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1.0 Description of the Service

Residential treatment provides a structured, therapeutic, and supervised environment to improve the level of functioning for recipients. The Local Management Entity (LME) is the established portal of entry and completes an assessment and determines the appropriate level of care. There are four levels of residential treatment:

- a. Residential Treatment Level I Service provides a low to moderate structured and supervised environment in a family setting, excluding room and board.
- b. Residential Treatment Level II Service provides a moderate to highly structured and supervised environment in a family or program setting, excluding room and board.
- c. Residential Treatment Level III Service (Residential Treatment High) has a highly structured and supervised environment in a program setting only, excluding room and board.
- d. Residential Treatment Level IV Service (Residential Treatment Secure) has a physically secure, locked environment in a program setting only, excluding room and board.

2.0 Eligible Recipients

2.1 General Provisions

Medicaid recipients may have service restrictions due to their eligibility category that would make them ineligible for this service.

2.2 Limitations

Medicaid recipients must be under the age of 21 years to be eligible for Residential Treatment Services.

2.3 EPSDT Special Provision: Exception to Policy Limitations for Recipients under 21 Years of Age

42 U.S.C. § 1396(d)(r) [1905(r) of the Social Security Act]

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products, or procedures for Medicaid recipients under 21 years of age **if** the service is **medically necessary health care** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem] identified through a screening examination** (includes any evaluation by a physician or other licensed clinician). This means EPSDT covers most of the medical or remedial care a child needs to improve or maintain his/her health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems. Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the recipient's physician, therapist, or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the recipient's right to a free choice of providers.

EPSDT does not require the state Medicaid agency to provide any service, product, or procedure

- a. that is unsafe, ineffective, or experimental/investigational.
- b. that is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

Service limitations on scope, amount, duration, frequency, location of service, and/or other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider's documentation shows that the requested service is medically necessary "to correct or ameliorate a defect, physical or mental illness, or a condition" [health problem]; that is, provider documentation shows how the service, product, or procedure will correct or improve or maintain the recipient's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

****EPSDT and Prior Approval Requirements**

- a. If the service, product, or procedure requires prior approval, the fact that the recipient is under 21 years of age does **NOT** eliminate the requirement for prior approval.
- b. **IMPORTANT ADDITIONAL INFORMATION** about EPSDT and prior approval is found in the Basic Medicaid Billing Guide, sections 2 and 6, and on the EPSDT provider page. The Web addresses are specified below.

Basic Medicaid Billing Guide: <http://www.ncdhhs.gov/dma/medbillcaguide.htm>

EPSDT provider page: <http://www.ncdhhs.gov/dma/EPSDTprovider.htm>

3.0 When the Service Is Covered

IMPORTANT NOTE: EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are **medically necessary health care services** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED. For additional information about EPSDT and prior approval requirements, see **Section 2.0** of this policy.

All residential services must be medically necessary.

Approval for residential services must meet the criteria determined by the Division of Mental Health, Developmental Disabilities and Substance Abuse Service Definitions. This material is shown in **Attachment A** of this policy and is also available as a chart on the Web (<http://www.ncdhhs.gov/mhddsas/medicaid/index.htm>, Residential Treatment Definitions—Children and Adolescents). All policy guidelines in **Section 5.0** must also be followed.

The service must be individualized, specific, and consistent with symptoms, or a confirmed diagnosis of the illness or injury under treatment, and not in excess of the recipient's needs.

The service must reflect the level of care that can be safely provided, and for which no equally effective and more conservative or less costly treatment is available statewide.

The service must be furnished in a manner not primarily intended for the convenience of the recipient, the recipient's caretaker, or the provider.

4.0 When the Service Is Not Covered

IMPORTANT NOTE: EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are **medically necessary health care services** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED. For additional information about EPSDT and prior approval requirements, see **Section 2.0** of this policy.

Services are not covered when the medical necessity criteria in **Section 3.0** and policy guidelines in **Section 5.0** are not followed.

Medicaid does not reimburse for services that unnecessarily duplicate another provider's service.

5.0 Requirements for and Limitations on Coverage

5.1 Prior Approval

Prior approval is required for Residential Treatment, Levels I through IV.

The statewide vendor authorizes admissions and conducts concurrent utilization reviews. The case manager must provide the authorization form to the residential facility for submission for payment to Medicaid's fiscal agent.

5.2 Therapeutic Leave

Each Medicaid eligible consumer who is occupying a Level II, Level III, or Level IV Residential Facility bed for which the North Carolina Medicaid Program is then paying reimbursement shall be entitled to take up to 45 days of therapeutic leave in any calendar year from any such bed without the facility in which the bed is located suffering any loss of reimbursement during the period of leave. Therapeutic leave is also limited to no more than 15 days within one calendar quarter (three months).

- a. The taking of such leave must be for therapeutic purposes only, and must be agreed upon by the consumer's treatment team. The necessity for such leave and the expectations involved in such leave shall be documented in the consumer's treatment/habilitation plan and the therapeutic justification for each instance of such leave entered into the consumer's record maintained at the Residential Facility's site.
- b. Therapeutic leave shall be defined as the absence of a consumer from the residential facility overnight, with the expectation of return, to participate in a

- medically acceptable therapeutic or rehabilitative facility as agreed upon by the treatment team and documented on the treatment/habilitation plan.
- c. Facilities must reserve a therapeutically absent consumer's bed for him, and are prohibited from deriving any Medicaid revenue for that consumer other than the reimbursement for that bed during the period of absence. Facilities shall be reimbursed at their full current Medicaid bed rate for a bed reserved due to therapeutic leave. Facilities shall not be reimbursed for therapeutic leave days taken which exceed the legal limit.
 - d. No more than five consecutive days may be taken without the approval of the consumer's treatment team.
 - e. Facilities must keep a cumulative record of therapeutic leave days taken by each consumer for reference and audit purposes. In addition, consumers on therapeutic leave must be noted as such on the facility's midnight census. Facilities shall bill Medicaid for approved therapeutic leave days as regular residence days.
 - f. The official record of therapeutic leave days taken for each patient shall be maintained by the State or its agent.
 - g. Therapeutic leave is not applicable in cases when the therapeutic leave is for the purpose of receiving inpatient services or any other Medicaid-covered service in the facility of current residence or in another facility. Therapeutic leave cannot be paid when Medicaid is paying for any other 24-hour service.
 - h. Transportation from a facility to the site of therapeutic leave is not considered to be an emergency; therefore, ambulance service for this purpose shall not be reimbursed by Medicaid.

