

1 CABINET FOR HEALTH AND FAMILY SERVICES

2 Department for Medicaid Services

3 Division of Healthcare Facilities Management

4 (Amended After Comments)

5 907 KAR 9:005. Level I and II psychiatric residential treatment facility service and
6 coverage policies~~services~~.

7 RELATES TO: KRS 205.520, 216B.450, 216B.455, 216B.459

8 STATUTORY AUTHORITY: KRS 194A.030(2), 194A.050(1), 205.520(3), 42 C.F.R.
9 440.160, 42 U.S.C. 1396a-d~~, EO 2004-726]~~

10 NECESSITY, FUNCTION, AND CONFORMITY: ~~[EO 2004-726, effective July 9, 2004,~~
11 ~~reorganized the Cabinet for Health Services and placed the Department for Medicaid~~
12 ~~Services and the Medicaid Program under the Cabinet for Health and Family Services.]~~

13 The Cabinet for Health and Family Services, Department for Medicaid Services, has a
14 responsibility to administer the Medicaid program. KRS 205.520(3) authorizes the
15 cabinet, by administrative regulation, to comply with any requirement that may be
16 imposed or opportunity presented by federal law to qualify for federal Medicaid funds~~for~~
17 ~~the provision of medical assistance to Kentucky's indigent citizenry~~. This administrative
18 regulation establishes Medicaid program coverage policies regarding Level I and Level
19 II~~provisions relating to coverage of]~~ psychiatric residential treatment facility services.

20 Section 1. Definitions. (1) "Active treatment" means a covered Level I or II psychiatric
21 residential treatment facility ~~[(PRTF)]~~ service provided:

1 (a) [~~Including nursing care, mental health, case coordination, psychiatric therapies,~~
2 ~~task and skills training~~] In accordance with an individual plan of care as specified in 42
3 CFR 441.154; and

4 (b) [~~Provided~~] By an individual employed or contracted by a Level I or II PRTF
5 including a:

6 1. Psychiatrist;

7 2. Qualified mental health personnel;

8 3. Qualified mental health professional;

9 4. Mental health associate; or

10 5. Direct care staff person.

11 (2) "Acute care hospital" is defined by KRS 205.639(1).

12 (3) "Behavioral health professional" means:

13 (a) A psychiatrist;

14 (b) A physician licensed in Kentucky to practice medicine or osteopathy, or a
15 medical officer of the government of the United States while engaged in the
16 practice of official duties;

17 (c) A psychologist licensed and practicing in accordance with KRS 319.050;

18 (d) A certified psychologist with autonomous functioning or licensed
19 psychological practitioner certified and practicing in accordance with KRS
20 319.056;

21 (e) A clinical social worker licensed and practicing in accordance with KRS
22 335.100;

1 (f) An advanced registered nurse practitioner licensed and practicing in
2 accordance with KRS 314.042;

3 (g) A marriage and family therapist licensed and practicing in accordance with
4 KRS 335.300;

5 (h) A professional clinical counselor licensed and practicing in accordance
6 with KRS 335.500;

7 (i) A professional art therapist certified and practicing in accordance with KRS
8 309.130; or

9 (j) An alcohol and drug counselor certified and practicing in accordance with
10 KRS 309.080 to 309.089.

11 (4) "Behavioral health professional under clinical supervision" means:

12 (a) A psychologist certified and practicing in accordance with KRS 319.056;

13 (b) A licensed psychological associate licensed and practicing in accordance
14 with KRS 319.064;

15 (c) A marriage and family therapist associate permitted and practicing in
16 accordance with KRS 335.300;

17 (d) A social worker certified and practicing in accordance with KRS 335.080; or

18 (e) A professional counselor associate licensed and practicing in accordance
19 with KRS 335.500.

20 (5) "Child with a severe emotional disability" is defined by KRS 200.503(2).

21 (6)[(4)]2. Social worker; or

22 3. Direct-care staff person; and

23 (c) Which shall not be subcontracted.

1 (2)]"Department" means the Department for Medicaid Services or its designee.

2 **(7)[(5)] "Diagnostic and assessment services"** means at least one (1) face-to-face
3 **specialty evaluation or specialty evaluation performed via telemedicine** of a
4 **recipient's medical, social, and psychiatric status provided by a physician or qualified**
5 **mental health professional that shall:**

6 (a) Include:

7 **1. Interviewing and evaluating; or**

8 **2. Testing[and interviewing];**

9 (b) Be documented and record all contact with the recipient and other interviewed
10 individuals; and

11 (c) Result in a:

12 1. Diagnosis code in accordance with 45 CFR 162.1000; and

13 2. Specific treatment recommendation.

14 **(8)[(6)] "Federal financial participation" is defined by 42 CFR 400.203.**

15 **(9)[(7)] "Intensive treatment services" means a program:**

16 (a) For a child:

17 1. With a severe emotional disability; and

18 **a. An[A severe and persistent aggressive behavior,] intellectual disability, a**
19 **severe and persistent aggressive behavior, or sexually acting out behavior; or**

20 b. A developmental disability;

21 2. Who requires a treatment-oriented residential environment; and

22 3. Between the ages of four (4) to twenty-one (21) years; and

1 (b) That provides psychiatric and behavioral health services two (2) or more times per
2 week to a child referenced in paragraph (a) of this subsection:

3 1. As indicated by the child's psychiatric and behavioral health needs; and

4 2. In accordance with the child's therapeutic plan of care.

5 **(10)[(8)]** "Interdisciplinary team" means:

6 (a) For a recipient who is under the age of eighteen (18) years:

7 1. A parent, legal guardian, or care giver of the recipient;

8 2. The recipient;

9 3. A qualified mental health professional; and

10 4. The staff person, if available, who worked with the recipient during the recipient's
11 most recent placement if the recipient has previously been in a Level I or II PRTF; or

12 (b) For a recipient who is eighteen (18) years of age or older:

13 1. The recipient;

14 2. A qualified mental health professional; and

15 3. The staff person, if available, who worked with the recipient during the recipient's
16 most recent placement if the recipient has previously been in a Level I or II PRTF.

17 **(11)[(9)]** "Level I PRTF" means a psychiatric residential treatment facility that meets
18 the
19 criteria established in KRS 216B.450(5)(a).

20 **(12)[(10)]** "Level II PRTF" means a psychiatric residential treatment facility that meets
21 the criteria established in KRS 216B450(5)(b).

22 **(13)[(11)]**[(3)] "Medicaid payment status" means a circumstance in which:

23 (a) The person:

- 1 1. Is eligible for and receiving Medicaid benefits; and
- 2 2. Meets patient status criteria for Level I or II psychiatric residential treatment facility

3 [~~PRTF~~]services; and

4 (b) The facility is billing the Medicaid program for services provided to the person.

5 ~~(14)~~~~(12)~~~~(4)~~ "Medically necessary" or "medical necessity" means that a covered
6 benefit is determined to be needed in accordance with 907 KAR 3:130.

7 ~~(15)~~~~(13)~~ "Mental health associate" is defined by 902 KAR 20:320.

8 ~~(16)~~~~(14)~~ "Physician" is defined by KRS 311.550(12).

9 ~~(17)~~~~(15)~~ "Private psychiatric hospital" is defined by KRS 205.639(2).

