

## CHAPTER 67 PSYCHOLOGICAL SERVICES

### Authority

N.J.S.A. 30:4D-6b(10), and 30:4D-7.7a, b and c.

### Source and Effective Date

R.1996 d. 61, effective February 5, 1996.  
See: 27 N.J.R. 4261(a), 28 N.J.R. 1066(a).

### Executive Order No. 66(1978) Expiration Date

Chapter 67, Psychological Services, expires on February 5, 2001.

### Chapter Historical Note

Chapter 67, Manual for Psychological Services, was filed as R.1973 d.368, on December 28, 1973, effective January 1, 1974. See: 5 N.J.R. 415(a), 6 N.J.R. 68(a). Pursuant to Executive Order No. 66(1978), Chapter 67 was readopted by R.1985 d.114, effective February 19, 1985. See: 16 N.J.R. 3163(a), 17 N.J.R. 706(c). Subchapter 3, HCFA Common Procedure Coding System (HCPCS), was adopted by R.1986 d.52, effective March 3, 1986. See: 17 N.J.R. 1519(b), 18 N.J.R. 478(a). Pursuant to Executive Order No. 66(1978), Chapter 67 was readopted by R.1991 d.142, effective February 19, 1991. See: 22 N.J.R. 3615(a), 23 N.J.R. 859(b).

Chapter 67, Manual for Psychological Services, was repealed, and Chapter 67, Psychological Services, was adopted as new rules, by R.1996 d. 61, effective February 5, 1996. See: Source and Effective Date.

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#### SUBCHAPTER 1. INTRODUCTION

##### 10:67-1.1 Scope and purpose

(a) This chapter outlines the policies and the procedures of the New Jersey Medicaid program related to the provi-

sion of psychological services to Medicaid beneficiaries by psychologists in private practice reimbursed on a fee-for-service basis.

(b) This chapter does not apply to psychologists employed by State or County (Governmental) or private psychiatric hospitals, independent clinics, or to psychologists employed by residential treatment centers under contract with the Division of Youth and Family Services (DYFS) and/or the Division of Mental Health Services (DMHS).

##### 10:67-1.2 Definitions

The following words and terms, when used in this manual, shall have the following meanings unless the context clearly indicates otherwise.

“CPT” means that edition of the Current Procedure Terminology most current at the time of reference, as published annually by the American Medical Association, Chicago, Illinois, unless otherwise specified in rule.

“Nursing facility (NF)” means an institution (or distinct part of an institution) certified by the New Jersey State Department of Health and approved for participation in Medicaid and primarily engaged in providing:

1. Nursing care and related services for patients who require medical, nursing care, and social services;
2. Rehabilitative services for the rehabilitation of the injured, disabled, or sick; or
3. Health-related care and services on a regular basis to patients who because of a mental or physical condition require care and services above the level of room and board. However, the nursing facility is not primarily for the care and treatment of patients with mental diseases which require continuous 24-hour supervision by qualified mental health professionals.

“Physician”, for the purpose of participation in the New Jersey Medicaid program, means exclusively a doctor of medicine (M.D.) or osteopathy (D.O.) licensed to practice medicine and surgery by the New Jersey State Board of Medical Examiners, or similarly licensed by comparable agencies of the state in which he or she practices.

“Psychological services” means those services rendered within the scope of the profession of psychology as defined by the laws of the State of New Jersey or by the laws of the state in which the psychologist practices.

“Psychological specialist” means a psychologist who limits his or her practice to his or her specialty and who:

1. Is a Diplomate of the American Board of Professional Psychology (Diplomate Qualified); or

2. Has been notified of admissibility to the examination by the American Board of Professional Psychology (Diplomate Eligible).

“Psychologist” means a practicing professional psychologist who is licensed by the New Jersey State Board of Psychological Examiners or by the comparable state agency in the state in which he or she practices.