6.0 Providers Eligible to Bill for the Service

Providers must comply with the following requirements to be eligible to bill for service:

- a. Residential providers who bill direct to Medicaid must be licensed by the Division of Health Service Regulation (122-C) and endorsed by the LME.
- b. Level I and Level II therapeutic foster care providers are licensed under Division of Social Service (131-D) as family setting homes. Medicaid does not reimburse Level I providers directly. LMEs bill Medicaid for this service through contractual arrangements with the providers.
- c. Level II program type through Level IV residential providers must be licensed by the Division of Health Service Regulation as a Mental Health Facility.
- d. Level II program type through Level IV residential service providers must file an application for enrollment as a Medicaid provider and sign an agreement to qualify for reimbursement.
- e. A separate application and provider agreement must be completed for each business site.

7.0 Additional Requirements

The Medicaid utilization review contractor evaluates and authorizes requests for out-of-state placement for Level IV residential facilities.

8.0 Billing Guidelines

Reimbursement requires compliance with all Medicaid guidelines, including obtaining appropriate referrals for recipients enrolled in Medicaid managed care programs. Providers must comply with the requirements of Health Choice or other third-party payors prior to seeking reimbursement from Medicaid. Medicaid is the payor of last resort for residential services.

8.1 Claim Type

Providers bill for Levels II program type through Level IV services on a UB-92 or UB-04 claim form.

8.2 Diagnosis Codes That Support Medical Necessity

Providers must bill the ICD-9-CM diagnosis code to the highest level of specificity that supports medical necessity.

8.3 Billing Codes

Revenue code 902 must be billed with the appropriate HCPCS code listed below:

Description	HCPCS Code	HCPCS Code Description	Billing Units
Level II	H2020	Therapeutic behavioral services	1 unit = one event per day
Levels III and IV	H0019	Behavioral health: long-term residential (non-medical, non-acute care)	1 unit = one event per day

Medicaid allows up to 15 days of therapeutic leave per quarter, not to exceed 45 days in a calendar year, regardless of the number of facilities used for the service. Unused days do not carry over to the next quarter. Bill RC 183 and the appropriate HCPCS code listed in Section 8.3.

8.4 Reimbursement Rate

Providers must bill their usual and customary charges.

9.0 Policy Implementation/Revision Update Information

Original Effective Date: October 1, 2000

Revision Information:

Date	Section Updated	Change
9/1/05	Section 2.0	A special provision related to EPSDT was added.
12/1/05	Section 2.3	The Web address for DMA's EDPST policy instructions was added to this section.
5/1/06	Attachment B	The level of care and initial and continuing authorization criteria for Level B, Level C, and Level D services were deleted from the policy.
6/1/06	Section 5.1 and Attachment A	Prior approval requirements were updated to indicate that the statewide vendor authorizes admissions and utilization review.

Date	Section Updated	Change
6/1/06	Section 6.0 and Attachment A	Provider licensure requirements were clarified.
6/1/06	Attachment A	The descriptions of Level III and Level IV services were clarified to indicate that service shall be provided four hours per child per week (Level III) and no less than eight hours per child per week (Level IV).
9/1/06	Section 5.2	Requirements and limitations related to therapeutic leave were added to the policy, effective with CMS date of approval, 8/19/2004.
12/1/06	Section 2.3	The special provision related to EPSDT was revised.
12/1/06	Sections 3.0 and 4.0	A note regarding EPSDT was added to these sections.
5/1/07	Sections 2 through 5	EPSDT information was revised to clarify exceptions to policy limitations for recipients under 21 years of age.
5/1/07	Section 8.1	Added UB-04 as an accepted claims form.
8/1/07	Section 6.0 and Attachment B	Changed the name of Division of Facility Services (DFS) to Division of Health Service Regulation (DHSR).

Attachment A: Residential Treatment—Level I/Family Type

This service provides a structured and supervised environment, and acquisition of skills necessary to enable the consumer to improve the level of functioning to achieve or to maintain the most realistic level of independent functioning where earlier treatment gains are somewhat fragile and the consumer is subject to regression. This level of care responds to consumers needs for more active treatment and interventions. This service is offered in a family system.

The provider is not necessarily awake during sleep time, and may be available while consumers are involved in educational, vocational, and social activities, but are present during times when the consumer's needs are most significant or not involved in another structural activity.

This service in a family setting includes the following activities:

- A. Supervision and structure of daily living designed to maximize appropriate behaviors or to maintain highest level of functioning.
- B. Specific and individualized psychoeducational and therapeutic interventions including development or maintenance of daily living skills; communications skills; social skills; stress management; and relationship skills.
- C. Support addressing feelings of personal culpability or self-blame; affirming the child's value and self-worth; development of skills in communication which will encourage ongoing relationships with the natural family or other identified placement providers; development of personal resources; development of goals to address self-concept, anger management, self-esteem and personal insight; or comparable activities which are targeted towards functional deficits.
- D. Involving consumers in naturally occurring community support systems and supporting the development of personal resources (assets, protective factors, etc.).

**Note: Periodic services may not be used to augment residential services.*

A. Therapeutic Relationship

This service is designed to address medically necessary goals for achieving relational support with caretakers and other support systems in the community, and is intended to assist the recipient in developing more appropriate relationship skills. Therapeutic techniques and strategies are introduced into the relationship.