10 ~~(18)~~~~(16)~~ "Psychiatric services" means:

11 (a) An initial psychiatric evaluation of a recipient which shall include:

12 1. A review of the recipient's:

13 a. Personal history;

14 b. Family history;

15 c. Physical health;

16 d. Prior treatment; and

17 e. Current treatment;

18 2. A mental status examination appropriate to the age of the recipient;

19 3. A meeting with the family or any designated significant person in the recipient's

20 life; and

21 4. Ordering and reviewing:

22 (i) Laboratory data;

23 (ii) Psychological testing results; or

1 (iii) Any other ancillary health or mental health examinations;

2 (b) Development of an initial plan of treatment which shall include:

3 1. Prescribing and monitoring of psychotropic medications; or

4 2. Providing and directing therapy to the recipient;

5 (c) Implementing, assessing, monitoring, or revising the treatment as appropriate to
6 the recipient's psychiatric status;

7 (d) Providing a subsequent psychiatric evaluation as appropriate to the recipient's
8 psychiatric status; **[and]**

9 (e) Consulting, **if determined to be necessary by the psychiatrist responsible for**
10 **providing or overseeing the recipient's psychiatric services,** with another
11 physician, an attorney, police, **[a]** school **staff,** a treatment program **staff,** or other
12 **organization's staff[organization]** regarding the recipient's care and treatment; **and**

13 **(f) Ensuring that the psychiatrist responsible for providing or overseeing the**
14 **recipient's psychiatric services has access to the information referenced in**
15 **paragraph (e) of this subsection.**

16 **(19)[**

17 **(17)]** shall be:

18 ~~(a) Provided in accordance with 42 CFR 440.230;~~

19 ~~(b) Reasonable and required to identify, diagnose, treat, correct, cure, ameliorate~~
20 ~~palliate, or prevent a disease, illness, injury, disability, or other medical condition,~~
21 ~~including pregnancy;~~

22 ~~(c) Clinically appropriate in terms of amount, scope, and duration based on~~
23 ~~generally accepted standards of good medical practice;~~

1 ~~(d) Provided for medical reasons rather than primarily for the convenience of the~~
2 ~~recipient, caregiver, or the provider;~~

3 ~~(e) Provided in the most appropriate location, with regard to generally accepted~~
4 ~~standards of good medical practice, where the service may, for practical purposes, be~~
5 ~~safely and effectively provided;~~

6 ~~(f) Needed, if used in reference to an emergency medical service, to evaluate or~~
7 ~~stabilize an emergency medical condition that is found to exist using the prudent~~
8 ~~layperson standard; and~~

9 ~~(g) Provided in accordance with early and periodic screening, diagnosis, and~~
10 ~~treatment (EPSDT) requirements established in 42 USC 1396d(r) and 42 CFR Part 441~~
11 ~~Subpart B for Medicaid-eligible persons under twenty-one (21) years of age.~~

12 ~~(5)] "Psychiatric residential treatment facility" or "PRTF" is defined by KRS~~

13 ~~216B.450(5).~~

14 ~~**(20)[(18)]** "Qualified mental health personnel" is defined by KRS 216B.450(6).~~

15 ~~**(21)[(19)]** "Qualified mental health professional" is defined by KRS 216B.450(7).~~

16 ~~**(22)** "Review agency" means the:~~

17 ~~**(a) Department if the Medicaid recipient is not enrolled in a managed care**~~
18 ~~**organization; or**~~

19 ~~**(b) Entity under contract with the department if the Medicaid recipient is not**~~
20 ~~**enrolled in a managed care organization.**~~

21 ~~**(23)[(20)]** "State mental hospital" is defined by KRS 205.639(3).~~

22 ~~**(24)** "Telemedicine" means the use of electronic information and~~
23 ~~**telecommunications technologies to support long-distance clinical health care.**~~

1 (25)[((21)] "Treatment plan" means a plan created for the care and treatment of a
2 recipient that:

3 (a) Is developed in a face-to-face meeting by the recipient's interdisciplinary team;

4 (b) Describes a comprehensive, coordinated plan of medically necessary behavioral
5 health services that specifies a modality, frequency, intensity, and duration of services
6 sufficient to maintain the recipient in a PRTF setting; and

7 (c) Identifies:

8 1. A program of therapies, activities, interventions, or experiences designed to
9 accomplish the plan;

10 2. A qualified mental health professional, a mental health associate, or qualified
11 mental health personnel who shall manage the continuity of care;

12 3. Interventions by care givers in the PRTF and school setting that support the
13 recipient's ability to be maintained in a PRTF setting;

14 4. Behavioral, social, and physical problems with interventions and objective,
15 measurable goals;

16 5. Discharge criteria [~~for each of the requested services~~]that specifies the:

17 a. Recipient-specific behavioral indicators for discharge from the service;

18 b. Expected service level that would be required upon discharge; and

19 c. Identification of the intended provider to deliver services upon discharge;

20 6. A crisis action plan that progresses through a continuum of care that is designed to
21 reduce or eliminate the necessity of inpatient services;

22 7. A plan for:

23 a. Transition to a lower intensity of services; and

1 b. Discharge from PRTF services;

2 8. An individual behavior management plan;

3 9. A plan for the involvement and visitation of the recipient with the birth family,
4 guardian, or other significant person, unless prohibited by a court, including therapeutic
5 off-site visits pursuant to the treatment plan; and

6 10. Services and planning, beginning at admission, to facilitate the discharge of the
7 recipient to an identified plan for home-based services or a lower level of care[KRS
8 216B.450(4)].

9 Section 2. Provider Participation. (1) In order to participate, or continue to participate,
10 in the Kentucky Medicaid Program, a:

11 (a) Level I PRTF shall:

12 1. Have a utilization review plan for each recipient consisting of, at a minimum, a pre-
13 admission certification review submitted via telephone or electronically to the review
14 agency prior to admission of the recipient;

15 2. Perform and place in each recipient's record:

16 a. A medical evaluation;

17 b. A social evaluation; and

18 c. A psychiatric evaluation;

19 3. Establish a plan of care for each recipient which shall be placed in the recipient's
20 record;

21 4. Appoint a utilization review committee which shall:

22 a. Oversee and implement the utilization review plan; and

1 b. Evaluate each Medicaid admission and continued stay prior to the expiration of the
2 Medicaid certification period to determine if the admission or stay is or remains
3 medically necessary;

4 5. [PRTF shall:

5 ~~(a) Have a utilization review plan which complies with 907 KAR 1:016];~~

6 ~~(b) Appoint a utilization review committee which complies with 907 KAR 1:016 to:~~

7 ~~1. Oversee and implement the utilization review plan; and~~

8 ~~2. Evaluate each Medicaid admission prior to the expiration of the Medicaid~~
9 ~~certification period to determine the admission's compliance with medical necessity~~
10 ~~criteria and other applicable Medicaid requirements;~~

11 ~~(c)] Comply with staffing requirements established in 902 KAR 20:320;~~

12 ~~6. [(d)] Be located in the Commonwealth [state] of Kentucky;~~

13 ~~7. [(e)] Maintain accreditation by the Joint Commission on Accreditation of Health~~
14 ~~Care Organizations [(JCAHO)] or the Council on Accreditation of Services for Families~~
15 ~~and Children or any other accrediting body with comparable standards that is~~
16 ~~recognized by the state; and~~

17 ~~8. [(f)] Comply with all conditions of Medicaid provider participation established in~~
18 ~~907 KAR 1:671 and 907 KAR 1:672.~~

19 (b) A Level II PRTF shall:

20 1. Have a utilization review plan for each recipient;

21 2. Establish a utilization review process which shall evaluate each Medicaid
22 admission and continued stay prior to the expiration of the Medicaid certification period
23 to determine if the admission or stay is or remains medically necessary;

