POLICIES AND PROCEDURE MANUAL

Chapter:	Utilization Management		
Title:	Level of Care System (LOC) for Parity Procedure		
Policy: ☐ Procedure:☒ Page: 1 of 3	Review Cycle: Biennial Author: Chief Behavioral Health Officer;	Adopted Date: 03.03.2020 Review Date: 05.07.2024	Related Policies: Service Philosophy Utilization Management Retroactive Sample Review of Acute Care Services Policy

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Purpose

The purpose of this procedure is to define how Mid-State Health Network (MSHN) and its Community Mental Health Service Programs (CMHSPs) ensure the consistent application of medical necessity criteria and support the implementation of an equitable benefit.

Procedure

A. MSHN and its CMHSP participants use nationally-recognized written criteria based on sound clinical evidence (MCG Behavioral Health Medical Necessity Guidelines), need identification tool [i.e. CAFAS/PECFAS, LOCUS) findings, and the person-centered planning process to make authorization and utilization management (UM) decisions.

B. The use of standardized tools for evaluation of clinical need is crucial to the process of equitably and consistently defining individual needs. Implementation of these tools must comply with relevant federal and state guidance regarding their use including the requirement that they are not arbitrary and do not serve as the sole means whereby authorization of supports and services are made for an individual.

C. In addition to using objective and evidence-based criteria and best practices, each CMHSP will utilize the objective data out of the core service menu, defined as the common benefit package based on the outcome of the need identification tool for a population designation, as established in the Level of Care (LOC) documentation that is based upon typical regional service utilization patterns for specialty behavioral health services, and the person-centered planning process that includes the consumer's individual circumstances, and the local delivery system when determining medical necessity. As appropriate, using accepted statistical data analysis techniques (i.e. Outlier Analysis) and clinical care standards, adjustments and recommendations to the LOC process and grids may occur and at such time the policy and procedure shall be updated.

D. Each CMHSP will use the LOC system to identify the thresholds associated with the service codes available to the individual served.

E. The thresholds are not caps to service, nor are they to be considered artificial lines delineating when services are to be reduced, suspended, or terminated, but rather to specifically alert the CMHSP that a review should occur and a determination as to why the threshold has been exceeded.

F. MSHN will assure each CMHSP has in place the required policies and procedures and demonstrates compliance with all aspects of assuring medical necessity for services is being applied consistently at the local level. MSHN will perform monitoring of these delegated functions via annual site review activity and through quarterly UM Committee meeting reports.

G. This procedure follows a set of principles, including:
- The LOC framework supports a person-centered approach to service planning and is designed around the process of individual planning and choice and is as unobtrusive as possible to that process.
- The LOC model *does not* put a cap on the number of units of a service type. Since no tool perfectly captures medical necessity criteria, the guidance is to start with the recommended thresholds. Thresholds should be considered initial markers of what the individual might receive. They can be revised up or down based on clinical assessment of medical necessity.
- Defined ranges/thresholds never presume that the number of units for a given service is either: (a) an absolute exclusion, or (b) a benefit that one is entitled to.
- The LOC model frames the recommended thresholds as recommendations, or defaults which can be overridden based on personal choice and medical necessity determination.
- For ease of implementation and explanation, there should be a consistent conceptual framework which applies across populations.
- The LOC model includes a method to monitor the use of all services across all populations, though this method may be different for different services (e.g. intake and assessment, where a person has not yet had a determination of need).
- The LOC framework should be supported by existing data and the methodology will be reproducible, shareable and comparable with the region's partner CMHSPs.
- The LOC is a consistent conceptual framework which applies across populations and includes monitoring the use of all services across all populations, though this method may be different for different services (e.g. intake and assessment, where a person has not yet had a determination of clinical need).

H. Managing exceptions will be guided according to the following:
- CMHSPs maintain the ability to authorize services outside of the thresholds defined by the core service menu but need to maintain documented justification of the reason for the exception (i.e. medical necessity). CMHSPs must develop internal processes to handle service requests that fall outside of the core service menu. Services requested that are beyond the authorization threshold or that fall outside of the core service menu for an individual's recommended LOC are referred to as exceptions. An exception may be authorized if medical necessity is established through a utilization review.
- Exception requests are generated following the person-centered planning process and development of the individualized plan of service (including plan amendments) using the following sequence of steps:
  o Staff conducting utilization management review functions review the request and determines medical necessity, including amount, scope, and duration for the service being requested.
  o If the exception is approved, the reason must be clearly documented by the utilization reviewer. Reasons for approvals of exception requests could include: Recent hospitalization(s) or exacerbation of symptoms, multiple co-morbid conditions with complex needs, multiple psychosocial needs or stressors, or instances where a person is at risk of harm to self or others.
  o If the exception is denied or not approved in its entirety, the reason is clearly documented by the utilization management reviewer and Notice of Adverse Action is provided.
  o Utilization review of exception requests follow PIHP, state, and federal policy for authorization requests, including but not limited to timeliness of decisions and credentials of individuals making authorization determinations.
- Outcomes and findings will be reviewed and discussed by the MSHN Utilization Management Committee (UMC) to ensure planning, adjustment, and recommendations

regarding the process adhere to federal parity standards and agreed upon state oversight processes.

Applies to:

☒ All Mid-State Health Network Staff
☐ Selected MSHN Staff, as follows:
☒ MSHN's CMHSP Participants: ☐ Policy Only   ☒ Policy and Procedure
☐ Other: Sub-contract Providers

Definitions:

CAFAS: Child and Adolescent Functional Assessment Scale
CMHSP: Community Mental Health Service Program
LOC: Level of Care
LOCUS: Level of Care Utilization System
MCG: MCG Health is a software vendor who offers a proprietary product, the MCG Care Guidelines. The MCG Care Guidelines were selected by the Michigan Parity Workgroup as the tool to be utilized by all Michigan PIHPs and CMHSPs to provide care guidance for acute behavioral health services.
MSHN: Mid-State Health Network
PECFAS: Preschool and Early Childhood Functional Assessment Scale
PIHP: Pre-paid Inpatient Health Plan
Provider Network: refers to MSHN CMHSP Participants and SUD providers directly under contract with the MSHN PIHP to provide/arrange for behavioral health services and/or supports. Services and supports may be provided through direct operations or through the subcontract arrangements
UM: Utilization Management
UMC: Utilization Management Committee

References/Legal Authority:

1. Mental Health Parity and Addiction Equity Act of 2008
2. MDHHS Mental Health and Substance Use Disorder Parity Assessment and Corrective Action Plan, 2018

Other References:

N/A

Change Log:

Date of Change	Description of Change	Responsible Party
07.24.2019	New Procedure	Director of Utilization and Care Management
02.24.2022	Biennial Review	UM Committee
02.22.2024	Biennial Review	UM Committee