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Medicare Coverage of Substance Abuse Services

Provider Types Affected

This MLN Matters® Special Edition article is intended for physicians, other providers, and suppliers who submit claims to Medicare Administrative Contractors (MACs) for substance abuse services provided to Medicare beneficiaries.

What You Need to Know

While there is no distinct Medicare benefit category for substance abuse treatment, such services are covered by Medicare when reasonable and necessary. The Centers for Medicare & Medicaid Services (CMS) provides a full range of services, including those services provided for substance abuse disorders. This article summarizes the available services and provides reference links to other online Medicare information with further details about these services.

Background

Services for substance abuse disorders are available under Medicare, as long as those services are reasonable and necessary. These services include:

Inpatient Treatment

- Inpatient treatment would be covered if reasonable and necessary.
- Professional services provided during that care would be paid either:
 - as part of the inpatient stay (for professional services provided by clinicians not recognized for separate billing, for instance peer counselors), or

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- separately, to the professional billing for the provided services if they are recognized under Part B and considered separate from the inpatient stay (for instance, physicians, and NPPs within their state scopes of practice).
- Any medication provided as part of inpatient treatment would be bundled into the inpatient payment and not paid separately.

Outpatient Treatment

- Similar to inpatient treatment, coverage of outpatient treatment would depend on the provider of the services.
- Pursuant to the Social Security Act, Medicare does not recognize substance abuse treatment facilities as an independent provider type, nor is there an integrated payment for the bundle of services those providers may provide (either directly, or incident to a physician's service).
- Coverage and payment would be on a service by service basis for those services that are recognized by Medicare. For instance, Medicare could pay for counseling by an enrolled licensed clinical social worker, psychologist or psychiatrist.
- Some services could be provided by auxiliary personnel incident to a physician's services.
- Medications used in an outpatient setting that are not usually self-administered may be covered under Part B if they meet all Part B requirements.

Partial Hospitalization Program (PHP)

The PHP is an intensive outpatient psychiatric day treatment program that is furnished as an alternative to inpatient psychiatric hospitalization. This means that without the PHP services, the person would otherwise be receiving inpatient psychiatric treatment. Patients admitted to a PHP must be under the care of a physician who certifies and re-certifies the need for partial hospitalization and require a minimum of 20 hours per week of PHP therapeutic services, as evidenced by their plan of care. PHPs may be available in your local hospital outpatient department and Medicare certified Community Mental Health Center (CMHCs). PHP services include:

- Individual or group psychotherapy with physicians, psychologists, or other mental health professionals authorized or licensed by the State in which they practice (for example, licensed clinical social workers, clinical nurse specialists, certified alcohol and drug counselors);
- Occupational therapy requiring the skills of a qualified occupational therapist. Occupational therapy, if required, must be a component of the physicians treatment plan for the individual;
- Services of other staff (social workers, psychiatric nurses, and others) trained to work with psychiatric patients;
- Drugs and biologicals that cannot be self-administered and are furnished for therapeutic purposes (subject to limitations specified in [42 CFR 410.29](#));
- Individualized activity therapies that are not primarily recreational or diversionary. These activities must be individualized and essential for the treatment of the patient's diagnosed condition and for progress toward treatment goals;

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- Family counseling services for which the primary purpose is the treatment of the patient’s condition;
- Patient training and education, to the extent the training and educational activities are closely and clearly related to the individuals care and treatment of his/her diagnosed psychiatric condition; and
- Medically necessary diagnostic services related to mental health treatment.

Similar to inpatient and individual outpatient treatment, coverage of PHP services would depend on the provider of the services.

MLN Matters® Special Edition article [SE1512](#) titled “Partial Hospitalization Program (PHP) Claims Coding & CY2015 per Diem Payment Rates” is intended for hospitals and Community Mental Health Centers (CMHCs) that submit claims to MACs for PHP services provided to Medicare beneficiaries. In SE1512, CMS reminds hospitals and CMHCs that provide PHP services to follow existing claims coding requirements given in the “Medicare Claims Processing Manual” (Chapter 4, Section 260) at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf> on the CMS website.