- 1 3. Comply with staffing requirements established in 902 KAR 20:320;
- 2 4. Be located in the Commonwealth of Kentucky;
- 3 5. Maintain accreditation by the Joint Commission on Accreditation of Health Care
4 Organizations or the Council on Accreditation of Services for Families and
5 Children or any other accrediting body with comparable standards that is recognized
6 by the state;
- 7 6. Comply with all conditions of Medicaid provider participation established in 907
8 KAR 1:671 and 907 KAR 1:672;
- 9 7. Perform and place in each recipient's record a:
- 10 a. Medical evaluation;
- 11 b. Social evaluation; and
- 12 c. Psychiatric evaluation; and
- 13 8. Establish a plan of care for each recipient which shall:
- 14 a. Address in detail the intensive treatment services to be provided to the recipient;
15 and
- 16 b. Be placed in the recipient's record.
- 17 (2) A pre-admission certification review:
- 18 (a) For a Level I PRTF shall:
- 19 1. Contain:
- 20 a. The recipient's valid Medicaid identification number;
- 21 b. A valid MAP-569, Certification of Need by Independent Team Psychiatric
22 Preadmission Review of Elective Admissions for Kentucky Medicaid Recipients Under

1 Age Twenty-One (21) which satisfies the requirements of 42 CFR 44.152 and 42 CFR
2 441.153 for patients age twenty-one (21) and under;

3 c. A DMS-IV R diagnosis on all five (5) axes, except that failure to record an axis IV
4 and V diagnosis shall be used as the basis for a denial only if those diagnoses are
5 critical to establish the need for Level I PRTF treatment;

6 d. A description of the initial treatment plan relating to the admitting symptoms;

7 e. Current symptoms requiring inpatient treatment;

8 f. Information to support the medical necessity and clinical appropriateness of the
9 services or benefits of the admission to a Level I PRTF in accordance with 907 KAR
10 3:130;

11 g. Medication history;

12 h. Prior hospitalization;

13 i. Prior alternative treatment;

14 j. Appropriate medical, social, and family histories; and

15 k. Proposed aftercare placement;

16 2. Remain in effect for the days certified by the review agency; and

17 3. Be completed within thirty (30) days; or

18 (b) For a Level II PRTF for a non-emergent admission shall:

19 1. Contain:

20 a. The recipient's valid Medicaid identification number;

21 b. A valid MAP-569, Certification of Need by Independent Team Psychiatric

22 Preadmission Review of Elective Admissions for Kentucky Medicaid Recipients Under

1 Age Twenty-One (21) which satisfies the requirements of 42 CFR 44.152 and 42 CFR
2 441.153 for patients age twenty-one (21) and under;

3 c. A DSM-IV-R diagnosis on all five (5) axes, except that failure to record an axis IV
4 and V diagnosis shall be used as the basis for a denial only if those diagnoses are
5 critical to establish the need for Level II PRTF treatment;

6 d. A description of the initial treatment plan relating to the admitting symptoms;

7 e. Current symptoms requiring inpatient treatment;

8 f. Information to support the medical necessity and clinical appropriateness of the
9 services or benefits of the admission to a Level II PRTF in accordance with 907 KAR
10 3:130;

11 g. Medication history;

12 h. Prior hospitalization;

13 i. Prior alternative treatment;

14 j. Appropriate medical, social, and family histories; and

15 k. Proposed aftercare placement;

16 2. Remain in effect for the days certified by the review agency; and

17 3. Be completed within thirty (30) days.

18 (3) Failure to admit a recipient within the recipient's certification period shall
19 require a new pre-admission review certification request.

20 (4) A utilization review plan for an emergency admission to a Level II PRTF shall
21 contain:

22 (a) A completed MAP-570, Medicaid Certification of Need for Inpatient Psychiatric
23 Services for Individuals Under Age Twenty-One (21):

1 1. Completed by the facility's interdisciplinary team; and

2 2. Placed in the recipient's medical record;

3 (b) Documentation, provided by telephone or electronically to the review agency
4 within two (2) days of the recipient's emergency admission, justifying:

5 1. The recipient's emergency admission;

6 2. That ambulatory care resources in the recipient's community and placement in a
7 Level I PRTF do not meet the recipient's needs;

8 3. That proper treatment of the recipient's psychiatric condition requires
9 services provided by a Level II PRTF under the direction of a physician; and

10 4. That the services can reasonably be expected to improve the recipient's condition
11 or prevent further regression so that the services are no longer needed;

12 (c) The recipient's valid Medicaid identification number;

13 (d) A valid MAP-569, Certification of Need by Independent Team Psychiatric
14 Preadmission Review of Elective Admissions for Kentucky Medicaid Recipients Under
15 Age Twenty-One (21) which satisfies the requirements of 42 CFR 441.152 and
16 42 CFR 441.153 for recipients age twenty-one (21) and under;

17 (e) A DMS-IV-R diagnosis on all five (5) axes, except that failure to record an axis IV
18 and V diagnosis shall be used as the basis for a denial only if those diagnoses are
19 critical to establish the need for Level II PRTF treatment;

20 (f)1. A description of the initial treatment plan relating to the admitting symptom; and

21 2. The initial treatment plan shall provide a full description of the intensive treatment
22 services to be provided to the recipient;

23 (g) Current symptoms requiring residential treatment;

1 (h) Medication history;

2 (i) Prior hospitalization;

3 (j) Prior alternative treatment;

4 (k) Appropriate medical, social, and family histories; and

5 (l) Proposed aftercare placement.

6 ~~(5) [(2) A PRTF shall establish procedures and processes for review, evaluation and~~
7 ~~individual plan of care development in accordance with 907 KAR 1:016.~~

8 ~~(3) For an elective admission of a recipient, an independent team shall, within a~~
9 ~~period not more than thirty (30) days prior to the admission, complete and sign a MAP~~
10 ~~569, Certification of Need form in accordance with 42 CFR 441.152 and 42 CFR~~
11 ~~441.153, and the form shall be placed in the recipient's medical record to verify~~
12 ~~compliance with this requirement.~~

13 ~~(4) For an emergency admission of a recipient, a PRTF's interdisciplinary team shall~~
14 ~~complete a MAP-570, Medicaid Certification of Need for Inpatient Psychiatric~~
15 ~~Services for individuals under age twenty one (21), and the form shall be placed in the~~
16 ~~recipient's medical record.~~

17 ~~(5)] For an individual who becomes Medicaid eligible after admission, a Level I or II~~
18 ~~PRTF's interdisciplinary team shall complete a MAP-570, Medicaid Certification of Need~~
19 ~~for Inpatient Psychiatric Services for Individuals Under Age Twenty-One (21), and the~~
20 ~~form shall be placed in the recipient's medical record.~~

21 (6) For a recipient, a Level I or II PRTF shall maintain medical records that shall:

22 (a) Be:

23 1. Current;

1 2. Readily retrievable;

2 3. Organized;

3 4. Complete; and

4 5. Legible;

5 (b) Reflect sound medical recordkeeping practice in accordance with:

6 1. 902 KAR 20:320;

7 2. KRS 194A.060;

8 3. KRS 434.840 through 860;

9 4. KRS 422.317; and

10 5. 42 CFR 431 Subpart F;

11 (c) Document the need for admission and appropriate utilization of services;~~current,~~

12 ~~readily retrievable, organized, complete, legible and shall reflect~~

13 ~~sound medical recordkeeping practice, in accordance with 902 KAR 20:320, KRS~~

