

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services
Status: Active

Current Effective Date: 02/10/2026
Last Review Date: 02/10/2026

Description

In Home Therapy Services (IHTS) provides evidence-based therapy and care coordination for children and adolescents (ages 3-21) with complex clinical needs that traditional outpatient services cannot meet. It targets individuals in high-risk situations, such as those involving domestic violence or child protective services, who require intensive in-home support to prevent escalation to more restrictive care levels. The service focuses on addressing family system issues that contribute to risk rather than the severity of the diagnosis alone, engaging families in treatment to achieve successful outcomes.

IHTS offers flexible, rehabilitative services in various community locations, such as homes, schools, and shelters. It includes direct interventions, coordination with external systems like schools and the juvenile justice system, and ongoing involvement with the Child and Family Team for planning and implementing treatment goals. The team typically involves two staff members, which might include licensed clinicians and other qualified professionals. A licensed therapist manages up to twelve consumers and may provide additional outpatient therapy to ensure continuity of care. Crisis response is available 24/7 through agency staff, with an emphasis on reviewing and modifying crisis plans as necessary. IHTS is designed for children with moderate to severe conditions requiring multisystem involvement and is typically delivered over a period of up to six months. The approach is less restrictive on team composition and focuses intently on family systems work without requiring in-person crisis responders. Upon discharge, members transition to basic office-based therapy with the same therapist for ongoing support.

Clinical Indications

The target population comprises children and adolescents who need individual and family therapy, along with care coordination, due to complex psychosocial situations or involvement with multiple systems. Although these individuals are not at immediate risk for residential treatment or out-of-home placement, they require focused work on family systems and coordination. Those with Intellectual/Developmental Disabilities (I/DD) often present with co-occurring disorders or a level of functioning that benefits from therapeutic interventions, though this is not a habilitation service. The emphasis is placed on addressing family systems issues as complicating risk factors, rather than focusing solely on the severity of the diagnosis.

Service Description and Target Population: In Home Therapy Services (IHTS) are designed for children and adolescents, ages 3-21, requiring individual and family therapy alongside care coordination due to complex psychosocial situations or multisystem involvement. The service

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026

targets individuals who are at risk not due to the severity of their diagnosis, but because of family systems issues that complicate their situations. It is not aimed at individuals needing residential treatment but is preventative in nature to avoid escalation to more intensive care levels.

Objectives and Goals: The primary goals of IHTS are to prevent out-of-home placements, increase family resilience, reduce psychiatric or substance use symptoms, decrease reliance on crisis services, and ensure effective linkage and coordination with community services and resources.

Expected Outcomes: Expected outcomes include crisis prevention, symptom reduction, engagement of beneficiaries and families in the recovery process, improved functioning at home, school, and community, better management of triggers and symptoms, increased coping and social skills, and decreased delinquent behavior. The service aims to leverage natural and social supports more effectively.

Eligibility

Age and Diagnosis:

- Beneficiaries must be ages 3 to 21.
- Must have a mental health or substance use disorder diagnosis per DSM-5, excluding sole diagnoses of intellectual and developmental disability.

Clinical Need:

- The Comprehensive Clinical Assessment (CCA) must show that IHTS is necessary because traditional outpatient treatments have been ineffective.
- There must be a need to coordinate with other systems to prevent family disruptions or escalation to more intensive care.

Severity of Symptoms:

- Beneficiaries must exhibit moderate to severe symptoms and behaviors due to their mental health or substance use disorder, requiring intensive interventions.

Impact on Life Domains:

- Evidence of significant issues in at least two life domains impacting behavioral health is required, such as:
 - Housing instability.
 - Educational challenges.
 - Health care access issues.
 - Involvement with systems like the Department of Social Services, Juvenile Justice, or the Exceptional Children's Program.

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026

Placement and Crisis Considerations:

- Beneficiaries should not be at immediate risk of out-of-home placement due to their diagnosis.
- There should be no history of multiple crisis events in the past six months.

Effectiveness of Alternatives:

- Alternative interventions should have been less effective based on community practice standards.