Coverage and payment would be for those PHP services that are recognized by Medicare. For instance, Medicare could pay for psychotherapy by an enrolled licensed clinical psychologist or psychiatrist.

Substance Abuse Treatment by Suppliers of Services

There are individuals under the Medicare Part B program who are authorized as suppliers of services that are eligible to furnish substance abuse treatment services providing the services are reasonable and necessary and fall under their State scope of practice.

These suppliers of services include:

- Physicians (medical doctor or doctor of osteopathy);
- Clinical psychologists;
- Clinical social workers;
- Nurse practitioners;
- Clinical nurse specialists;
- Physician assistants; and,
- Certified nurse-midwives.

Screening, Brief Intervention, and Referral to Treatment (SBIRT) Services

SBIRT is an early intervention approach that targets individuals with nondependent substance use to provide effective strategies for intervention prior to the need for more extensive or specialized treatment. This approach differs from the primary focus of specialized treatment of individuals with more severe substance use, or those who meet the criteria for diagnosis of a substance use disorder.

SBIRT services aim to prevent the unhealthy consequences of alcohol and drug use among those who may not reach the diagnostic level of a substance use disorder, and helping those with the disease of addiction enter and stay with treatment. You may easily use SBIRT services in primary

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care settings, enabling you to systematically screen and assist people who may not be seeking help for a substance use problem, but whose drinking or drug use may cause or complicate their ability to successfully handle health, work, or family issues. For more information on the Medicare's SBIRT services, refer to Medicare's fact sheet, "Screening, Brief Intervention, and Referral to Treatment (SBIRT) Services" at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/SBIRT_Factsheet_ICN904084.pdf on the CMS website.

SBIRT consists of three major components:

1. **Structured Assessment (Medicare) or Screening (Medicaid):** Assessing or screening a patient for risky substance use behaviors using standardized assessment or screening tools;
2. **Brief Intervention:** Engaging a patient showing risky substance use behaviors in a short conversation, providing feedback and advice; and
3. **Referral to Treatment:** Providing a referral to brief therapy or additional treatment to patients whose assessment or screening shows a need for additional services.

The first component to the SBIRT process is assessment or screening which uses tools including the World Health Organization's Alcohol Use Disorders Identification Test (AUDIT) Manual and the Drug Abuse Screening Test (DAST). For more information on SBIRT assessment and screening tools, as well as examples of tools, visit <http://www.integration.samhsa.gov/clinical-practice/sbirt/screening> on the Internet.

Medicare covers only reasonable and necessary SBIRT services that meet the requirements of diagnosis or treatment of illness or injury (that is, when the service is provided to evaluate and/or treat patients with signs/symptoms of illness or injury) per the Social Security Act (Section 1862(a)(1)(A)); see https://www.ssa.gov/OP_Home/ssact/title18/1862.htm on the Internet.

Medicare pays for medically reasonable and necessary SBIRT services furnished in physicians' offices (by physicians and non-physician practitioners) and outpatient hospitals. In these settings, you assess for and identify individuals with, or at-risk for, substance use-related problems and furnish limited interventions/treatment. To bill Medicare, suppliers of SBIRT services must be:

- Licensed or certified to perform mental health services by the State in which they perform the services;
- Qualified to perform the specific mental health services rendered; and
- Working within their State Scope of Practice Act.

Medicare pays for these services under the Medicare Physician Fee Schedule (PFS) and the hospital Outpatient Prospective Payment System (OPPS). For more information on Medicare's payment for SBIRT services, refer to the "Medicare Claims Processing Manual" (Chapter 4, Section 200.6) at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf> on the CMS website.