“Residential health care facility” means a facility, licensed by the New Jersey State Department of Health, which furnishes food and shelter to four or more persons 18 years of age and older who are unrelated to the owner and which provides dietary services, recreational activities, supervision of self-administration of medications, supervision of and assistance in activities of daily living (ADL) and assistance in obtaining health services to one or more of such persons. As used in this chapter, the term “residential health care facility” means a “boarding home for sheltered care” as defined by the New Jersey State Department of Health.

“Residential treatment center” means a facility that:

1. Has a facility or program accreditation by the Joint Commission on the Accreditation of Health Care Organizations (JCAHO);

2. Provides 24-hour per day care and treatment for recipients under 22 years of age whose needs are such that they are unable to function appropriately in their homes, schools and communities, and are not able to be served appropriately in less restrictive setting; and

3. Has signed a provider agreement to participate in the Medicaid program and abide by the rules of the Division.

Amended by R.1998 d.89, effective February 17, 1998.

See: 29 N.J.R. 4615(a), 30 N.J.R. 734(a).

Inserted “CPT” definition.

### 10:67-1.3 Conditions of participation

(a) To be approved as a Medicaid provider by the New Jersey Medicaid program, the psychologist or psychologist specialist shall:

1. Complete and submit the Medicaid “Provider Application” (FD-20) and the “Medicaid Provider Agreement” (FD-62).

i. The documents, referenced in (a)1 above, are located as Forms #8 and #10 in the Appendix of the Administration Chapter (N.J.A.C. 10:49—Appendix) at the end of the chapter, and may be obtained from and submitted to:

Unisys Corporation  
 Provider Enrollment  
 PO Box 4804  
 Trenton, New Jersey 08650-4804

ii. Provider agreements are approved by the:

Chief, Provider Enrollment Unit  
 Division of Medical Assistance and Health Services  
 PO Box 712  
 Trenton, New Jersey 08625-0712

2. To be approved by the New Jersey Medicaid program as a psychological specialist, the psychological specialist shall enclose with the provider application, documentation that he or she:

i. Is a Diplomate of the American Board of Professional Psychology (Diplomate Qualified); or

ii. Has been notified of admissibility to the examination by the American Board of Professional Psychology (Diplomate Eligible).

(b) If the psychologist is providing psychological services to a Medicaid recipient residing in a nursing facility (NF), or residential health care facility, or a residential treatment center, these facilities shall be Medicaid approved facilities.

(c) Upon approval as a psychological services provider, the psychologist shall be assigned a Medicaid provider number.

(d) Upon enrollment, the fiscal agent shall furnish a provider manual and an initial supply of pre-printed claim forms.

Amended by R.1998 d.89, effective February 17, 1998.

See: 29 N.J.R. 4615(a), 30 N.J.R. 734(a).

In (a)1i and ii, updated the address.

### 10:67-1.4 Recordkeeping

(a) Psychologists shall keep such individual records as may be necessary to disclose fully the kind and extent of services provided and shall make such information available when requested by the New Jersey Medicaid program or its agents. The recordkeeping shall document the services provided as they relate to the procedure code(s) used for reimbursement purposes (see N.J.A.C. 10:67-3, HCFA Common Procedure Coding System).

(b) For the initial examination, the record shall include, as a minimum, the following:

1. Date(s) of service rendered;
2. Signature of the psychologist;
3. Chief complaint(s);
4. Pertinent historical, social, emotional, and additional data;
5. Reports of evaluation procedures undertaken or ordered;
6. Diagnosis; and
7. The intended course of treatment and tentative prognosis.

(c) For subsequent progress notes made for each Medicaid patient contact, the following shall be included on the psychotherapeutic progress note:

1. Date(s) and duration of service (for example, hour, half-hour);
2. Signature of the psychologist;
3. Name(s) of modality used, such as individual, group, or family therapy;
4. Notations of progress, impediments, or treatment complications; and
5. Other components, such as dates or information not included in (c)1 through 4 above, which may be important to the clinical description and prognosis.
6. One or more of the following components shall be recorded to delineate the visit and establish its uniqueness. (Not all of the components need be included):
  - i. Symptoms and complaints;
  - ii. Affect;
  - iii. Behavior;
  - iv. Focus topics; and
  - v. Significant incidents or historical events.

