychotherapy notes* means notes recorded (in any medium) by a health care provider who is a mental health professional documenting or analyzing the contents of conversation during a private counseling session or a group, joint, or family counseling session and that are separated from the rest of the individual's medical record. *Psychotherapy notes* excludes medication prescription and monitoring, counseling session start and stop times, the modalities and frequencies of treatment furnished, results of clinical tests, and any summary of the following items: Diagnosis, functional status, the treatment plan, symptoms, prognosis, and progress to date.

Combining excluded elements with protected psychotherapy notes does not make the former "protected" information. The provider is responsible for extracting information required to support that the claim is for reasonable and necessary services.[6]

DEFINITIONS AND BACKGROUND

Evaluation and Management (E&M) Services

Evaluation and management (E&M) coding is the use of CPT® codes from the range 99202-99499 to represent services provided by a physician or other qualified healthcare professional. Evaluation and management (E&M) services are visits and services that involve evaluating and managing an individual's medical and mental health.

Examples of E&M services include, but may not be limited to, visits in a doctor's office, hospital visits (e.g., inpatient visits, emergency room visits), visits to a member residing in a skilled nursing facility, home services, and preventive medicine services.

Other services provided by a physician or other health care professionals (i.e., surgery, physical therapy, radiology and imaging, etc.) are reported using codes from other sections of the CPT manual and are not considered E&M services.

Psychotherapy

"Psychotherapy is the treatment of mental illness and behavioral disturbances in which the physician or other qualified health care professional, through definitive therapeutic communication, attempts to alleviate the emotional disturbances, reverse or change maladaptive patterns of behavior, and encourage personality growth and development."[2]

Psychotherapy may also be referred to as "talk therapy." Psychotherapy and medication are the most common forms of mental health treatment.[7]

Interactive Complexity

According to CPT guidelines (2025), interactive complexity refers to "specific communication factors that complicate the delivery of a psychiatric procedure." CPT states, "Common factors include more difficult communication with discordant or emotional family members and engagement of young and verbally undeveloped or impaired patients. Typical patients are those who have third parties, such as parents, guardians, other family members, agencies, court officers, or schools involved in their psychiatric care."

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

As of 3/13/2025, the following Centers for Medicare & Medicaid (CMS) guidance was identified which addresses coding for psychotherapy and E&M services:

- Noridian Healthcare Solutions, Inc. (Noridian) web page for Mental Health.
- 45 CFR §164.501.
- Medicare Program Integrity Manual, Chapter 3 - Verifying Potential Errors and Taking Corrective Actions, §3.3.2.6 - Psychotherapy Notes.

- Medicare Claims Processing Manual, Chapter 12 - Physicians/Nonphysician Practitioners, §30.6.1 - Selection of Level of Evaluation and Management Service, B. Selection of Level of Evaluation and Management Service.

The above criteria and reimbursement methodologies are consistent with the CMS guidance.

The above criteria and methodologies are also consistent with coding instruction provided by the American Medical Association (AMA).

BILLING AND CODING GUIDELINES

GENERAL

Psychotherapy Billing

Individual psychotherapy codes are time-based codes. Different CPT codes are available for use, depending on the documentation:

- CPT codes 90832, 90834, 90837: Psychotherapy **without** E&M service; and
- CPT codes 90833, 90836, 90838: Add-on codes used for psychotherapy reported **with** the appropriate E&M code

When psychotherapy is provided on the same date as an E&M service, report one of the add on codes below to indicate that both services were provided. Time documented must match CPT code(s) billed.

Table 1: Add-on Psychotherapy CPT Codes

Time Requirements	
CPT	**Time**
90833	30 minutes
90836	45 minutes
90838	60 minutes

REMINDER: The time spent providing the medical E&M service **cannot** be included when calculating and selecting the timed psychotherapy code. The services **must** be separate and distinct from each other in order to be reported separately.

Evaluation and Management Service Billing

Only CPT codes 90833, 90836, 90838 represent psychotherapy services reported **with** an E&M code. CPT codes 90832, 90834, and 90837 are by definition used for psychotherapy **without** an E&M service, and therefore, should not be reported with an E&M code.

As add-on codes, CPT codes 90833, 90836, and 90838 must reported with one of the following E/M service parent codes:

- Office or other outpatient visit (NEW patient): 99202, 99203, 99204, 99205

- Office or other outpatient visit (ESTABLISHED patient): 99211, 99212, 99213, 99214, 99215
- Initial hospital inpatient or observation: 99221, 99222, 99223
- Subsequent hospital inpatient or observation: 99231, 99232, 99233
- Hospital inpatient or observation: 99234, 99235, 99236
- Hospital inpatient or observation discharge day management: 99238, 99239
- Office or other outpatient consultation: 99242, 99243, 99244, 99245
- Inpatient or observation consultation: 99252, 99253, 99254, 99255
- Initial nursing facility care: 99304, 99305, 99306
- Subsequent nursing facility care: 99307, 99308, 99309, 99310
- Nursing facility discharge management: 99315, 99316
- Home or residence visit (NEW patient): 99341, 99342, 99344, 99345
- Home or residence visit (ESTABLISHED patient): 99347, 99348, 99349, 99350
- Hospital outpatient clinic visit: G0463

CPT Guidelines (2025) state[2]:

> "For the purposes of reporting, the medical and psychotherapeutic components of the service may be separately identified as follows:
>
> 1. The type and level of E&M service is selected based on medical decision making.
>
> 2. Time spent on the activities of the E&M service is not included in the time used for reporting the psychotherapy service. Time may not be used as the basis of E&M code selection and prolonged services may not be reported when psychotherapy with E&M (90833, 90836, 90838) are reported.
>
> 3. A separate diagnosis is not required for the reporting of E&M and psychotherapy on the same date of service."