14 ~~194A.060, 434.840-860, 422.317 and 42 CFR 431 Subpart F;~~

15 ~~(b) Document the need for admission and appropriate utilization of services;~~

16 ~~(c) Show that the recipient was receiving intensive treatment services in accordance~~

17 ~~with 907 KAR 1:016;]~~

18 (d) Be maintained [~~in an organized central file~~], including information regarding

19 payments claimed, for a minimum of six (6)~~five (5)~~ years or until an audit dispute or

20 issue is resolved, whichever is longer; and

21 (e) Be made available for inspection or~~;~~ copying or provided to the following upon

22 request:

1 1. A representative of the United States Department for Health and Human Services
2 or its designee;

3 2. The United States Office of the Attorney General or its designee;

4 3. The Commonwealth of Kentucky, Office of the Attorney General or its designee;

5 4. The Commonwealth of Kentucky, Office of the Auditor of Public Accounts or its
6 designee;

7 5. The Commonwealth of Kentucky, Cabinet for Health and Family Services, Office of
8 the Inspector General or its designee; [or]

9 6. The department; or

10 7. A managed care organization with whom the department has contracted if the
11 **recipient is enrolled with the managed care organization.**

12 Section 3. Covered Admissions. A covered admission for a:

13 (1) Level I PRTF:

14 (a) Shall be[;

15 1.] prior authorized by:

16 **1. A review agency if the admission is for a recipient who is not enrolled with a**
17 **managed care organization; or**

18 **2. A managed care organization or an entity under contract with a managed**
19 **care organization to perform prior authorization reviews if the admission is for a**
20 **recipient who is enrolled with a managed care organization]; and**

21 **2. Reimbursed pursuant to 907 KAR 9:010]; and**

22 (b)1. Shall be limited to those for a child age six (6) through twenty (20) years of age
23 who meets Medicaid payment status criteria; or

1 2. May continue based on medical necessity, for a recipient who is receiving active
2 treatment in a Level I PRTF on the recipient's twenty-first (21st) birthday if the recipient
3 has not reached his or her twenty-second (22nd) birthday.

4 (2) Level II PRFT shall be:

5 (a) Prior authorized;

6 (b) Limited to those for a child:

7 1.a. Age four (4) through twenty-one (21) years who meets Medicaid payment status
8 criteria; and

9 b. Whose coverage may continue, based on medical necessity, if the recipient is
10 receiving active treatment in a Level II PRTF on the recipient's twenty-first (21st)
11 birthday and the recipient has not reached his or her twenty-second (22nd) birthday;

12 2. With a severe emotional disability in addition to severe and persistent aggressive
13 behaviors, an intellectual disability, sexually acting out behaviors, or a developmental
14 disability; and

15 3.a. Who does not meet the medical necessity criteria for an acute care hospital,
16 private psychiatric hospital, or state mental hospital; and

17 b. Whose treatment needs cannot be met in an ambulatory care setting, Level I
18 PRTF, or in any other less restrictive environment; and

19 (c) Reimbursed pursuant to 907 KAR 9:010.

20 **Section 4. PRTF Covered Services. (1)(a) There shall be a treatment plan**
21 **developed for each recipient.**

22 **(b) A treatment plan shall specify:**

23 **1. The amount and frequency of services needed; and**

1 **2. The number of therapeutic pass days for a recipient, if the treatment plan**
2 **includes any therapeutic pass days.**

3 **(2)[and Coverage Criteria.**

4 **(4)] To be covered by the department:**

5 **(a) The following services shall be available to a recipient covered under Section**
6 **3 of this administrative regulation [prior authorized]and meet the requirements**
7 **established in paragraph (b) of this subsection:**

8 **1. Diagnostic and assessment services;**

9 **2. Treatment plan development, review or revision;**

10 **3. Psychiatric services;**

11 **4. Nursing services which shall be provided in compliance with 902 KAR 20:320;**

12 **5. Medication which shall be provided in compliance with 907 KAR 1:019;**

13 **6. Evidence-based treatment interventions;**

14 **7. Individual therapy which shall comply with 902 KAR 20:320;**

15 **8. Family therapy or attempted contact with family which shall comply with 902**
16 **KAR 20:320;**

17 **9. Group therapy which shall comply with 902 KAR 20:320;**

18 **10. Individual and group interventions that shall focus on additional and harmful use**
19 **or abuse issues and relapse prevention if indicated;**

20 **11. Substance abuse education[which shall comply with 902 KAR 20:320];**

21 **12. Activities that:**

22 **a. Support the development of an age-appropriate daily living skill including positive**
23 **behavior management or support; or**

1 b. Support and encourage the parent's ability to re-integrate the child into the home;

2 13. Crisis intervention which shall comply with:

3 a. 42 CFR 483.350 through 376; and

4 b. 902 KAR 20:320;

5 14. Consultation with other professionals including case managers, primary care
6 professionals, community support workers, school staff, or others;

7 15. Educational activities; or

8 16. Non-medical transportation services as needed to accomplish objectives;

9 (b) A Level I PRTF service listed in paragraph (a) of this subsection shall be:

10 1. Provided under the direction of a physician;

11 2. If included in the recipient's treatment plan, described in the recipient's current
12 treatment plan;

13 ~~**3. Provided at least once per week, except for diagnostic and assessment**~~
14 ~~**services which shall have no weekly minimum requirement;**~~

15 ~~**4.] Medically necessary; and**~~

16 5. Clinically appropriate pursuant to the criteria established in 907 KAR 3:130;

17 (c) A Level I PRTF service listed in subparagraph (a)7, 8, 9, 11, or 13 shall be
18 provided by a qualified mental health professional, behavioral health professional, or
19 behavioral health professional under clinical supervision; or

20 (d) A Level II PRTF service listed in paragraph (a) of this subsection shall be:

21 1. Provided under the direction of a physician;

22 2. If included in the recipient's treatment plan, described in the recipient's current
23 treatment plan;

1 3. Provided at least once a week:

2 a. Unless the service is necessary twice a week, in which case the service shall be
3 provided at least twice a week; or

4 b. Except for diagnostic and assessment services which shall have no weekly
5 minimum requirement;

6 4. Medically necessary; and

7 5. Clinically appropriate pursuant to the criteria established in 907 KAR 3:130.

8 (2) A Level II PRTF service listed in subparagraph (a)7, 8, 9, 11, or 13 shall be
9 provided by a qualified mental health professional, **behavioral health professional, or**
10 **behavioral health professional under clinical supervision.**

11 Section 5. Determining Patient Status. (1) The department shall review and
12 evaluate the health status and care needs of a recipient in need of Level I or II PRTF
13 care using the criteria identified in 907 KAR 3:130 to determine if a service or benefit is
14 clinically appropriate.

15 (2) The care needs of a recipient shall meet the patient status criteria for:

16 (a) Level I PRTF care if the recipient requires:

17 1. Long term inpatient psychiatric care or crisis stabilization more suitably provided in
18 a PRTF than in a psychiatric hospital; and

19 2. Level I PRTF services on a continuous basis as a result of a severe mental or
20 psychiatric illness, including a severe emotional disturbance; or

21 (b) Level II PRTF care if the recipient:

22 1. Is a child with a severe emotional disability;

1 2. Requires long term inpatient psychiatric care or crisis stabilization more suitably
2 provided in a PRTF than a psychiatric hospital;

3 3. Requires Level II PRTF services on a continuous basis as a result of a severe
4 emotional disability in addition to a severe and persistent aggressive behavior,
5 an intellectual disability, a sexually acting out behavior, or a developmental disability;
6 and

7 4. Does not meet the medical necessity criteria for an acute care hospital or a
8 psychiatric hospital and has treatment needs which cannot be met in an ambulatory
9 care setting, Level I PRTF, or other less restrictive environment.