B. Structure of Daily Living

Daily living is structured to provide a therapeutically critical structure and supervision necessary to enable the recipient to achieve and sustain an improved level of functioning in order to successfully engage in treatment activities designed to achieve the highest level of independent functioning or return the recipient to their family setting/permanent placement.

C. Cognitive/Behavioral Skill Acquisition

Treatment interventions are provided to ensure that the recipient acquires skills necessary to compensate for or remediate functional problems. Interventions are targeted to functional problems and based on service plan requirements and specific strategies developed during supervision.

Service Type

Residential Treatment Level I is a 24-hour service. Family home settings are licensed under the Division of Social Services (131-D).

Resiliency/Environmental Intervention

This service to support the youth in gaining the skills necessary to step-down to lower level of care.

Service Delivery Setting

Family Type

D. Medical Necessity

The recipient is eligible for this service when:

Medically stable, but may need assistance to comply with medical treatment.

AND

The recipient is experiencing any one of the following (may be related to the presence of moderate affective, cognitive or behavioral problems or developmental delays/disabilities):

- A. Increasing difficulty maintaining in the naturally available family or lower level treatment setting as evidenced by, but not limited to:
 - 1. frequent conflict in the setting, **OR**
 - 2. frequently limited acceptance of the behavioral expectations and other structure, **OR**
 - 3. frequently limited involvement in support.
- B. Frequent verbal aggression or infrequent, moderate intensity physical aggression, which may be directed toward property or occasionally to self or others.
- C. Increasing functional problems in school or vocational setting or other community setting as evidenced by:
 - 1. imminent risk of failure in school or vocational setting, **OR**
 - 2. frequent behavioral problems in school or vocational setting, **OR**
 - 3. frequent difficulty in maintaining appropriate conduct in community settings, **OR**
 - 4. consistent difficulties accepting age appropriate direction and supervision in significant areas from caretakers or family members.

E. Service Order Requirement

Service must be ordered by a primary care physician, psychiatrist or a licensed psychologist. All service orders must be made prior to or on the day service is initiated.

F. Continuation/Utilization Review

The desired outcome or level of functioning has not been restored, improved or sustained over the time frame outlined in the recipient's service plan or the recipient continues to be at risk for relapse based on history or the tenuous nature of the functional gains or any one or the following apply:

- A. Recipient has achieved initial service plan goals and additional goals are indicated.
- B. Recipient is making satisfactory progress toward meeting goals.
- C. Recipient is making some progress, but the service plan (specific interventions) needs to be modified so that greater gains, which are consistent with the recipient's pre-morbid level of functioning, are possible or can be achieved.
- D. Recipient is not making progress; the service plan must be modified to identify more effective interventions.

- E. Recipient is regressing; the service plan must be modified to identify more effective interventions.

AND

The statewide vendor authorizes admission and conducts concurrent utilization reviews. Utilization review must be conducted a minimum of every 90 days and be documented in the service record.

G. Discharge Criteria

The recipient shall be discharged from this level of care if any one of the following is true:

- A. The level of functioning has improved with respect to the goals outlined in the service plan and can reasonably be expected to maintain these gains at a lower level of treatment.

OR

- B. The recipient no longer benefits from service as evidenced by absence of progress toward service plan goals and more appropriate service(s) is available.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

H. Service Maintenance Criteria

If the recipient is functioning effectively at this level of treatment and discharge would otherwise be indicated, this level of service should be maintained when it can be reasonably anticipated that regression is likely to occur if the service were to be withdrawn. This decision should be based on at least one of the following:

- A. There is a past history of regression in the absence of residential treatment or at a lower level of residential treatment.
- B. There are current indications that the recipient requires this residential service to maintain level of functioning as evidenced by difficulties experienced on therapeutic visits or stays in a non-treatment residential setting or in a lower level of residential treatment.
- C. In the event there are epidemiologically sound expectations that symptoms will persist and that ongoing treatment interventions are needed to sustain functional gains, the presence of a DSM IV-TR diagnosis would necessitate a disability management approach.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

I. Provider Requirement and Supervision

The provider must follow the minimum requirements in 131D rules.

J. Documentation Requirements

The minimum documentation standard includes a daily contact log with a description of the staff's interventions and activities on the standardized form. The documentation of interventions and activities is directly related to:

- A. identified needs,
- B. preferences or choices,
- C. specific goals, services, and interventions, and

- D. frequency of the service which assists in restoring, improving or maintaining, the recipient’s level of functioning.
- E. documentation of critical events, significant events or changes of status in the course of treatment shall be evidenced in the recipient’s medical service record as appropriate.

K. Family Type Residential Treatment Services—Level I

Family Type Residential Treatment is a service targeted to children under age 21, which offers a low to moderate structured and supervised environment in a family setting, excluding room and board. This service provides the following activities under its core program:

YES	NO
Minimal staff support/supervision for person-directed and managed activities in all identified need areas: financial, health, self help, vocational, educational, social, and medical planning.	Activities provided by Medicaid funded residential programs: acute hospitalization, ICF-MR, rehabilitation facilities, and nursing facilities for medically fragile children, etc.
Minimal assistance with adaptive skill training in all functional domains.	Child care facilities which can not meet mental health licensure and standards.
Mentoring.	Foster care.
Behavioral interventions for mildly disruptive behaviors: redirection, token/level systems, contracts, and structured behavioral plans.	Run-away shelters. Respite providers. Summer recreation camps.
Minimal assistance with community integration activities.	Periodic services may not be used to augment residential services.
Modeling, positive reinforcement, redirection, and verbal de-escalation, etc.	
Minimal assistance with psychoeducational activities including the development and maintenance of daily living skills, anger management, social skills, family living skills, communication skills, and stress management, etc.	

Attachment B: Residential Treatment—Level II/Family/Program Type

This level of service is responsive to the need for intensive, interactive, therapeutic interventions, which still fall below the level of staff secure/24-hour supervision or secure treatment settings. The staffing structure may include family and program type settings.