#### 10:67-1.5 Basis of reimbursement

(a) Psychological services shall be reimbursed at the lesser of the psychologist's charges or the amount in the Medicaid Maximum Fee Allowance Schedule for psychological services. (See N.J.A.C. 10:67-3.2 for the Maximum Fee Allowance Schedule.)

(b) The Medicaid Maximum Fee Allowance Schedule is based on the Health Care Financing Administration Common Procedure Coding System (HCPCS). For HCPCS codes and Maximum Fee Allowance Schedule, see N.J.A.C. 10:67-3. For billing instructions, see the Fiscal Agent Billing Supplement in the Appendix of this chapter.

(c) In no event shall the provider's charge to the New Jersey Medicaid program exceed the charge for services rendered by the provider for identical services to other governmental agencies, or other groups or individuals in the community.

#### Case Notes

Patient's possible Munchausen's syndrome was good cause for limiting medical services. *D.S. v. Division of Medical Assistance and Health Services*, 92 N.J.A.R.2d (DMA) 4.

home, general hospital (inpatient), residential health care facility, nursing facility, or residential treatment center that is not enrolled as an approved Medicaid provider.

(b) The New Jersey Medicaid program will not reimburse for services supervised by, but not performed by the psychologist in any setting. Only the psychologist who personally renders the psychological service will be reimbursed.

(c) The special reimbursement for psychological services will be rendered if the provider meets the specialist requirements as defined in N.J.A.C. 10:67-1.2 and 1.3.

(d) Except for psychological testing or exceptional circumstances which are documented in the patient's medical record, only one psychological service shall be reimbursed per day for the same beneficiary by the same provider, group, shared health care facility, or practitioners sharing a common record.

(e) Payment for a psychological evaluation shall include all psychological services provided on that day. No additional reimbursement will be made for psychotherapy on the day that a psychological evaluation is provided.

(f) "Consultation" or "concurrent care" shall not be billed by a psychologist specialist for his or her services as a specialist. If a referral from a psychologist to a psychiatrist is indicated, the psychiatrist may be reimbursed under the provisions of "consultation" or "concurrent care" in the Physician Services Manual (N.J.A.C. 10:52) in addition to the psychologist bill, but not vice versa.

#### 10:67-2.2 Provisions for services rendered in specific settings including institutional settings

(a) Psychological services rendered to a Medicaid patient by an approved community mental health agency or by an approved independent clinic, or under the auspices of such agency or facility, or by a hospital outpatient department shall be billed directly by the agency or clinic.

1. All psychological services rendered to a patient of a hospital outpatient department shall be considered hospital costs, whether or not the psychologist receives compensation from the hospital.

(b) A psychologist employed and/or under contract with a facility including a general hospital, a private psychiatric or State or County (Government) psychiatric hospital, an intermediate care facility/mental retardation, or a residential treatment center (that has a provider agreement with the New Jersey Medicaid program) may not bill directly for psychological services provided to Medicaid patients.

(c) When psychological services are provided to persons in a nursing facility, payment will not be made for any services rendered by an owner, administrator, stockholder of the company or corporation, or any person who has a direct financial interest in the institution.

## SUBCHAPTER 2. GENERAL PROVISIONS

### 10:67-2.1 General provisions

(a) Psychological services reimbursed directly to the psychologist may be provided in settings such as an office,

**10:67-2.3 Prior authorization**

(a) Prior authorization means approval of the psychological service before the service is provided. For general information about prior and retroactive authorization, see N.J.A.C. 10:49-6.1—Administration.

1. Prior authorization is required for psychological services provided to a Medicaid patient residing in a nursing facility, or in a residential health care facility (as described in (b) below), or in either a community setting, or a residential treatment center, as described in (c) below.