10 Section 6. Durational Limit, Re-evaluation, and Continued Stay. (1) A recipient's stay,
11 including the duration of the stay, in a Level I or II PRTF shall be subject to the
12 department's approval.

13 (2)(a) A recipient in a Level I PRTF shall be re-evaluated at least once every thirty
14 (30) days to determine if the recipient continues to meet Level I PRTF patient status
15 criteria **established in Section 5(2) of this administrative regulation.**

16 (b) A Level I PRTF shall complete a review of each recipient's treatment plan ~~of~~
17 ~~care shall~~ at least once every thirty (30) days.

18 (c) The review referenced in paragraph (b) of this subsection shall include:

19 1. Dated signatures of:

20 a. Appropriate staff; and

21 b. **If present for the treatment plan meeting, a dated signature of a[₇] parent,**
22 guardian, legal custodian, or conservator;

1 2. An assessment of progress toward each treatment plan goal and objective with
2 revisions indicated; and

3 3. A statement of justification for the level of services needed including:

4 a. Suitability for treatment in a less-restrictive environment; and

5 b. Continued services.

6 (d) If a recipient no longer meets Level I PRTF patient status criteria, the
7 department shall only reimburse through the last day of the individual's current
8 approved stay.

9 **(e) The re-evaluation referenced in paragraph (a) of this subsection shall be**
10 **performed by:**

11 **1. A review agency if the recipient is not enrolled with a managed care**
12 **organization; or**

13 **2. A managed care organization or entity under contract with a managed care**
14 **organization in which the recipient is enrolled if the recipient is enrolled in a**
15 **managed care organization.**

16 (3) A Level II PRTF shall complete by no later than the third (3rd) **business day**
17 following an admission, an initial review of services and treatment provided to a
18 recipient which shall include:

19 (a) Dated signatures of appropriate staff, parent, guardian, legal custodian, or
20 conservator;

21 (b) An assessment of progress toward each treatment plan goal and objective with
22 revisions indicated; and

23 (c) A statement of justification for the level of services needed including:

1 1. Suitability for treatment in a less-restrictive environment; and

2 2. Continued services.

3 (3)(a) For a recipient aged four (4) to five (5) years, a Level II PRTF shall complete a
4 review of the recipient's treatment plan of care at least once every fourteen (14) days
5 after the initial review referenced in subsection (3) of this section.

6 (b)The review referenced in paragraph (a) of this subsection shall include:

7 1. Dated signatures of appropriate staff, parent, guardian, legal custodian, or
8 conservator;

9 2. An assessment of progress toward each treatment plan goal and objective with
10 revisions indicated; and

11 3. A statement of justification for the level of services needed including:

12 a. Suitability for treatment in a less-restrictive environment; and

13 b. Continued services.

14 (4)(a) For a recipient aged six (6) to twenty-two (22) years, a Level II PRTF shall
15 complete a review of the recipient's treatment plan of care at least once every thirty (30)
16 days after the initial review referenced in subsection (3) of this section.

17 (b) The review referenced in paragraph (a) of this subsection shall include:

18 1. Dated signatures of appropriate staff, parent, guardian, legal custodian, or
19 conservator;

20 2. An assessment of progress toward each treatment plan goal and objective with
21 revisions indicated; and

22 3. A statement of justification for the level of services needed including:

23 a. Suitability for treatment in a less-restrictive environment; and

1 b. Continued services.

2 Section 7. [shall be:

3 (1) ~~Preauthorized;~~

4 (2) ~~Limited to those for children age six (6) through twenty (20) years of age who~~
5 ~~meet Medicaid payment status criteria. Coverage may continue, based on medical~~
6 ~~necessity, for a recipient who is receiving active treatment in a PRTF on his 21st~~
7 ~~birthday so long as he has not reached his 22nd birthday; and~~

8 (3) ~~Reimbursed in accordance with 907 KAR 9:010.~~

9 ~~Section 4. Durational Limitations. Recipient stays shall be subject to utilization review~~
10 ~~by the cabinet.~~

11 ~~Section 5. Determining Patient Status. (1) The department shall review and evaluate~~
12 ~~the health status and care needs of a recipient in need of inpatient psychiatric care~~
13 ~~using the same standards as established for inpatient psychiatric hospital care in 907~~
14 ~~KAR 1:016.~~

15 (2) ~~The care needs of a recipient shall meet PRTF patient status criteria only if:~~

16 (a) ~~The individual meeting the patient status criteria in 907 KAR 1:016 requires~~
17 ~~long-term inpatient psychiatric care or crisis stabilization more suitably provided in a~~
18 ~~PRTF rather than a psychiatric hospital; and~~

19 (b) ~~The recipient requires PRTF services on a continuous basis as a result of a~~
20 ~~severe mental or psychiatric illness, including severe emotional disturbances.~~

21 ~~Section 6. Reevaluation of Need for Services. Patient status shall be reevaluated for~~
22 ~~a PRTF recipient at thirty (30) day intervals. If a reevaluation reveals the recipient no~~

1 longer requires PRTF care, payment shall continue only through the last day for which
2 the stay is certified.

3 ~~Section 7.]~~ Exclusions and Limitations in Coverage. (1) The following shall not be
4 covered as Level I or II PRTF services:

5 (a) 1. Chemical dependency treatment services if the need for the services is the
6 primary diagnosis of the recipient, except [~~However,~~] chemical dependency treatment
7 services shall be covered as incidental treatment if minimal chemical dependency
8 treatment is necessary for successful treatment of the primary diagnosis;

9 (b) Outpatient services;

10 (c) Pharmacy services, which shall be covered [~~as pharmacy services]~~ in accordance
11 with 907 KAR 1:019; [~~or~~]

12 (d) Durable medical equipment, which shall be covered [~~as a durable medical~~
13 ~~equipment benefit]~~ in accordance with 907 KAR 1:479;

14 (e) Hospital emergency room services, which shall be covered in accordance with
15 907 KAR 10:014;

16 (f) Acute care hospital inpatient services, which shall be covered in accordance with
17 907 KAR 10:012;

18 (g) Laboratory and radiology services, which shall be covered in accordance with 907
19 KAR 10:014 or 907 KAR 1:028;

20 (h) Dental services, which shall be covered in accordance with 907 KAR 1:026;

21 (i) Hearing and vision services, which shall be covered in accordance with 907 KAR
22 1:038; or

23 (j) Ambulance services, which shall be covered in accordance with 907 KAR 1:060.

1 (2) A Level I or II PRTF shall not charge a recipient or responsible party representing
2 a recipient any difference between private and semiprivate room charges.

3 (3) The department shall not reimburse for Level I or II PRTF services for a
4 recipient~~[Services shall not be covered]~~ if appropriate alternative services are available
5 for the recipient in the community.

6 (4) The following shall not qualify as reimbursable in a PRTF setting~~[for a PRTF~~
7 ~~service]~~:

8 (a) An admission that is not medically necessary;

9 (b) Services for an individual:

10 1. With a major medical problem or minor symptoms;

11 2.~~[(c) An individual]~~ Who might only require a psychiatric consultation rather than an
12 admission to a PRTF~~[psychiatric facility]~~; or

13 3.~~[(d) An individual]~~ Who might need only adequate living accommodations,
14 economic aid, or social support services.