A. Program Type

The staff is not necessarily awake during sleep time, but must be constantly available to respond to a recipient's needs, while recipients are involved in educational, vocational, social and/or other activities, except for periods of planned respite.

B. Family Type

The provider is not necessarily awake during sleep time but must be constantly available to respond to a recipient's needs, while recipients are involved in educational, vocational, social and/or other activities, except for periods of planned respite.

C. Program Type and Family Type Activities

This service in the family or program settings includes the following activities:

- A. Individualized and intensive supervision and structure of daily living designed to minimize the occurrence of behaviors related to functional deficits to ensure safety during the presentation of out-of-control behaviors or to maintain an optimum level of functioning.
- B. Specific and individualized psychoeducational and therapeutic interventions including;
 - 1. development or maintenance of daily living skills,
 - 2. anger management,
 - 3. social skills,
 - 4. family living skills,
 - 5. communication skills,
 - 6. stress management,
 - 7. relationship support, or
 - 8. comparable activity, and
 - 9. intensive crisis or near crisis management including de-escalation interventions and occasional physical restraints.
- C. Direct and active intervention in assisting recipients in the process of being involved in and maintaining in naturally occurring community support systems and supporting the development of personal resources (assets, protective factors, etc).

**Note: Periodic services may not be used to augment residential services.*

Therapeutic Relationship and Interventions

This treatment provides all Family Type Residential Treatment Level I elements plus provision of a more intensive corrective relationship in which therapeutic interactions are dominant. Focus is broadened to include assisting the consumer in improving relationships at school, work and/or other community settings.

Structure of Daily Living

Daily living is structured to provide all elements of Family/Program Type Residential Treatment Level I with a higher level of structure and supervision.

Cognitive and Behavioral Skill Acquisition

Treatment provides all Family/Program Type Residential Treatment Level I elements with a complete emphasis on individualized interventions for specific skill acquisition that enable the consumer to achieve or maintain the highest level of independent functioning.

Service Type

Residential Treatment Level II is a 24-hour service.

Family Type: This service is licensed under the Division of Social Services 131-D family setting homes.

Program Type: This service is licensed under the Division of Health Service Regulation 122-C for residential treatment.

Resiliency/Environmental Intervention

This service is to support the youth in gaining the skills necessary to step-down to lower level of care.

Service Delivery Setting

Family type and Group home

D. Medical Necessity

In addition to meeting Family Type Residential Treatment Level I medical necessity criteria, the recipient is eligible for this service when:

Medically stable, but may need some intervention to comply with medical treatment.

AND

The recipient's identified needs cannot be met with Family Type Residential Treatment Level I services.

AND

The recipient is experiencing any one of the following (may be related to the presence of moderate to severe affective, cognitive or behavioral problems or developmental delays/disabilities):

- A. Moderate to severe difficulty maintaining in the naturally available family or lower level treatment setting as evidenced by, but not limited to:
 - 1. severe conflict in the setting, **OR**
 - 2. severely limited acceptance of behavioral expectations and other structure, **OR**
 - 3. severely limited involvement in support, **OR**
 - 4. impaired ability to form trusting relationships with caretakers, **OR**
 - 5. limited ability to consider the effect of inappropriate personal conduct on others.
- B. Frequent and severely disruptive verbal aggression and/or frequent and moderate property damage and/or occasional, moderate aggression toward self and/or others.
- C. Moderate to severe functional problems in school or vocational setting or other community setting as evidenced by:
 - 1. failure in school or vocational setting, **OR**
 - 2. frequent and disruptive behavioral problems in school or vocational setting, **OR**

3. frequent and disruptive difficulty in maintaining appropriate conduct in community setting, **OR**
 4. pervasive inability to accept age appropriate direction and supervision, in significant areas, from caretakers or family members.
- D. Medication administration and monitoring have alleviated some symptoms, but other treatment interventions are needed to control moderate symptoms.
- E. Limitations in ability to independently access or participate in other human services and requires active support and supervision to stay involved in other services.
- F. Deficits in ability to manage personal health, welfare, and safety without intense support and supervision.
- G. For recipients identified with or at risk for inappropriate sexual behavior:
1. at least one (1) incident of inappropriate sexual behavior and the risk for offending/re-offending is low to moderate, **OR**
 2. low to moderate risk for sexual victimizing, **OR**
 3. deficits that put the community at risk unless specifically treated for sexual aggression problems.
 4. A Sex Offender Specific Evaluation (SOSE shall be provided by a trained professional and a level of risk shall be established (low, moderate, high) using the Risk Checklist for Sexual Offenders, the Juvenile Sexual Offender Decision Criteria, and a Checklist for Risk Assessment of Adolescent Sex Offenders.

E. Service Order Requirement

Service must be ordered by a primary care physician, psychiatrist or a licensed psychologist. All service orders must be made prior to or on the day service is initiated.

F. Continuation/Utilization Service Review

The desired outcome or level of functioning has not been restored, improved or sustained over the time frame outlined in the recipient's service plan or the recipient continues to be at risk for relapse based on history or the tenuous nature of the functional gains or any one of the following apply:

- A. Recipient has achieved initial service plan goals and additional goals are indicated.
- B. Recipient is making satisfactory progress toward meeting goals.
- C. Recipient is making some progress, but the service plan (specific interventions) needs to be modified so that greater gains, which are consistent with the recipient's pre-morbid level of functioning, are possible or can be achieved.
- D. Recipient is not making progress; the service plan must be modified to identify more effective interventions.
- E. Recipient is regressing; the service plan must be modified to identify more effective interventions.

AND

The statewide vendor authorizes admission and conducts concurrent utilization reviews. Utilization review must be conducted a minimum of every 30 days and documented in the service record.

G. Discharge Criteria

The recipient shall be discharged from this level of care if any one of the following is true:

- A. The level of functioning has improved with respect to the goals outlined in the service plan and the recipient can reasonably be expected to maintain these gains at a lower level of treatment.