Drugs Used to Treat Opioid Dependence

Medicare Part D sponsors must include coverage for Part D drugs, either by formulary inclusion or via an exception, when medically necessary for the treatment of opioid dependence. Coverage is not limited to single entity products such as Subutex®, but must include combination products when medically necessary (for example, Suboxone®). For any new enrollees, CMS requires sponsors to

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have a transition policy to prevent any unintended interruptions in pharmacologic treatment with Part D drugs during their transition into the benefit. This transition policy, along with CMS' non-formulary exceptions/appeals requirements, should ensure that all Medicare enrollees have timely access to their medically necessary Part D drug therapies for opioid dependence.

A Part D drug is defined, in part, as “a drug that may be dispensed only upon a prescription.” Consequently, methadone is not a Part D drug when used for treatment of opioid dependence because it cannot be dispensed for this purpose upon a prescription at a retail pharmacy. (**NOTE:** Methadone is a Part D drug when indicated for pain). State Medicaid Programs may continue to include the costs of methadone in their bundled payment to qualified drug treatment clinics or hospitals that dispense methadone for opioid dependence.

See the “Medicare Prescription Drug Benefit Manual” (Chapter 6, Section 10.8 (Drugs Used to Treat Opioid Dependence)) at <https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/downloads/chapter6.pdf> on the CMS website.

Note: Medicare covers diagnostic clinical laboratory services that are reasonable and necessary for the diagnosis or treatment of an illness or injury. For beneficiaries being treated for substance abuse, testing for drugs of abuse when reasonable and necessary can help manage their treatment. Information on the clinical laboratory fee schedule is available at <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Clinical-Laboratory-Fee-Schedule-Fact-Sheet-ICN006818.pdf> on the CMS website.

Additional Information

Providers may want to review the following resources:

- “Mental Health Services” Booklet: see <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Mental-Health-Services-Booklet-ICN903195.pdf> on the CMS website.
- “Summary of Medicare Reporting and Payment of Services for Alcohol and/or Substance (Other than Tobacco) Abuse Structured Assessment and Brief Intervention (SBIRT) Services;” see <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE1013.pdf> on the CMS website.
- National Coverage Determinations (NCDs): Inpatient Hospital Stays for the Treatment of Alcoholism (130.1); Outpatient Hospital Services for Treatment of Alcoholism (130.2); Chemical & Electrical Aversion Therapy for Treatment of Alcoholism (130.3, 130.4); Treatment of Alcoholism and Drug Abuse in a Freestanding Clinic (130.5); Treatment of Drug Abuse (Chemical Dependency) (130.6); Withdrawal Treatments for Narcotic Addictions (130.7): See https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/ncd103c1_Part2.pdf on the CMS website.
- “Medicaid Program Integrity What Is a Prescriber’s Role in Preventing the Diversion of Prescription Drugs?” Fact Sheet: See <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/Drug-Diversion-ICN901010.pdf> on the CMS website.

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- “Effective Strategies for Addressing Overutilization and Abuse of Prescription Drugs in Medicare Part D”: See https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/AHIP_Overutilization_Strategies_CMS_-10192015.pdf on the CMS website.
- “New Medicare Part D Opioid Drug Mapping Tool Available”: See <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-releases/2015-Press-releases-items/2015-11-03.html> on the CMS website.
- “Prescription Drug Monitoring Programs: A Resource to Help Address Prescription Drug Abuse and Diversion”: See <https://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/se1250.pdf> on the CMS website.
- “Calendar Year (CY) 2016 Clinical Laboratory Fee Schedule (CLFS) Final Determinations” (includes CY 2016 coding and policy information for drugs of abuse): See <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/Downloads/CY2016-CLFS-Codes-Final-Determinations.pdf> on the CMS website.
- MLN Matters® Number: SE1105 (Medicare Drug Screen Testing): See <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/SE1105.pdf> on the CMS website.
- The Prescription Opioid Epidemic (CCSQ Grand Rounds Webinar); see <https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/QualityMeasures/Downloads/The-Prescription-Opioid-Epidemic.pdf> on the CMS website.

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