15 Section 8. Reserved Bed **and Therapeutic Pass** Days. (1)(a) The department may
16 cover a bed reserve day for an acute hospital admission, a state mental hospital
17 admission, a private psychiatric hospital admission, or an admission to a
18 psychiatric bed in an acute care hospital for a recipient's absence from a Level I or II
19 PRTF if:

20 1.~~[(a)]~~ The recipient:

21 a.[1.] Is in Medicaid payment status in a Level I or II PRTF;

22 b.[2.] Has been in the Level I or II PRTF overnight for at least one (1) night;

23 c.[3.] Is reasonably expected to return requiring Level I or II PRTF care; and

1 d.[4.] Has not exceeded the bed reserve day limit established in paragraph (b) of
2 this subsection[subsection (2) of this section]; and

3 2.[(b)] The Level I or II PRTF's[PRTF"s] occupancy percent is at least fifty (50)
4 percent.

5 (b)[(2)(a)] The annual bed reserve day limit per recipient [per Level I or II PRTF]
6 shall be five (5) days per calendar year in aggregate for any combination of bed
7 reserve days associated with an acute care hospital admission, a state mental
8 hospital admission, a private psychiatric hospital admission, or an admission to a
9 psychiatric bed in an acute care hospital.

10 (c)[-(b)] The department may allow a recipient to exceed the limit established in
11 paragraph (b)[(a)] of this subsection, if the department determines that an additional
12 bed reserve day is in the best interest of the recipient.

13 (2)(a) The department may cover a therapeutic pass day for a recipient's
14 absence from a Level I or II PRTF if:

15 1. The recipient:

16 a. Is in Medicaid payment status in a Level I or II PRTF;

17 b. Has been in the Level I or II PRTF overnight for at least one (1) night;

18 c. Is reasonably expected to return requiring Level I or II PRTF care; and

19 d. Has not exceeded the therapeutic pass day limit established in paragraph (b)
20 of this subsection; and

21 2. The Level I or II PRTF's occupancy percent is at least fifty (50) percent.

22 (b) The annual therapeutic pass day limit per recipient shall be fourteen (14)
23 days per calendar year.

1 (c) The department may allow a recipient to exceed the limit established in
2 paragraph (b) of this subsection, if the department determines that an additional
3 therapeutic pass day is in the best interest of the recipient.

4 (3)(a) The bed reserve day and therapeutic pass day count for each recipient
5 shall be zero (0) upon adoption of this administrative regulation.

6 (b) For subsequent calendar years, the bed reserve day and therapeutic pass
7 day count for each recipient shall begin at zero (0) on January 1 of the calendar
8 year.

9 (4) An authorization decision regarding a bed reserve day or therapeutic pass
10 day in excess of the limits established in this section shall be performed by:

11 (a) A review agency if the decision is regarding a recipient who is not enrolled
12 with a managed care organization; or

13 (b) A managed care organization or an entity under contract with a managed
14 care organization to perform authorization reviews if the decision is regarding a
15 recipient who is enrolled with a managed care organization.

16 (5)(a) An acute care hospital bed reserve day shall be a day when a recipient is
17 temporarily absent from a Level I or II PRTF due to an admission to an acute care
18 hospital.

19 (b) A state mental hospital bed reserve day, private psychiatric hospital bed
20 reserve day, or psychiatric bed in an acute care hospital bed reserve day,
21 respectively, shall be a day when a recipient is temporarily absent from a Level I
22 or II PRTF due to receiving psychiatric treatment in a state mental hospital,

1 private psychiatric hospital, or psychiatric bed in an acute care hospital
2 respectively.

3 (c) A therapeutic pass day shall be a day when a recipient is temporarily absent
4 from a Level I or II PRTF for a therapeutic purpose that is:

5 1. Stated in the recipient's treatment plan; and

6 2. Approved by the recipient's treatment team.

7 (6) A Level I or II PRTF's occupancy percent shall be based on a midnight
8 census.

9 Section 9. Federal Financial Participation. A policy established in this administrative
10 regulation shall be null and void if the Centers for Medicare and Medicaid Services:

11 (1) Denies or does not provide federal financial participation for the policy; or

12 (2) Disapproves the policy.~~The department shall cover reserved bed days in~~

13 ~~accordance with the following specified upper limits and criteria:~~

14 ~~(1) Upper limits for reserved beds shall be applied as follows:~~

15 ~~(a) A maximum of fourteen (14) days per admission for an acute care hospital stay;~~

16 ~~(b) A maximum of fourteen (14) days per calendar year for an admission to a mental~~
17 ~~hospital or a psychiatric bed of an acute care hospital;~~

18 ~~(c) A maximum of twenty one (21) days per six (6) months during a calendar year for~~
19 ~~other leaves of absence; and~~

20 ~~(d) A maximum of thirty (30) consecutive days for hospital and other leaves of~~
21 ~~absence combined.~~

22 ~~(2) The following criteria shall be met for reserved bed days to be covered:~~

1 ~~(a) The recipient shall be in Medicaid payment status in the PRTF and shall have~~
2 ~~been in the facility at least overnight;~~

3 ~~(b) The recipient shall be reasonably expected to return to PRTF level of care;~~

4 ~~(c) Due to the demand at the facility for PRTF care, there is likelihood the bed would~~
5 ~~be occupied by some other patient, if it had not been reserved;~~

6 ~~(d) Hospitalization shall be in a Medicaid-participating hospital with the admission~~
7 ~~appropriately approved by the department; and~~

8 ~~(e) For a leave of absence other than for hospitalization, the recipient's physician~~
9 ~~orders, and the recipient's plan of care shall provide for, a leave, which may include a~~
10 ~~leave of absence to visit with relatives and friends.]~~

11 Section 10.~~[9.]~~ Appeal Rights. (1) An appeal of a negative action regarding a
12 Medicaid beneficiary shall be in accordance with 907 KAR 1:563.

13 (2) An appeal of a negative action regarding Medicaid eligibility of an individual shall
14 be in accordance with 907 KAR 1:560.

15 (3) An appeal of a negative action regarding a Medicaid provider shall be in
16 accordance with 907 KAR 1:671.

17 Section 11.~~[10.]~~ Incorporation by Reference. (1) The following material is
18 incorporated by reference:

19 (a) "MAP-569, Certification of Need by Independent Team Psychiatric Preadmission
20 Review of Elective Admissions for Kentucky Medicaid Recipients Under Age
21 Twenty-One (21)", revised 5/90; and

22 (b) "MAP-570, Medicaid Certification of Need for Inpatient Psychiatric Services for
23 Individuals Under Age Twenty-one (21)", revised 5/90.

1 (2) This material may be inspected, copied, or obtained, subject to applicable
2 copyright law, at the Department for Medicaid Services, Cabinet for Health and Family
3 Services, 275 East Main Street, [~~Third Floor East,~~]Frankfort, Kentucky, 40621, Monday
4 through Friday, 8 a.m. to 4:30 p.m. (18 Ky.R. 600; eff. 10-6-91; Am. 19 Ky.R. 2340; eff. 6-
5 16-93; 22 Ky.R. 1906; eff. 6-6-96; 27 Ky.R. 2910; 3267; eff. 6-8-2001.)