Initial Authorization:

- Prior authorization required for the first 60 days.
- Needed documentation includes:
 - Service Authorization Request (SAR).
 - Comprehensive Clinical Assessment (CCA).
 - Service order from a licensed clinician.
 - Person-Centered Plan (PCP).

Continued Stay/Re-Authorization:

- Necessary every 60 days.
- Requires an updated CCA/PCP, relevant assessments, and a discharge plan.

Service Details:

- The service duration is up to six months, generally using 24 units.
- Services must be medically necessary, tailored to the beneficiary's clinical needs, and focused on achieving the rehabilitative goals outlined in the PCP.
- A member is eligible for continued service if their desired outcomes or level of functioning have not been achieved or maintained as per their Person-Centered Plan or care plan, or if there remains a risk of out-of-home placement based on current clinical assessments and history.

Additionally, one or more of the following conditions must apply:

- The member has met current goals, but new goals are necessary due to ongoing symptoms.
- The member is making satisfactory progress, and evidence supports that continued service will be beneficial in achieving service plan goals.
- The member is making some progress, but adjustments to the service plan are needed to achieve greater gains consistent with their baseline functioning.
- The member shows no progress or regresses, necessitating a reassessment of their diagnosis

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026

to discover any unrecognized disorders and a revision of treatment recommendations, potentially including alternative or additional services.

This service will be covered if deemed medically necessary and:

- It is customized, particular, and in alignment with the member's symptoms or confirmed diagnosis, without exceeding the member's needs.
- It can be safely provided, with no equally effective, and more conservative or less costly treatment available across the state.
- It is not furnished primarily for the convenience of the member, their caregiver, or the provider.
- The member continues to meet eligibility criteria, and treatment goals remain unachieved. Services and interventions must be regularly reviewed for effectiveness and adjusted as needed to foster progress.

Transition or Discharge Criteria:

- A member may transition or be discharged from IHTS if:
- They have made considerable progress towards their rehabilitation goals and can transition to basic, office-based therapy with the same therapist.
- They require a more intensive level of care.
- They or their legal representative decides to discontinue the service.

Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age 42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act]. Early and Periodic Screening, Diagnostic and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products or procedures for Medicaid beneficiary under 21 years of age if the service is medically necessary health care to correct or ameliorate a defect, physical or mental illness or a condition [health problem] identified through a screening examination (includes any evaluation by a physician or other licensed practitioner). This means EPSDT covers most of the medical or remedial care a child needs to improve or maintain his or her health in the best condition possible, compensate for a health problem, prevent it from worsening or prevent the development of additional health problems. Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the beneficiary's physician, Qualified Professional or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the beneficiary's right to a free choice of providers.

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026

EPSDT does not require the state Medicaid agency to provide any service, product or procedure:

- That is unsafe, ineffective, experimental or investigational.
- That is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.
- EPSDT and Prior Approval Requirements: If the service, product or procedure requires prior approval, the fact that the beneficiary is under 21 years of age does NOT eliminate the requirement for prior approval.
- **Important Additional Information** about EPSDT and prior approval is found in the NCTracks Provider Claims and Billing Assistance Guide and on the EPSDT provider page.

Program Requirements

The In Home Therapy Services (IHTS) program is a comprehensive care initiative designed for children and adolescents ages 3 to 21 with complex clinical needs that are not adequately addressed by traditional outpatient services. The program combines evidence-based therapy services with care coordination interventions delivered in the home or community setting. IHTS targets individuals who require intensive family systems work and care coordination due to complex psychosocial situations and multisystem involvement. These beneficiaries typically face challenges related to mental health or substance use disorders but are not yet at immediate risk for residential treatment or out-of-home placement.

The philosophy underlying IHTS is to offer a seamless service delivery model that intensively **engages families and leverages community resources to prevent the need for more restrictive levels of care. The program emphasizes family resiliency, reduction of psychiatric or substance use disorder symptoms, and decreased utilization of crisis services.** By coordinating care across various systems, including schools and the juvenile justice system, IHTS aims to create a flexible, responsive support network that quickly addresses arising issues, fosters improved functioning, and prevents crisis episodes, thereby promoting sustained improvement in the beneficiary's overall well-being.