(b) Prior authorization is required for psychological services provided to a Medicaid patient residing in a nursing facility (NF) or residential health care facility (RHCF), when payment to the psychologist for the services rendered reaches and/or exceeds \$400.00 in any 12 month service year, commencing with the initial visit. (For definitions of NF or RHCF, see N.J.A.C. 10:67-1.2.)

1. The request for prior authorization of psychological services provided to a Medicaid patient residing in a nursing facility shall be submitted directly to the appropriate Medicaid District Office serving the nursing facility (see (d) below).

2. The request for prior authorization of psychological services provided to a Medicaid patient residing in a residential health care facility shall be submitted directly to the Mental Health Services Unit (for address, see (d) below).

3. Authorization for psychological services for a Medicaid patient residing in a nursing facility or residential health care facility may be granted for a maximum period of three months. Additional authorizations may be requested, based on continued medical necessity, as indicated in the request for additional authorization.

(c) Prior authorization is required for psychological services provided to a Medicaid patient residing in a community setting, or in a residential treatment center (that has not signed a provider agreement with the Medicaid program) when payment for the services reaches and/or exceeds \$900.00 in any 12 month service year, commencing with the initial visit. The request for the prior authorization must be submitted directly to the Mental Health Services Unit (see (d) below for address).

1. Authorization for psychological services in the community may be granted for a maximum period of one year. Additional authorizations may be requested.

(d) The request for prior authorization shall be submitted on the Form FD-07 (Request for Prior Authorization for Mental Health Services). See the Fiscal Agent Billing Supplement following this chapter for a sample of the FD-07 form, for instructions to complete it, and for information about the need for the authorization number on the claim form.

1. A request for reauthorization shall include a summary progress note and a detailed treatment plan in the form of a progress note. This information shall be included in, or attached to, the FD-07 form.

2. Although the completed FD-07 form is to be submitted to either the appropriate Medicaid District Office (MDO) or the Mental Health Services Unit, as applicable (see (b) and (c) above), the Medicaid fiscal agent will notify the provider, in writing, as to the disposition of the request for prior authorization. An MDO Directory is provided in the Appendix of N.J.A.C. 10:49, Administration. The Mental Health Services Unit address is as follows:

Mental Health Services Unit  
Office of Health Service Administration  
Division of Medical Assistance and Health Services  
Mail Code #15  
PO Box 712  
Trenton, New Jersey 08625-0712

3. The Medicaid fiscal agent will notify the provider in writing as to the disposition of the request for prior authorization.

4. An opportunity for a fair hearing may be granted to any provider requesting a hearing on any complaint or issue arising out of the claims payment process, in accordance with N.J.A.C. 10:49-10, Notices, Appeals and Fair Hearings.

Amended by R.1998 d.89, effective February 17, 1998.  
See: 29 N.J.R. 4615(a), 30 N.J.R. 734(a).  
In (d)2, updated the address.

### SUBCHAPTER 3. HEALTH CARE FINANCING ADMINISTRATION (HCFA) COMMON PROCEDURE CODING SYSTEM (HCPCS) CODE AND MAXIMUM FEE SCHEDULE FOR PSYCHOLOGICAL SERVICES

**10:67-3.1 Introduction**

(a) The New Jersey Medicaid program uses the Health Care Financing Administration's (HCFA) Common Procedure Code System (HCPCS). HCPCS follows the American Medical Association's Physicians' Current Procedure Terminology—4th Edition (CPT-4) (CPT) architecture, employing a five-position code and as many as two-position modifiers. Unlike the CPT numeric design, the HCFA-assigned codes and modifiers contain alphabetic characters. Because of copyright restrictions, the CPT procedure narratives for Level I codes are not included in this manual, but are hereby incorporated by reference. Copies may be obtained from the American Medical Association, PO Box 10950, Chicago, Illinois 60610, attention: Order Department. The HCPCS codes are relevant to Medicaid psychological services and must be used when filing a claim. Listed below are some of the general policies of the New Jersey Medicaid program regarding HCPCS.