OR

- B. The recipient no longer benefits from service as evidenced by absence of progress toward service plan goals and more appropriate service(s) is available.

OR

- C. Discharge or step-down services can be considered when in a less restrictive environment, the safety of the recipient around sexual behavior, and the safety of the community can reasonably be assured.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

H. Service Maintenance Criteria

If the recipient is functioning effectively at this level of treatment and discharge would otherwise be indicated, this level of service should be maintained when it can be reasonably anticipated that regression is likely to occur if the service were to be withdrawn. This decision should be based on at least one of the following:

- A. There is a past history of regression in the absence of residential treatment or a lower level of residential treatment.
- B. There are current indications that the recipient requires this residential service to maintain level of functioning as evidenced by difficulties experienced on therapeutic visits or stays in a non-treatment residential setting or in a lower level of residential treatment.
- C. In the event there are epidemiologically sound expectations that symptoms will persist and that ongoing treatment interventions are needed to sustain functional gains, the presence of a DSM IV-TR diagnosis would necessitate a disability management approach.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights*

Provider Requirement and Supervision—Staffing

Family Type

This treatment may be provided in a natural family setting with one or two surrogate family members providing services to one or two consumers per home.

Program Type

1. Treatment is provided in a structured program setting with qualified staff.
2. Staff is present and available at all times of the day.
3. A minimum of one staff is required per four consumers at all times.

I. Provider Requirements—Family Type

The provider must follow the minimum requirements in 131D rules.

J. Provider Requirements—Program Type

The provider must follow minimum requirements in 122C rules, including:

- A. Skills and competencies of this service provider must be at a level that offers psychoeducational and relational support, behavioral modeling of interventions, and supervision. These preplanned, therapeutically structured interventions occur as required and outlined in the consumer's service plan.
- B. Must meet requirements established by state personnel system or equivalent for job classifications. Supervision provided by a qualified professional as stated in 10A NCAC 27G.0104 rules regarding Professionals and Paraprofessionals.
- C. Sex Offender Specific Service Provision: In addition to the above, when the consumer requires sex offender specific treatment, as outlined in their treatment plan, special training of the caregiver is required in all aspects of sex offender specific treatment. Implementation of therapeutic gains is to be the goal of the placement setting.

AND

Supervision is provided by a qualified professional with sex offender-specific treatment expertise and is available for a total of at least 60 minutes per week. On-call and back-up plan with a qualified professional is also available.

K. Documentation Requirements

The minimum documentation standard includes a daily contact log with description of staff's interventions and activities on the standardized forms. The documentation of interventions and activities is directly related to:

- A. identified needs,
- B. preferences or choices,
- C. specific goals, services, and interventions, **AND**
- D. frequency of the service, which assists in restoring, improving or maintaining, the recipient's level of functioning.
- E. Documentation of critical events, significant events or changes in status in the course of treatment shall be evidenced in the recipient's medical record as appropriate.
- F. Documentation includes the specific goals of sex offender treatment as supported and carried out through the therapeutic milieu and interventions outlined in the service plan.

L. Family/Program Residential Treatment Services

The Family/Program Residential Treatment Services is a service targeted to children under age 21, which offers a moderate to high structured and supervised environment in a family or program type setting, excluding room and board. This service provides the following activities under its core program:

YES	NO
Direct staff support/supervision for person-directed and managed activities in all identified need areas: financial, health, self help, vocational, educational, social, and medical, etc.	Activities provided by Medicaid funded residential programs: acute hospitalization, ICF-MR, rehabilitation facilities, and nursing facilities for medically fragile children, etc.
Direct assistance with adaptive skills training in all functional domains.	Child care facilities which can not meet mental health licensure and standards.
Mentoring.	Foster care.
Behavioral interventions for mildly disruptive behaviors: redirection, token/level systems, contracts, structured behavior programming, protective devices, and de-escalation techniques, etc.	Run-away shelters. Respite providers. Summer recreation camps.
Direct assistance with community integration activities.	Periodic services may not be used to augment residential services.
Interventions that support modeling, positive reinforcement, redirection, guidance, etc. to the recipient.	
Direct assistance with psychoeducational activities including the development and maintenance of daily living skills, anger management, social skills, family living skills, communication skills, and stress management, etc.	
Structured interventions in all identified need areas.	

Attachment C: Residential Treatment—Level III

Residential Treatment Level III service is responsive to the need for intensive, active therapeutic intervention, which requires a staff secure treatment setting in order to be successfully implemented. This setting has a higher level of consultative and direct service from psychologist, psychiatrists, medical professional, etc.

Staff are awake during sleep hours and supervision is continuous.

This service includes all Family/Program Residential Treatment elements and the following activities:

1. Individualized, intensive, and constant supervision and structure of daily living designed to minimize the occurrence of behavior related to functional deficits, to ensure safety and contain out-of-control behaviors including intensive and frequent crisis management with or without physical restraint or to maintain optimum level of functioning.
2. Includes active efforts to contain and actively confront inappropriate behaviors and assist consumers in unlearning maladaptive behaviors. Includes relationship support to assist the consumer in managing the stress and discomfort associated with the process of change and maintenance of gains achieved earlier and specifically planned and implemented therapeutically focused interactions designed to assist the consumer in correcting various patterns of grossly inappropriate interpersonal behavior, as needed. Additionally, providers require significant skill in maintaining positive relationship in interpersonal dynamics, which typically provoke rejection, hostility, anger and avoidance.

Treatment is provided in a structured program setting with staff employed by, or contracted by, an Area Program/Local Management Entity. Staff is present and available at all times of the day, including overnight awake. A minimum of one staff is required per four consumers at all times. Additionally, consultative and treatment services at a qualified professional level shall be provided four hours per child per week. This staff time may be contributed by a variety of individuals. For example, a social worker may conduct group treatment or activity; a psychologist may consult on behavioral management; or, a psychiatrist may provide evaluation and treatment services. These services must be provided at the facility site. Group therapy or activity time may be included as total time per consumer (i.e., if there are six members in a group for 90 minutes, this may be counted as 90 minutes per consumer).