Service Structure: IHTS is a rehabilitative service employing a combination of evidence-based therapies and coordination of care, tailored through flexible team structures that typically involve at least two service providers. It facilitates interventions in various settings, such as homes and community locations, and integrates seamlessly with school and juvenile justice interactions when necessary.

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026

Staffing Requirements:

Team Structure

Minimum of two staff members per team.

Options include:

- Two fully licensed clinicians handling both therapy and care coordination.
- One licensed therapist for therapy, with a Qualified Professional (QP) or Associate Professional (AP) with Family Partner training responsible for care coordination.

Caseload and Continuity:

- Licensed therapists can manage up to 12 IHTS members and may also offer outpatient therapy.
- IHTS members transition to basic, office-based therapy with the same therapist post-discharge for continuity.

Crisis Response:

- Telephonic crisis response must be available 24/7, potentially by staff outside the IHTS team.
- Crisis staff need access to the member's crisis plan, which must be reviewed and updated after crisis events.

Qualifications and Responsibilities:

- Licensed Professional (LP) must be fully licensed and appropriately trained; additional credentials for substance use disorder services may be required (e.g., CCS or LCAS).
- QPs and APs support coordination functions but may reinforce therapy skills.
- APs require specific training such as Family Partner 101, Motivational Interviewing, etc.

Training Requirements:

- All staff must complete mandatory state and employee training, crisis response training, and crisis plan development training.
- A minimum of 24 hours of relevant training in therapy practices within the last 10 years.
- LPs must undergo specific training for chosen evidence-based treatment modalities, including trauma-focused treatments.
- Ongoing training of at least 10 hours annually in the chosen modality, or more if specified by best-practice guidelines.

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services
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Coding			
Procedure Code	Service Description	Rate	Billing Frequency
H2022 HE U5 H2022 TS U5	An IHTS unit is a per diem event with a minimum of two hours combined therapy and coordination of care.	Based on Fee Schedule or contract	1 unit = 1 week Monthly Max 5 units

Discussion/General Information

Service Exclusions:

- Intensive In-Home Services (IIHS)
- Multisystemic Therapy (MST)
- Day Treatment
- Individual, group, and family therapy when billed separately
- Substance Abuse Intensive Outpatient Program (SAIOP)
- Child residential treatment services
- Psychiatric Residential Treatment Facility (PRTF)
- Substance abuse residential services

Additionally, services are not billed during inpatient hospitalization but may include coordination for discharge planning if admission occurs.

Definitions

In Lieu of Services (ILOS): Services or settings that are not covered under the North Carolina Medicaid State Plan but are a medically appropriate, cost-effective alternative to a State Plan

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – In-Home Therapy Services
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Last Review Date: 02/10/2026

Acronyms

ILOS: In Lieu of Services
CCP: Clinical Coverage Policy

References

Centers for Medicare & Medicaid Services. (n.d.). *In Lieu of Services and Settings (ILOS)*. Federal guidance pursuant to 42 C.F.R. § 438.3(e)(2) and 42 C.F.R. § 438.6.NC

NC Medicaid/DHHS Clinical Coverage Policy 8A — Enhanced Mental Health and Substance Abuse Services (Amended Jan 1, 2025).

NC Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS), the requirements of 10A N.C.A.C 27G and NC G.S. 122C

DMH/DD/SAS Records Management and Documentation Manual 45-2 (RMDM) Items 1 through 12, under Contents of a Service Note, Chapter 7 of the RMDM.

Exception to Policy Limitations for a Medicaid Beneficiary under 21 Years of Age 42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act].

Websites for Additional Information

NC Tracks Provider Claims and Billing Assistance Guide:
nctracks.nc.gov/content/public/providers/provider-manuals.html

EPSDT provider page:
ncdhhs.gov/dma/epsdt

History

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