

**North Carolina Utilization Management Guideline for Medicaid**

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**Subject:** ILOS – Acute and Subacute Services      **Current Effective Date:** 02/10/2026  
Provided in an Institute for Mental Disease (IMD)      **Last Review Date:** 02/10/2026  
**Status:** Active

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**Description**

This service provides 24-hour access to continuous intensive evaluation and treatment delivered in an Institute for Mental Disease (IMD) as defined in CFR 435.1010 for acute and subacute inpatient psychiatric or substance use disorders. Delivery of service is provided by nursing and medical professionals under the supervision of a psychiatrist. Beneficiaries ages 21-64 who meet medical necessity criteria for inpatient level of care may be treated for up to 15 days per calendar month in an IMD.

Providers must follow the requirements for inpatient level of care outlined in the NC Medicaid Clinical Coverage Policy (CCP) 8-B, Inpatient Behavioral Health Services.

**Treatment Program Philosophy, Goals, and Objectives:**

A determination of the appropriate services is made by the provider under the direction of the attending physician. This service focuses on reducing acute psychiatric and substance use symptoms through face-to-face, structured group, and individual treatment. This service is designed to offer the following therapeutic interventions to address acute biomedical, emotional, behavioral, and cognitive problems:

- Psychiatric and medical care
- Medication and withdrawal management
- Individual and group psychoeducational and psychotherapy
- Dual diagnosis treatment for comorbid psychiatric and substance use disorders
- Milieu treatment
- Supportive services
- Room and board

**Clinical Indications**

Medically Necessary

**Admission and Continued Stay Criteria:**

Providers of this service are required to use the admission, continued stay, and

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discharge criteria for Mental Health (MH) and Substance Use Disorder (SUD) for individuals ages 21 through 64 as outlined in the following sections and attachments of the CCP 8-B, Inpatient Behavioral Health Services:

- Section 3.2.5, Preadmission Review Criteria for Substance Use Disorders for Medicaid Beneficiaries Ages 21-64
- Section 3.2.6, Preadmission Review Criteria for Non-Substance Use Disorders for Medicaid Beneficiaries Ages 21-64
- Section 7.4, Preadmission Authorization and Continued Stay Review
- Attachment B, Section F, Entrance Criteria
- Attachment B, Section G, Continue Stay Criteria
- Attachment B, Section H, Discharge Criteria
- Attachment C, Section H, Entrance Criteria
- Attachment C, Section I, Continue Stay Criteria
- Attachment C, Section J, Discharge Criteria

**Expected Outcomes -**

The establishment of stability to enable treatment in a less restrictive level of care.

**Prior Approval Requirements**

A service order must be completed by a physician, licensed psychologist, physician’s assistant, or nurse practitioner per their scope of practice prior to or on the first day of service.

Providers must contact the Prepaid Inpatient Health Plan (PIHP) for authorization of services within 48 working hours of admission. Authorization and documentation of review is required by the PIHP.

- For beneficiaries with psychiatric disorders, initial authorization is limited to three days with continued stay review.
- For beneficiaries with substance use disorders, initial authorization is limited to seven days.

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The PHIP must comply with the Centers for Medicare & Medicaid Services (CMS) requirements, ensuring that no more than 15 days are authorized in each calendar month. For admissions spanning two consecutive months, the total length of stay may exceed 15 days, but no more than 15 days must be authorized in each month. Refer to the following sections and attachments in the CCP 8-B Inpatient Behavioral Health Services:

- 5.0 Requirements for and Limitation on Coverage
- Attachment B, Section E, Utilization Management
- Attachment C, Section F, Utilization Management

**Unit of Service:**

This service is reimbursed at a per diem rate based on occupancy on the inpatient unit during the midnight bed count. Physician and other professional time not included in the daily rate is billed separately.

**Anticipated Units of Service per Person:**  
15 days or less per calendar month.

**Targeted Length of Service:**  
15 days or less per calendar month

**Program Requirements**

**Eligible Provider Information:**

To be eligible to bill for this service, providers must meet all requirements outlined in the following sections and attachments in the CCP 8-B Inpatient Behavioral Health Services:

- Section 6.0, Provider(s) Eligible to Bill for the Procedure, Product, or Service
- Section 6.1, Provider Qualifications
- Section 6.2, Provider Accreditation

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- Attachment B, Section B, Provider Requirements
- Attachment B, Section D, Service Type and Setting
- Attachment C, Section B, Provider Requirements
- Attachment C, Section D, Service Type and Setting

Staffing Qualifications, Credentialing Process, and Levels of Supervision (Administrative and Clinical) Required:

Refer to the following sections and attachments in the CCP 8-B Inpatient Behavioral Health Services:

- Section 6.0, Provider(s) Eligible to Bill for the Procedure, Product, or Service
- Attachment B, Section C, Staffing Requirements
- Attachment C, Section C, Staffing Requirements

Documentation Requirements:

The provider must document a shift note for every eight hours of service provided. Refer to documentation requirements outlined in the following sections and attachments of the CCP 8-B Inpatient Behavioral Health Services:

- Section 7.5, Documentation Requirements
- Attachment B, Section, J Documentation Requirements
- Attachment C, Section L, Documentation Requirements

<b>Coding</b>			
<b>Procedure Code</b>	<b>Service Description</b>	<b>Rate</b>	<b>Billing Frequency</b>
RC 0160	Institute for Mental Disease (IMD)- Alternative Service Payment Arrangements	Per diem	1 Unit = 1 Day

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**Discussion/General Information**

None

**Definitions**

Institute for Mental Disease (IMD)-means a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. Whether an institution is an institution for mental diseases is determined by its overall character as that of a facility established and maintained primarily for the care and treatment of individuals with mental diseases, whether or not it is licensed as such. An institution for Individuals with Intellectual Disabilities is not an institution for mental diseases. (42 CFR 435.1010)

**Acronyms**

- ASAM: American Society of Addiction Medicine
- DSM: Diagnostic and Statistical Manual of Mental Disorder
- ICD: International Classification of Diseases
- IMD: Institute for Mental Disease
- JCAHO: Joint Council Accreditation of Hospital Organizations
- NC DHHS: North Carolina Department of Health and Human Services

**References**

Government Agency, Medical Society, and Other Authoritative Publications:

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1. Code of Federal Regulations, Title 42 Public Health, Chapter IV. Centers for Medicare and Medicaid Services, Department of Health and Human Services, Subchapter C.
2. Medical Assistance Program, Part 435, Subpart K, Subjgrp 73, Section 435.1010-Definitions relating to institutional status. Accessed on April 13, 2021.
3. North Carolina Medicaid Inpatient Behavioral Health Services, Clinical Coverage Policy No. 8-B, Amended Date: October 1, 2020. Accessed on April 13, 2021.
4. North Carolina Department of Health and Human Services (NC DHHS) Family and Children’s Manual, Section MA-3360, Living Arrangement (Revised 11/2/2020). Accessed on April 13, 2021.

**Websites for Additional Information**

1. North Carolina Department of Health and Human Services.  
[ncdhhs.gov](http://ncdhhs.gov). Accessed on April 13, 2021.
2. Substance Abuse and Mental Health Services Administration.  
[samhsa.gov/](http://samhsa.gov/). Accessed on April 13, 2021

**History**

Status	Date	Action
Draft	11/24/2025	Revised
Approved	02/10/2026	Approved by Medical Operation Committee (MOC)

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