**Note: Periodic services may not be used to augment residential services.*

M. Therapeutic Relationship

This service provides all Family/Program Residential Treatment Level II elements plus the relationship, which is structured to remain therapeutically positive in response to grossly inappropriate and provocative interpersonal behaviors including verbal and some physical aggression.

N. Structure of Daily Living

Daily living is structured to provide all elements of Family/Program Residential Treatment Level II plus intensified structure, supervision, and containment of frequent and highly inappropriate behavior. This setting is typically defined as being "staff secure."

O. Cognitive/Behavioral Skill Acquisition

Treatment provides all Family/Program Residential Treatment Level II elements plus active "unlearning" of grossly inappropriate behaviors with intensive skill acquisition. Includes specialized, on site interventions from qualified professionals.

Service Type

Residential Treatment Level III is a 24-hour service. Licensed under 122-C.

Resiliency/Environmental Intervention

This service is to support the youth in gaining the skills necessary to step down to a lower level of care.

Service Delivery Setting

Program/Group Home type.

P. Medical Necessity

The consumer is eligible for this service when:

Medically stable but may need significant intervention to comply with medical treatment.

AND

The recipient's identified needs cannot be met with Family/Program Residential Treatment service.

AND

The recipient is experiencing any one of the following (may be related to the presence of severe affective, cognitive or behavioral problems or developmental delays/disabilities):

- A. Severe difficulty maintaining in the naturally available family setting or lower level treatment setting as evidenced by, but not limited to:
 1. frequent and severe conflict in the setting, **OR**
 2. frequently and severely limited acceptance of behavioral expectations and other structure, **OR**
 3. frequently and severely limited involvement in support or impaired ability to form trusting relationships with caretakers, **OR**
 4. a pervasive and severe inability to form trusting relationships with caretakers or family members, **OR**
 5. an inability to consider the effect of inappropriate personal conduct on others.
- B. Frequent physical aggression including severe property damage or moderate to severe aggression toward self or others.
- C. Severe functional problems in school or vocational setting or other community setting as evidenced by:
 1. failure in school or vocational setting because of frequent and severely disruptive behavioral problems, **OR**
 2. frequent and severely disruptive difficulty in maintaining appropriate conduct in community settings, **OR**
 3. severe and pervasive inability to accept age appropriate direction and supervision from caretakers or family members, coupled with involvement in potentially life-threatening, high-risk behaviors.

- D. Medication administration and monitoring have alleviated some symptoms but other treatment interventions are needed to control severe symptoms.
- E. Significant limitations in ability to independently access or participate in other human services and requires intensive, active support and supervision to stay involved in other services.
- F. Significant deficits in ability to manage personal health, welfare, and safety without intense support and supervision.
- G. For recipients identified with or at risk for inappropriate sexual behavior:
 - 1. The parent/caregiver is unable to provide the supervision of the sex offender required for community safety.
 - 2. Moderate to high-risk for re-offending.
 - 3. Moderate to high-risk for sexually victimizing others.
 - 4. Deficits that put the community at risk for victimization unless specifically treated for sexual aggression problems.
 - 5. A Sex Offender Specific Evaluation (SOSE) shall be provided by a trained professional and a level of risk shall be established (low, moderate, high) using the Risk Checklist for Sexual Offenders, the Juvenile Sexual Offender Decision Criteria, and a Checklist for Risk Assessment of Adolescent Sex Offenders.

Q. Service Order Requirement

Service must be ordered by a primary care physician, psychiatrist or a licensed psychologist. All service orders must be made prior to or on the day service is initiated.

R. Continuation/Utilization Service Review

The desired outcome or level of functioning has not been restored, improved or sustained over the time frame outlined in the recipient's service plan or the recipient continues to be at risk for relapse based on history or the tenuous nature of the functional gains or any one of the following apply:

- A. Recipient has achieved initial service plan goals and additional goals are indicated.
- B. Recipient is making satisfactory progress toward meeting goals.
- C. Recipient is making some progress, but the service plan (specific interventions) needs to be modified so that greater gains, which are consistent with the recipient's pre-morbid level of functioning, are possible or can be achieved.
- D. Recipient is not making progress; the service plan must be modified to identify more effective interventions.
- E. Recipient is regressing; the service plan must be modified to identify more effective interventions.

AND

The statewide vendor authorizes admission and conducts concurrent utilization reviews. Utilization review must be documented in the service record.

S. Discharge Criteria

The recipient shall be discharged from this level of care if any one of the following is true:

- A. The level of functioning has improved with respect to the goals outlined in the service plan and the recipient can reasonably be expected to maintain these gains at a lower level of treatment.

OR

- B. The recipient no longer benefits from service as evidenced by absence of progress toward service plan goals and more appropriate service(s) is available.

OR

- C. Discharge or step-down services can be considered when in a less restrictive environment, the safety of the recipient around sexual behavior and the safety of the community can reasonably be assured.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

T. Service Maintenance Criteria

If recipient is functioning effectively at this level of treatment and discharge would otherwise be indicated, this level of service should be maintained when it can be reasonably anticipated that regression is likely to occur if the service were to be withdrawn. This decision should be based on at least one of the following:

- A. There is a past history of regression in the absence of residential treatment or a lower level of residential treatment.
- B. There are current indications that recipient requires this residential service to maintain level of functioning as evidenced by difficulties experienced on therapeutic visits or stays in a non-treatment residential setting or in a lower level of residential treatment.
- C. In the event there are epidemiologically sound expectations that symptoms will persist and that ongoing treatment interventions are needed to sustain functional gains, the presence of a DSM IV-TR diagnosis would necessitate a disability management approach.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

U. Provider Requirement and Supervision

The minimum requirements are:

- A. a high school diploma or GED, associate degree with one (1) year of experience, **OR**
- B. a four-year degree in a human service field, **OR**
- C. a combination of experience, skills, and competencies that is equivalent, **PLUS**
- D. Skills and competencies of this service provider must be at a level that offers psychoeducational and relational support, behavioral modeling of interventions, and supervision. These preplanned, therapeutically structured interventions occur as required and outlined in the recipient's service plan.
- E. Must meet requirements established by state personnel system or equivalent for job classifications. Supervision provided by a qualified professional as stated in 10A NCAC 27G.0104 rules regarding Professionals and Paraprofessionals.