According to CMS guidelines:

> "Medical necessity of a service is the overarching criterion for payment in addition to the individual requirements of an E&M visit code. It would not be medically necessary or appropriate to bill a higher level of E&M service when a lower level of service is warranted. The volume of documentation should not be the primary influence upon which a specific level of service is billed. Documentation should support the level of service reported."[8]

According to CPT billing instructions, when calculating time spent for evaluation and management (E&M) codes, providers are instructed to not "count time spent on the… the performance of other services that are reported separately."

Interactive Complexity

According to 2025 CPT guidelines:

> "Code 90785 is an add-on code for interactive complexity to be reported in conjunction with codes for diagnostic psychiatric evaluation (90791, 90792), psychotherapy (90832, 90833, 90834, 90836, 90837, 90838), and group psychotherapy (90853)…

"Psychiatric procedures may be reported 'with interactive complexity' when at least one of the following is present:

1. The need to manage maladaptive communication (related to, eg, high anxiety, high reactivity, repeated questions, or disagreement) among participants that complicates delivery of care.

2. Caregiver emotions or behavior that interferes with the caregiver's understanding and ability to assist in the implementation of the treatment plan.

3. Evidence or disclosure of a sentinel event and mandated report to third party (eg, abuse or neglect with report to state agency) with initiation of discussion of the sentinel event and/or report with patient and other visit participants.

4. Use of play equipment or other physical devices to communicate with the patient to overcome barriers to therapeutic or diagnostic interaction between the physician or other qualified health care professional and a patient who has not developed, or has lost, either the expressive language communication skills to explain his/her symptoms and response to treatment, or the receptive communication skills to understand the physician or other qualified health care professional if he/she were to use typical language for communication.

"Interactive complexity must be reported in conjunction with an appropriate psychiatric diagnostic evaluation or psychotherapy service, for the purpose of reporting increased complexity of the service due to specific communication factors which can result in barriers to diagnostic or therapeutic interaction with the patient.

"When provided in conjunction with the psychotherapy services (90832-90838), the amount of time spent by a physician or other qualified health care professional providing interactive complexity services should be reflected in the timed service code for psychotherapy (90832, 90834, 90837) or the psychotherapy add-on code (90833, 90836, 90838) performed with an evaluation and management service and must relate to the psychotherapy service only. Interactive complexity is not a service associated with evaluation and management services when provided without psychotherapy."

CROSS REFERENCES

CODING POLICY

- Documentation Guidelines for Medical Services, CP58.0
- Documentation Guidelines for Amended Notes, CP60.0
- Medical Visits, 52.0

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

REFERENCES

1. American Medical Association (AMA). *"Questions and Answers, Medicine: Psychiatry."* CPT Assistant, Volume 32 Issue 8, August 2022, page 19.
2. AMA. Current Procedural Terminology (CPT) book, Professional Edition. "Psychotherapy" subsection guidelines (preceding 90832).
3. AMA. "Psychiatry Changes for 2017." American Medical Association. CPT Assistant, Volume 26 Issue 12, December 2016, pages 11-12.
4. Noridian Healthcare Solutions, Inc. (Noridian). *Mental Health*. Updated 1/9/2025. https://med.noridianmedicare.com/web/jfb/specialties/mental-health. Accessed 2/13/2025.
5. 45 CFR §164.501. https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-C/part-164/subpart-E/section-164.501. Accessed 2/14/2025.
6. Centers for Medicare & Medicaid Services (CMS). Medicare Program Integrity Manual, Chapter 3 - Verifying Potential Errors and Taking Corrective Actions, §3.3.2.6 - Psychotherapy Notes. https://www.cms.gov/regulations-and-guidance/guidancE&Manuals/downloads/pim83c03.pdf. Accessed 2/14/2025.
7. National Institute of Mental Health. *Psychotherapies*. https://www.nimh.nih.gov/health/topics/psychotherapies. Accessed 3/13/2025.
8. CMS. Medicare Claims Processing Manual, Chapter 12 - Physicians/Nonphysician Practitioners, §30.6.1 - Selection of Level of Evaluation and Management Service, B. Selection of Level of Evaluation and Management Service. https://www.cms.gov/regulations-and-guidance/guidancE&Manuals/downloads/clm104c12.pdf. Accessed 3/13/2025.

POLICY REVISION HISTORY

Date	Revision Summary
7/2025	New reimbursement policy