CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12477	**Date: January 25, 2024**
	Change Request 13502

SUBJECT: Payment for Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs) in a Method II Critical Access Hospital (CAH)

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to establish payment instructions for Marriage and Family Therapists and Mental Health Counselors, as authorized by Section 4121 of the Consolidated Appropriations Act, 2023.

Physicians and non-physician practitioners billing on Type of Bill (TOB) 85X for professional services rendered in a Method II CAH have the option of reassigning their billing rights to the CAH. When the billing rights are reassigned to the Method II CAH, payment is made to the CAH for professional services (Revenue Codes (RC) 96X, 97X or 98X). Medicare makes payment for MFTs and MHCs to a Method II CAH is 80 percent of the lesser of the actual charge for the services or 75 percent of the Medicare Physician Fee Schedule (MPFS).

EFFECTIVE DATE: January 1, 2024
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: February 26, 2024 - (for requirements implementation date)

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	4/Table of Contents
R	4/250/250.14/Payment of Licensed Clinical Social Workers (LCSWs), Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs) in a Method II CAH

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions

regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

Attachment - Business Requirements

Pub. 100-04	Transmittal: 12477	Date: January 25, 2024	Change Request: 13502

SUBJECT: Payment for Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs) in a Method II Critical Access Hospital (CAH)

EFFECTIVE DATE: January 1, 2024
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: February 26, 2024 - (for requirements implementation date)

I. GENERAL INFORMATION

A. Background: The purpose of this Change Request (CR) is to implement the payment methodology for MFTs and MHCs when performed by a Method II CAH provider.

Physicians and non-physician practitioners billing on Type of Bill (TOB) 85X for professional services rendered in a Method II CAH have the option of reassigning their billing rights to the CAH. When the billing rights are reassigned to the Method II CAH, payment is made to the CAH for professional services (Revenue Codes (RC) 96X, 97X or 98X).

Medicare payments for MFTs and MHCs services, to a Method II CAH, is based on the 80 percent of the lesser of the actual charges for the services or 75% percent of the Medicare Physician Schedule (MPFS).

B. Policy: Section 4121 of the Consolidated Appropriations Act, 2023, Coverage of MFT Services and MHC Services Under Part B of the Medicare Program, establishes a new Medicare benefit category for MFT services and MHC services furnished by and directly billed by MFTs and MHCs, respectively. MFT and MHC services are defined as services for the diagnosis and treatment of mental illnesses (other than services furnished to an inpatient of a hospital). An MFT or MHC is defined as an individual who possesses a master's or doctor's degree, is licensed or certified by the State in which they furnish services, and who has performed at least 2 years or 3,000 hours of clinical supervised experience and meets other requirements as the Secretary determines appropriate.

Section 4121(a)(3) of the CAA, 2023 amended section 1833(a)(1) of the Act to add a new subparagraph (FF), which provides that, with respect to MFT services and MHC services under section 1861(s)(2)(II) of the Act, the amounts paid shall be 80 percent of the lesser of the actual charge for the services or 75 percent of the amount determined for payment of a psychologist under subparagraph (L).

Section 1861(s)(2)(II) of the Social Security Act - Payment of Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs) in a Method II Critical Access Hospital (CAH)

Physicians and non-physician practitioners billing on type of bill (TOB) 85X for professional services rendered in a Method II CAH have the option of reassigning their billing rights and payment for their services to the CAH. When the billing rights are reassigned to the Method II CAH, payment is made to the CAH for the professional services of a MFT or MHC (revenue codes (RC) 96X, 97X or 98X).

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility

		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
13502.1	Contractors shall make all necessary changes to recognize and use the new provider specialty codes for Marriage and Family Therapists (E1) and Mental Health Counselors (E2) as valid specialty codes for enrollment and claims processing.	X								NCH
13502.1.1	PECOS shall make the necessary changes to recognize and use the new provider specialty codes for Marriage and Family Therapists (E1) and Mental Health Counselors (E2) as valid specialty codes									PECOS
13502.1.1.1	PECOS shall provide to FISS an updated file to include the following physician/non-physician practitioner specialties eligible as an attending or rendering physician who is enrolled in PECOS in an approved status: E1: Marriage and Family Therapist (MFT) E2: Mental Health Counselor (MHC)									PECOS
13502.1.1.2	PECOS shall provide a nightly file of attending or rendering physicians or non-physician practitioners who are newly added to PECOS or who were on the initial or previous nightly files and a change of information has been submitted.									PECOS
13502.2	Effective with date of services January 1, 2024, or after, contractors shall pay for MFT or MHC services on TOB 85x with RC 96x, 97x, or 98x and specialty codes of E1 (MFT) or E2 (MHC) based on 80% of the lesser of the actual charges or the reduced fee schedule amount as follows: (Facility specific MPFS amount * MFT or MHC reduction (75%) minus (deductible and coinsurance)) times 115% Note: Contractors shall apply the following hierarchy: Line Level Rendering Provider if present, Claim Level Attending Provider field where a line level Rendering Provider field is blank.	X				X				
13502.3	Contractors shall adjust claims with dates of services on or after January 1, 2024, to ensure the correct payment methodology was applied from billing	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	requirement 13502.1. * A date of services on or after January 1, 2024. * TOB 85x * RC 096x, 097x or 098x and * A Specialty Code: E1 or E2.									

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
13502.4	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the “MLN Connects” listserv to get MLN content notifications. You don’t need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

ATTACHMENTS: 0

Medicare Claims Processing Manual
Chapter 4 - Part B Hospital
(Including Inpatient Hospital Part B and OPPS)

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250.14 – Payment of Licensed Clinical Social Workers (LCSWs*), Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs)* in a Method II CAH

250.14 - Payment of Licensed Clinical Social Workers (LCSWs), *Marriage and Family Therapists (MFTs) and Mental Health Counselors (MHCs)* in a Method II CAH
(Rev.12477; Issued:01-25-24; Effective: 01-01-24; Implementation:02-26-24)

The services of a LCSW, *MFT or MHC* that has reassigned their billing rights to a Method II CAH are payable by Medicare when the procedure is billed on type of bill 85X with revenue code (RC) 96X, 97X, and/or 98X. *In addition, the LCSW services requires an AJ modifier and the MFT or MHC must be enrolled as a MFT or MHC specialty.*

Under Section 1834(g)(2)(B) of the Act, outpatient professional services performed in a Method II CAH are paid 115 percent of such amounts as would otherwise be paid under the Act if the services were not included in the outpatient CAH services.

The Medicare payment for services performed by a LCSW, MFT or MHC shall be 80 percent of the lesser of the actual charges for the services or 75 percent of the amount determined for the payment of a psychologist.

Payment is calculated as follows:

((Facility specific MPFS amount times the LCSW, *MFT or MHC* reduction (75%)) minus (deductible and coinsurance)) times 115%.