AND

- F. Sex Offender Specific Service Provision: In addition to the above, when the consumer requires sex offender specific treatment as outlined in their treatment plan, special training of the caregiver is required in all aspects of sex offender specific treatment. Implementation of therapeutic gains is to be the goal of the placement setting.

AND

- G. Supervision provided by a qualified professional with sex offender-specific treatment expertise is available per shift.

V. Documentation Requirements

The minimum documentation standard is a full service note per shift on the standardized form. The documentation of interventions and activities is directly related to the recipients:

- A. identified needs,
- B. preferences or choices,
- C. specific goals, services, and interventions, and
- D. frequency of the service which assists in restoring, improving or maintaining the recipient's level of functioning.
- E. Documentation of critical events, significant events or changes in status in the course of treatment shall be evidenced in the recipient's medical record as appropriate.
- F. Documentation includes the specific goals of sex offender treatment as supported and carried out through the therapeutic milieu and interventions outlined in the service plan.

W. Residential Treatment—Level III

The Residential Treatment—High is a service targeted to children under age 21 which offers a highly structured and supervised environment in a program setting only, excluding room and board. This service provides the following activities under its core program:

YES	NO
Staff secure and structured therapeutic environment designed to maximize the opportunity to improve the recipient’s level of functioning.	Activities provided by Medicaid funded residential programs: acute hospitalization, ICF-MR, rehabilitation facilities, and nursing facilities for medically fragile children, etc.
Immediate staff support/supervision for person directed and managed activities in all identified need areas.	Child care facilities which cannot meet mental health licensure and standards.
Mentoring.	Foster care.
Direct assistance with adaptive skills training.	Run-away shelters.
Behavioral interventions: programmatic structure with specific interventions to address the most complex behavioral and/or substance abuse treatment needs (e.g., house rules).	Respite providers.
Directed/supervised community integration activities.	Summer recreation camps.
Modeling, positive reinforcement, redirection, de-escalation, guidance, etc. through staff/individual/peer interactions.	Periodic services may not be used to augment residential services.
Supervised recreational activities when used as a strategy to meet clinical goals.	
Directed/supervised psychoeducational activities including the development and maintenance of daily living, anger management, social, family living, communication, and stress management skills, etc.	
Consultation from psychiatrist/psychologist on a monthly basis.	

Attachment D: Residential Treatment—Level IV/Secure

A. Therapeutic Relationship

This service provides school, psychological and psychiatric consultation, nurse practitioner, vocational training, recreational activity, and other relevant services in the context of residential treatment. Typically the treatment needs of clients at this level are so extreme that these activities can only be undertaken in a therapeutic context. This service provides intensive focus in helping clients acquire disability management skills. There are typically significantly increased on-site interventions from qualified professionals including psychologists and physicians. These services are conducted in a manner that is fully integrated into ongoing treatment.

B. Structure of Daily Living

Residential Treatment IV is provided in a structured program setting with staff employed by, or contracted by, an Area Program/Local Management Entity. Staff is present and available at all times or the day, including overnight awake. A minimum of two direct care staff is required per six consumers at all times. Additionally, consultative and treatment services at a qualified professional level shall be provided no less than eight hours per child per week. Staffing provisions apply as with Residential Treatment Level III.

C. Cognitive/Behavioral Skill Acquisition

The treatment needs of consumers at this level are so extreme that these activities can only be undertaken in a therapeutic context. This service provides intensive focus in helping consumers acquire disability management skills. There are typically significantly increased on-site intervention from qualified professionals including psychologists and physicians. These services are conducted in a manner that is fully integrated into ongoing treatment.

D. Program Type

Staff is awake during sleep hours and supervision is continuous. This service includes all Residential Treatment—High Level III elements plus the following activities:

- A. Medically supervised secure treatment including physical restraints and containment in time-out room. Locked and secure to ensure safety for recipients who are involved in a wide range of dangerous behaviors which are manageable outside of the hospital setting.
- B. Continual and intensive interventions designed to assist the recipient in acquiring control over acute behaviors.
- C. This service is to support the youth in gaining the skills necessary to step down to a lower level of care.

**Note: Periodic services may not be used to augment residential services.*

E. Service Type/Setting

Residential Treatment Level IV is a 24-hour service. It is provided in a facility program type setting.

F. Medical Necessity

The consumer is eligible for this service when:

Consumer is medically stable but may need significant intervention to comply with medical treatment.

AND

The consumer's identified need cannot be met with Residential Treatment Level III service.

