

PREAUTHORIZATION REQUIREMENTS FOR RESIDENTIAL TREATMENT CENTER CARE

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AUTHORITY: [32 CFR 199.4\(b\)\(4\)\(viii\)](#)

DoD Authorization Act, 1991, Public Law 101-510

DoD Appropriations Act, 1991, Public Law 101-511

I. BACKGROUND

In the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510 and the Defense Appropriations Act for 1991, Public Law 101-511, Congress firmly addressed the problem of spiraling costs for mental health services. Motivated by the desire to bring mental health care costs under control, Congress in both the Authorization and Appropriations Acts established certain benefit changes and management procedures. These statutes made two principal changes. First, they established new day limits for inpatient mental health services and secondly, they mandated prior authorization for all nonemergency inpatient mental health admissions, with required certification of emergency admissions within 72 hours.

II. POLICY

Effective October 1, 1991, preadmission and continued stay authorization is required for care in a residential treatment center. Admission to an RTC is considered elective and not of an emergency nature. For admissions to an RTC, a psychiatrist or clinical psychologist shall recommend admission and direct the treatment plan. Admission to an RTC primarily for substance abuse rehabilitation is not authorized.

III. POLICY CONSIDERATIONS

A. Treatment of Mental Disorders. In order to qualify for admission to an RTC, a psychiatrist or other physician (M.D. or D.O.) shall recommend that the child be admitted to the RTC. A psychiatrist or a clinical psychologist shall direct the development of the child's treatment plan. The child must be diagnosed as suffering from a mental disorder, according to the criteria listed in the Diagnostic and Statistical Manual of Mental Disorders, 4th edition (DSM-IV). Benefits are limited for certain mental disorders, such as specific learning disorders. No benefits are payable for "Conditions Not Attributable to a Mental Disorder", or V codes. In order for treatment of a mental disorder to be medically or psychologically necessary, the patient must, as a result of a diagnosed mental disorder, be experiencing both physical or psychological distress and an impairment in his or her ability to function in appropriate occupational, educational or social roles. It is generally the degree to which the patient's ability to function is impaired that determines the level of care (if any) required to treat the patient's condition.

TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002

CHAPTER 7, SECTION 3.4

PREAUTHORIZATION REQUIREMENTS FOR RESIDENTIAL TREATMENT CENTER CARE

B. **Criteria for Determining Medical or Psychological Necessity.** In determining the medical or psychological necessity of services and supplies provided by RTCs, the evaluation conducted by the Executive Director, TMA (or designee) shall consider the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care. RTC services and supplies shall not be considered medically or psychologically necessary unless, at a minimum, all the following criteria are clinically determined in the evaluation to be fully met:

1. Patient has a diagnosable psychiatric disorder.
2. Patient exhibits patterns of disruptive behavior with evidence of disturbances in family functioning or social relationships and persistent psychological and/or emotional disturbances.
3. RTC services involve active clinical treatment under an individualized treatment plan that provides for:
 - a. Specific level of care, and measurable goals/objectives relevant to each of the problems identified;
 - b. Skilled interventions by qualified mental health professionals to assist the patient and/or family;
 - c. Time frames for achieving proposed outcomes; and
 - d. Evaluation of treatment progress to include timely reviews and updates as appropriate of the patient's treatment plan that reflects alterations in the treatment regimen, the measurable goals/objectives, and the level of care required for each of the patient's problems, and explanations of any failure to achieve the treatment goals/objectives.
4. Unless therapeutically contraindicated, the family and/or guardian must actively participate in the continuing care of the patient either through direct involvement at the facility or geographically distant family therapy. (In the latter case, the treatment center must document that there has been collaboration with the family and/or guardian in all reviews.)

C. **Preauthorization Requirements.** All admissions to RTC care are elective and must be certified as medically/psychologically necessary prior to admission. The criteria for preauthorization shall be those set forth in [paragraph III.B](#). In applying those criteria in the context of preadmission authorization review, special emphasis is placed on the development of a specific diagnosis/treatment plan, consistent with those criteria and reasonably expected to be effective, for that individual patient.

1. The timetable for development of the individualized treatment plan shall be as follows:
 - a. The plan must be under development at the time of the admission.
 - b. A preliminary treatment plan must be established within 24 hours of the admission.

TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002

CHAPTER 7, SECTION 3.4

PREAUTHORIZATION REQUIREMENTS FOR RESIDENTIAL TREATMENT CENTER CARE

- c. A master treatment plan must be established within ten calendar days of the admission.
- 2. The elements of the individualized treatment plan must include:
 - a. The diagnostic evaluation that establishes the necessity for the admission;
 - b. An assessment regarding the inappropriateness of services at a less intensive level of care;
 - c. A comprehensive, biopsychosocial assessment and diagnostic formulation;
 - d. A specific individualized treatment plan that integrates measurable goals/objectives and their required level of care for each of the patient's problems that are a focus of treatment;
 - e. A specific plan for involvement of family members, unless therapeutically contraindicated; and
 - f. A discharge plan, including an objective of referring the patient to further services, if needed, at less intensive levels of care within the benefit limit period.

3. Preauthorization requests should be made not less than two business days prior to the planned admission. In general, the decision regarding preauthorization shall be made within one business day of receipt of all information for a request for preauthorization, and shall be followed with written confirmation. Preauthorizations are valid for 90 days.

D. Services for which payment is disallowed for failure to obtain preauthorization may not be billed to the patient (or the patient's family).

E. Concurrent Review. Concurrent review of the necessity for continued stay will be conducted no less frequently than every 30 days. The criteria for concurrent review shall be those set forth in [paragraph III.B](#). In applying those criteria in the context of concurrent review, special emphasis is placed on evaluating the progress being made in the active individualized clinical treatment being provided and on developing appropriate discharge plans.

IV. EFFECTIVE DATE

RTC services provided on and after October 1, 1991.

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