907 KAR 9:005

REVIEWED:

Date

Lawrence Kissner, Commissioner
Department for Medicaid Services

APPROVED:

Date

Audrey Haynes, Secretary
Cabinet for Health and Family Services

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Administrative Regulation Number: 907 KAR 9:005
Cabinet for Health and Family Services
Department for Medicaid Services
Agency Contact: Jill Hunter (502) 564-5707 or Stuart Owen (502) 564-4321

- (1) Provide a brief summary of:
 - (a) What this administrative regulation does: This administrative regulation establishes Medicaid coverage policies regarding Level I and II psychiatric residential treatment facility (PRTF) services.
 - (b) The necessity of this administrative regulation: This administrative regulation is necessary to establish Medicaid coverage policies regarding Level I and II PRTF services.
 - (c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the content of the authorizing statutes by establishing Medicaid coverage policies regarding Level I and II PRTF services.
 - (d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the authorizing statutes by establishing Medicaid coverage policies regarding Level I and II PRTF services.

- (2) If this is an amendment to an existing administrative regulation, provide a brief summary of:
 - (a) How the amendment will change this existing administrative regulation: Previously, Kentucky law established one category of psychiatric residential treatment facility services. In 2010, the Kentucky legislature enacted legislation which created two levels of PRTF services – Level I and II. This amendment replaces the coverage policies for the prior lone designation of psychiatric residential treatment facility services with coverage policies for Level I and II PRTF services respectively. The amendments after comments include: inserting a definition of behavioral health professional and of behavioral health professional under clinical supervision as recommended by the Children’s Alliance; authorizing behavioral health professionals and behavioral health professionals under clinical supervision to provide individual therapy, family therapy, group therapy, substance abuse education, and crisis intervention as recommended by the Children’s Alliance; establishing that diagnostic and assessment services include specialty evaluations performed via telemedicine as recommended by the Children’s Alliance; inserting a definition of telemedicine; revising the definition of diagnostic and assessment services (as recommended by the Children’s Alliance) to clarify that testing is not always a component of diagnostic and assessment services; rephrasing the intensive treatment services definition to clarify that “severe and persistent aggressive behavior” does not also apply to an intellectual disability (as recommended by the Children’s Alliance);

clarifying the psychiatric services definition (as recommended by the Children's Alliance) to establish that consulting with various parties is a component of psychiatric services if determined to be necessary by the psychiatrist responsible for providing or overseeing the recipient's psychiatric services; clarifying that a psychiatrist overseeing a recipient's psychiatric services has access to the information resulting from any consultation with various parties; inserted a definition of "review agency" (as recommended by the Children's Alliance and established that the agency performs prior authorizations regarding covered admissions; removed the requirement (as recommended by the Children's Alliance) that discharge criteria must be identified for each requested service; deleted the statement that covered admissions shall be reimbursed per 907 KAR 9:010 as 907 KAR 9:010 establishes reimbursement policies; eliminated the requirement that all services have to be provided at least once per week and inserted language establishing that a treatment plan shall specify the amount and frequency of services needed as well as shall establish the number of therapeutic pass days (if any) in a recipient's treatment plan; rewrote the introductory statement regarding covered services (in response to a recommendation by the Children's Alliance); clarified (as recommended by the Children's Alliance) that a particular covered service is not solely treatment plan development but treatment plan development, review or revision; clarified (as recommended by the Children's Alliance) that family therapy or attempted contact with family meets that particular service requirement (as recommended by the Children's Alliance as family members do not always participate in family therapy); deleted the requirement (as recommended by the Children's Alliance) that substance abuse education has to comply with 902 KAR 20:320 as 902 KAR 20:320 does not establish substance abuse education requirements; clarified (as requested by the Children's Alliance) that a Level I or II PRTF service must be described in a recipient's treatment plan if it is included in the recipient's treatment plan; clarified (as requested by the Children's Alliance) that a review of a recipient's treatment plan must include a dated signature of a parent, guardian, legal custodian, or conservator if such an individual is present for the treatment plan review; clarified (as recommended by the Children's Alliance) the party that performs a re-evaluation; added [in response to comments from the Children's Alliance and the Kentucky State Interagency Council for Services to Children with an Emotional Disability (SIAC)] added therapeutic pass days [fourteen (14) per recipient per calendar year with additional days available if DMS determines that additional days would be in the best interest of the recipient] as an option for a recipient's treatment; established that bed reserve days are for an inpatient hospital admission, a psychiatric hospital admission, or an admission to a psychiatric bed in an acute care hospital and that the annual bed reserve limit is five (5) days per recipient rather than five (5) days per recipient per Level I or II PRTF as was previously stated in the administrative regulation; clarified that a recipient's bed reserve or therapeutic pass day count begins at zero (0) upon adoption of this administrative regulation; clarified that a facility's occupancy percent will be based on a midnight census; and corrected typographical errors.

- (b) The necessity of the amendment to this administrative regulation: The amendment is necessary to comport with KRS 216B.450. The amendments after comments are necessary to adopt various recommendations or address various concerns expressed by the Children’s Alliance; to address a concern expressed by the Kentucky State Interagency Council for Services to Children with an Emotional Disability (SIAC); and to clarify or more accurately state policies. Altering the bed reserve limit from five (5) days per recipient per calendar year rather than five (5) days per recipient per facility per calendar year is necessary as DMS thinks the cap per recipient is more appropriate than allotting bed reserve days for every facility for every recipient.
 - (c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to KRS 216B.450 by establishing Medicaid coverage policies regarding Level I and II PRTF services. The amendments after comments conform to the content of the authorizing statutes by adopting various recommendations or addressing various concerns expressed by the Children’s Alliance; by addressing a concern expressed by the Kentucky State Interagency Council for Services to Children with an Emotional Disability (SIAC); and by clarifying or more accurately stating policies.
 - (d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of KRS 216B.450 by establishing Medicaid coverage policies regarding Level I and II PRTF services. The amendments after comments will assist in the effective administration of the authorizing statutes by adopting various recommendations or addressing various concerns expressed by the Children’s Alliance; by addressing a concern expressed by the Kentucky State Interagency Council for Services to Children with an Emotional Disability (SIAC); and by clarifying or more accurately stating policies.
- (3) List the type and number of individuals, businesses, organizations, or state and local government affected by this administrative regulation: Level I and Level II psychiatric residential treatment facilities will be affected by the amendment. Level I and II PRTF beds are awarded through a certificate of need process. The Office of Certificate of Need has limited the number of Level I PRTF beds statewide to 315 and the number of Level II PRTF beds to 145 statewide. Not all Level I PRTF certificates of need have been used and currently there are no licensed or operational Level II PRTFs.
- (4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:
- (a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment. Kathy Adams on behalf of the Children’s Alliance stated that additional actions each of the regulated entities will have to take to comply with this administrative regulation or amendment includes the following:
 “. . . firing current staff and hiring QMHPs if that new requirement is implemented.

Potentially, the PRTF would be required to provide all financial reports/documents to all of the MCOs, which could be a huge administrative burden. A PRTF will only have 3 days to complete an initial review. A PRTF will not be paid for holding a recipient's bed if they are below a 50% occupancy rate, which means they will have to absorb the costs of necessary hospitalizations or pass days when working to successfully transition the recipient home. In some instances, PRTFs will get paid a partial per diem for 5 reserve days, but this is a significant decrease from the 14 hospital and 21 pass days currently allowed at the full per diem rate. The outcome for children will ultimately result in more hospitalizations and re-admits, as well as increased costs for PRTFs. Cutting a recipient's pass days so significantly will interfere with the continuity of a recipient's treatment, negatively affecting both the PRTF and the recipient."