AND

The recipient is experiencing any one of the following (may be related to the presence of severe affective, cognitive or behavioral problems or developmental delays/disabilities):

- A. Severe difficulty maintaining in the naturally available family setting or lower level of treatment as evidenced by, but not limited to:
 - 1. frequent and severe conflict in the setting; **OR**
 - 2. frequently and severely limited acceptance of behavioral expectations and other structure; **OR**
 - 3. frequently and severely limited involvement in support or impaired ability to form trusting relationships, with caretakers; **OR**
 - 4. a pervasive and severe inability to form trusting relationships with caretakers or family members; **OR**
 - 5. an inability to consider the effect of inappropriate personal conduct on others.
- B. Frequent physical aggression including severe property damage or moderate to severe aggression toward self or others.
- C. Severe functional problems in school or vocational setting or other community setting as evidenced by:
 - 1. failure in school or vocational setting because of frequent and severely disruptive behavioral problems in school or vocational setting; **OR**
 - 2. frequent and severely disruptive difficulty in maintaining appropriate conduct in community settings; **OR**
 - 3. severe and pervasive inability to accept age appropriate direction and supervision from caretakers or family members couple with involvement in potentially life-threatening, high-risk behaviors.
- D. Medication administration and monitoring has alleviated some symptoms but other treatment interventions are needed to control sever symptoms.
- E. Experiences significant limitations in ability to independently access or participate in other human services and requires intensive, active support and supervision to stay involved in other services.
- F. Has significant deficits in ability to manage personal health, welfare, and safety without intense support and supervision.
- G. For consumers identified with or at risk for inappropriate sexual behavior;
 - 1. The parent/caregiver is unable to provide the supervision of the sex offender required for community safety.
 - 2. Moderate to high risk for re-offending.
 - 3. Moderate to high risk for sexually victimizing others.
 - 4. Deficits that put the community at risk for victimization unless specifically treated for sexual aggression problems.

5. A Sex Offender Specific Evaluation (SOSE) shall be provided by a trained professional and a level of risk shall be established (low, moderate, high) using the Risk Checklist for Sexual Offenders, the Juvenile Sexual Offender Decision Criteria, and a Checklist for Risk Assessment of Adolescent Sex Offenders.

Service Order Requirement

Service must be ordered by a primary care physician, psychiatrist or a licensed psychologist. All service orders must be made prior to or on the day service is initiated, on the standardized service order form.

G. Continuation/Utilization Service Review

The desired outcome or level of functioning has not been restored, improved or sustained over the time frame outlined in the recipient's service plan or the recipient continues to be at risk for relapse based on history or the tenuous nature of the functional gains or any one of the following apply:

- A. Recipient has achieved initial service plan goals and additional goals are indicated.
- B. Recipient is making satisfactory progress toward meeting goals.
- C. Recipient is making some progress, but the service plan (specific interventions) needs to be modified so that greater gains, which are consistent with the recipient's pre-morbid level of functioning, are possible or can be achieved.
- D. Recipient is not making progress; the service plan must be modified to identify more effective interventions.
- E. Recipient is regressing; the service plan must be modified to identify more effective interventions.

AND

The statewide vendor authorizes admission and conducts concurrent utilization reviews. Utilization review must be documented in the service record.

H. Discharge Criteria

The recipient shall be discharged from this level of care if any one of the following is true:

- A. The level of functioning has improved with respect to the goals outlined in the service plan and the recipient can reasonably be expected to maintain these gains at a lower level of treatment.

OR

- B. The recipient no longer benefits from service as evidenced by absence of progress toward service plan goals and more appropriate service(s) is available.

OR

- C. Discharge or step-down services can be considered when in a less restrictive environment the safety of the recipient around sexual behavior and the safety of the community can reasonably be assured.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

I. Service Maintenance Criteria

If recipient is functioning effectively at this level of treatment and discharge would otherwise be indicated, this level of service should be maintained when it can be reasonably anticipated that regression

is likely to occur if the service were to be withdrawn. This decision should be based on at least one of the following:

- A. There is a past history of regression in the absence of residential treatment or a lower level of residential treatment.
- B. There are current indications that the recipient requires this residential service to maintain level of functioning as evidenced by difficulties experienced on therapeutic visits or stays in a non-treatment residential setting or in a lower level of residential treatment.
- C. In the event there are epidemiologically sound expectations that symptoms will persist and that ongoing treatment interventions are needed to sustain functional gains, the presence of a DSM IV-TR diagnosis would necessitate a disability management approach.

**Note: Any denial, reduction, suspension or termination of services requires notification to the recipient and/or legal guardian about their appeal rights.*

J. Provider Requirement and Supervision

The minimum requirements are:

- A. a high school diploma or GED , associate degree with one (1) year of experience, or
- B. a four-year degree in a human service field, or
- C. a combination of experience, skills, and competencies that is equivalent, plus:
- D. Skills and competencies of this service provider must be at a level that include structured interventions in a contained setting to assist the recipient in acquiring control over acute behaviors.
- E. Sex Offender Specific Service Provision: In addition to the above, when the consumer requires sex offender specific treatment, as outlined in their treatment plan, special training of the caregiver is required in all aspects of sex offender specific treatment. Implementation of therapeutic gains is the goal of the placement setting.

AND

Supervision provided by a Qualified Professional with sex offender specific expertise is on-site per shift.

K. Documentation Requirements

The minimum documentation standard is a full service note per shift on the standardized form. The documentation of interventions and activities is directly related to the recipient's:

- A. identified needs,
- B. preferences or choices,
- C. specific goals, services, and interventions, and
- D. frequency of the service which assists in restoring, improving or maintaining their level of functioning.
- E. Documentation of critical events, significant events or changes in status in the course of treatment shall be evidenced in the recipient's medical record as appropriate.
- F. Sex Offender Specific Service Provision: Documentation includes the specific goals of sex offender treatment as supported and carried out through the therapeutic milieu and interventions outlined in the service plan.

L. Residential Treatment—Secure Services

The Residential Treatment—Secure is a service targeted to children under age 21, which offers a physically secure, locked environment in a program setting only, excluding room and board. This service provides the following activities under its core program:

YES	NO
Medically supervised secure treatment interventions, which may include time-out room, passive restraints, etc.	Activities provided by Medicaid funded residential programs: acute hospitalization, ICF-MR, rehabilitation facilities, and nursing facilities for medically fragile children, etc.
Structured programming/intervention to assist the recipient in acquiring control over acute behaviors, verbal aggression, depression, PTSD (post-traumatic stress disorder), etc.	Child care facilities which cannot meet mental health licensure and standards.
Onsite consultation and supervision by psychologist and/or psychiatrists.	Foster care. Run-away shelters Respite providers Summer recreation camps Periodic services may not be used to augment residential services.