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Lisa Lee
COMMISSIONER

PROVIDER LETTER

TO: Behavioral Health Care Providers

FROM: Lisa D. Lee, Commissioner

DATE: November 1, 2024

RE: Behavioral Health Policy Updates for Psychoeducation (H2027) and Peer Support Services (H0038)

Dear Providers,

The Kentucky Department for Medicaid Services (Department) is reaching out to provide important information related to policy and reimbursement rates for psychoeducation (H2027) and Peer Support Services (H0038).

Psychoeducation (H2027) is a direct, planned, and structured intervention that involves presenting or demonstrating information. Psychoeducation provides individuals diagnosed with a mental health, substance use, or co-occurring disorder and their families with pertinent information regarding the identified condition, treatment options to address the condition, and teaches problem-solving, communication, and coping skills to support recovery.

The goal of psychoeducation is to help prevent relapse or development of comorbid disorders and to achieve optimal health and long-term resilience. Psychoeducation should support the individual and family in understanding these factors:

- The individual's diagnosis and symptoms
- The causes of the condition and the impact on the individual's development
- Components of treatment and the benefits of various treatment options
- Skill development to cope with the diagnosis

Psychoeducation is appropriate for individuals with mental health and/or substance use conditions, their families, and support networks. Psychoeducation sessions may cover topics such as understanding the nature of mental health and substance use conditions, recognizing warning signs of relapse, stress reduction techniques, and building a support network.

Psychoeducation is support to, and an adjunct to, actual clinical care provided by a clinician. Delivery of psychoeducation must align with a person-centered, individualized treatment plan. The rationale and indication for psychoeducation services should be reflected in the treatment plan and documented in the clinical record.

Psychoeducation is a component of day treatment, therapeutic rehabilitation program (TRP), intensive outpatient program (IOP), partial hospitalization program (PHP), and residential services. It is included in the per diem rate for those services, and should never be billed on the same day. In addition, providers should never unbundle to separately bill for services that are bundled in the appropriate level of care.

Also note that Peer Support Specialists, Community Support Associates, and Registered Behavior Technicians (modifiers U7 and UC) cannot deliver psychoeducation (H2027) services.

Effective January 1, 2025, reimbursement for H2027 will be as follows:

Provider Type (Modifier)	Current Rate	New Rate	Group Rate <i>Must include HQ Modifier Limited to 12 individuals or less per group</i>
Psychiatrist (AF) MD/DO (AM)	\$ 57.74	\$ 49.08	\$ 36.81
APRN (SA) Lic. Clinical Psychologist (AH) Physician Assistant (U1)	\$ 48.42	\$ 41.16	\$ 30.87
Lic. Masters with Supervisor: LPP and Cpsy w/ Auto Func (U8) LCSW (AJ) LPCC, LMFT, LPAT, LBA LCADC (HO)	\$ 46.19	\$ 39.26	\$ 29.44
Required Assoc. with Supervision: (U4) LPA, Cpsy CSW, LPCA, LMFT, LPATA, LABA, LCADCA	\$ 40.42	\$ 34.36	\$ 25.77
Required Supervision CADC (U6)	\$ 25.73	\$ 21.87	\$ 16.40

H2027 provided to a group of individuals should include a HQ modifier. H2027 with HQ modifier may not exceed 12 recipients per group, and multiple groups may not be provided at the same time.

H2027 is limited to the following maximum units, whether provided individually, in a group, or a combination thereof:

- 8 units per day (2 hours)
- 500 units per calendar year (125 hours)

In addition, effective January 1, 2025, Peer Support Services (H0038) is limited to the following maximum units, whether provided individually, in a group, or a combination thereof:

- 8 units per day (2 hours)
- 800 units (200 hours) per calendar

The limits for H2027 and H0038 above apply to both the managed care and fee-for-service populations. They may be exceeded for an individual based on medical necessary if prior authorized.

The above-listed rate change applies to the fee-for-service population. Managed Care Organizations may negotiate with their provider network to establish different rates. However, they cannot negotiate limitations beyond those stated above except to impose prior authorization once the limit has been met.

The Department encourages all providers to consult with a Certified Professional Coder regarding billing codes and other issues. All providers must adhere to National Correct Coding Initiative (NCCI) to ensure proper coding for all billed services. Providers should also ensure they are compliant with providing treatment at the appropriate American Society of Addiction Medicine (ASAM) level of care.

Please direct any questions regarding this letter to DMS.Issues@ky.gov.

Sincerely,

A handwritten signature in cursive script that reads "Lisa D. Lee".

Lisa D. Lee, Commissioner
Department for Medicaid Services