- (b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3). The amendment imposes no cost on the regulated entities. Kathy Adams on behalf of the Children's Alliance stated the following:

"Additional costs will be incurred for terminating current staff and having to hire QMHPs. Potentially, the PRTF would be required to provide all financial reports/documents to all of the MCOs, which could be a huge administrative and financial burden. A PRTF will not be paid for holding a recipient's bed if they are below a 50% occupancy rate, which means they will have to absorb the costs of necessary hospitalizations or pass days when working to successfully transition the recipient home. In some instances, PRTFs will get paid a partial per diem for 5 reserve days, but this is a significant decrease from the 14 hospital and 21 pass days currently allowed and paid at the full per diem rate. Cutting pass days is the same as a rate cut. The outcome for children will ultimately result in more hospitalizations and re-admits, as well as increased costs for PRTFs."

- (c) As a result of compliance, what benefits will accrue to the entities identified in question (3). Participating Level I and II PRTFs will be recognized by the Medicaid program as authorized service providers.

- (5) Provide an estimate of how much it will cost to implement this administrative regulation:

- (a) Initially: The cost depends on several variables and is indeterminable at this time. The Office of Certificate of Need limited the number of Level II PRTF beds 145 statewide and currently there are no licensed or operational Level II PRTFs. Thus, one variable is how quickly Level II PRTFs will become licensed and operational and another is how quickly Level II PRTF beds will be filled. Additionally, not all Level I PRTF beds issued a certificate of need have been used. Additionally, Level I and II PRTF services are in the scope of managed care. Some individuals are excluded from managed care; however, DMS expects that few who are excluded will need Level I or II PRTF services. DMS pays managed care organizations (MCOs) a capitated rate per enrollee which is aggregated into a monthly capitated payment to the MCO for all enrollees in its care for the month. The capitated rates vary over time and depend on the amount of utilization and cost among the categories. DMS's cost; thus, includes

the capitated rates it pays to MCOs for enrollees in the MCOs care whether or not the given enrollee utilizes services (such as Level I or II PRTF services) or not. The current capitated rates that DMS pays for the population that would be eligible for Level I or II PRTF services range from \$120 per month to \$1200 per month. Again though, DMS pays the capitated rate regardless of whether a given individual received services or not.

- (b) On a continuing basis: For the reasons stated in the prior response - (5)(a) – the continuing basis cost is indeterminable at this time.
- (6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The sources of revenue to be used for implementation and enforcement of this administrative regulation are federal funds authorized under the Social Security Act, Title XIX and matching funds of general fund appropriations.
- (7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment. Neither an increase in fees nor funding is necessary to implement the amendment to this administrative regulation.
- (8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation neither establishes nor increases any fees.
- (9) Tiering: Is tiering applied? (Explain why tiering was or was not used.) Tiering is applied as individuals receiving care in a Level II PRTF have more intensive needs than children in a Level I PRTF; thus, some service requirements vary accordingly.

FEDERAL MANDATE ANALYSIS COMPARISON

Regulation Number: 907 KAR 9:005

Agency Contact: Jill Hunter (502) 564-5707 or Stuart Owen (502) 564-4321

1. Federal statute or regulation constituting the federal mandate. 42 USC 1396a(a)(10), 42 USC 1396d(a)(16), 42 USC 1396d(h), 42 CFR 441.151 and 42 CFR 440.160.
2. State compliance standards. To qualify as a Level I or II PRTF, a facility must meet the criteria established in KRS 216B.450 through 457.
3. Minimum or uniform standards contained in the federal mandate.

Per federal Medicaid law, inpatient psychiatric facility services for individuals under twenty-one (21) is not a mandatory Medicaid benefit, but if a state's state plan includes intermediate care facility services for individuals with mental retardation, it must also cover inpatient psychiatric facility services for individuals under twenty – one 21.) Additionally, states may be required to provide inpatient psychiatric care under the early and periodic screening, diagnosis and treatment program (EPSDT).

Pursuant to 42 CFR 440.160, ““Inpatient psychiatric services for individuals under age 21” means services that—

(a) Are provided under the direction of a physician;

(b) Are provided by—

(1) A psychiatric hospital or an inpatient psychiatric program in a hospital, accredited by the Joint Commission on Accreditation of Healthcare Organizations, or

(2) A psychiatric facility which is accredited by the Joint Commission on Accreditation of Healthcare Organizations, the Council on Accreditation of Services for Families and Children, the Commission on Accreditation of Rehabilitation Facilities, or by any other accrediting organization, with comparable standards, that is recognized by the State.

(c) Meet the requirements in §441.151 of this subchapter.”

Additionally, 42 CFR 441.151 states, “(a) Inpatient psychiatric services for individuals under age 21 must be:

(1) Provided under the direction of a physician;

(2) Provided by—

(i) A psychiatric hospital or an inpatient psychiatric program in a hospital, accredited by the Joint Commission on Accreditation of Healthcare Organizations; or

(ii) A psychiatric facility that is not a hospital and is accredited by the Joint Commission on Accreditation of Healthcare Organizations, the Commission on Accreditation of Rehabilitation Facilities, the Council on Accreditation of Services for Families and Children, or by any other accrediting organization with comparable standards that is recognized by the State.

(3) Provided before the individual reaches age 21, or, if the individual was receiving the services immediately before he or she reached age 21, before the earlier of the following—

(i) The date the individual no longer requires the services; or

(ii) The date the individual reaches 22; and

(4) Certified in writing to be necessary in the setting in which the services will be provided (or are being provided in emergency circumstances) in accordance with §441.152.

(b) Inpatient psychiatric services furnished in a psychiatric residential treatment facility as defined in §483.352 of this chapter, must satisfy all requirements in subpart G of part 483 of this chapter governing the use of restraint and seclusion.”

4. Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate? The administrative regulation does not impose stricter than federal requirements.
5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. The administrative regulation does not impose stricter than federal requirements.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation Number: 907 KAR 9:005

Agency Contact: Jill Hunter (502) 564-5707 or Stuart Owen (502) 564-4321

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Department for Medicaid Services will be affected by the amendment to this administrative regulation.
2. Identify each state or federal regulation that requires or authorizes the action taken by the administrative regulation. 42 CFR 441.151 and 42 CFR 440.160.
3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.
 - (a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? The amendment is not expected to generate revenue for state or local government.
 - (b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? The amendment is not expected to generate revenue for state or local government.
 - (c) How much will it cost to administer this program for the first year? The cost depends on several variables and is indeterminable at this time. The Office of Certificate of Need limited the number of Level II PRTF beds 145 statewide and currently there are no licensed or operational Level II PRTFs. Thus, one variable is how quickly Level II PRTFs will become licensed and operational and another is how quickly Level II PRTF beds will be filled. Additionally, not all Level I PRTF beds issued a certificate of need have been used. Additionally, Level I and II PRTF services are in the scope of managed care. Some individuals are excluded from managed care; however, DMS expects that few who are excluded will need Level I or II PRTF services. DMS pays managed care organizations (MCOs) a capitated rate per enrollee which is aggregated into a monthly capitated payment to the MCO for all enrollees in its care for the month. The capitated rates vary over time and depend on the amount of utilization and cost among the categories. DMS's cost; thus, includes the capitated rates it pays to MCOs for enrollees in the MCOs care whether or not the given enrollee utilizes services (such as Level I or II PRTF services) or not. The current capitated rates that DMS pays for the population that would be eligible for Level I or II PRTF services range from \$120 per month to \$1200 per month. Again though, DMS pays the capitated rate regardless of whether a given individual received services or not.
 - (d) How much will it cost to administer this program for subsequent years? For the reasons stated in the prior response - 3.(c) – the subsequent years' cost is

indeterminable at this time.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation: