

**North Carolina Utilization Management Guideline for Medicaid****Subject:** ILOS - Transitional Youth Services**Current Effective Date:** 02/10/2026**Status:** Active**Last Review Date:** 02/10/2026**Description**

The Transitional Youth Services Program supports individuals ages 16-21 with mental health or substance use disorders, assisting them in achieving independence through home and community-based outpatient care. This program offers personalized, community-focused interventions targeting education, employment readiness, housing, daily living skills, and behavioral health stability. Transitional Youth Services Specialists work collaboratively with participants to identify goals and overcome barriers to independence.

Key features of this In Lieu Of Service (ILOS) include a goal-oriented, time-limited, and outcome-driven approach that ensures continuity of care and fosters independence. Services are provided in the member's natural environment, taking into account all influencing factors such as family, school/work, and community.

The program's primary aim is to equip members with the skills and resources needed to address and prevent challenges in daily living areas such as housing and employment. It emphasizes rehabilitating individual strengths, fostering accountability, and encouraging positive peer interaction. Specialists work closely with families, community members, and external resources like probation officers and courts to ensure collaborative goal-setting and effective service delivery.

Additionally, the program focuses on establishing permanence and promoting education, guiding participants to complete necessary education and assisting with further educational pursuits, including financial aid, scholarships, and disability services. The program is person-centered, recovery-focused, and enhances resilience to prepare members for independent adulthood.

**Clinical Indications**

The Transitional Youth Services Program is designed with a person-centered approach, focusing on recovery and resilience-building for participants. The main objective is to equip members with the skills needed for a successful transition to independent adulthood. Essential components of the program include:

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- **Establishing Permanency:** Members develop interpersonal skills to form and sustain healthy, long-lasting personal relationships.
- **Education:** Members are encouraged to meet minimum educational qualifications for employment. Those without a diploma or GED receive assistance to achieve these credentials. Members with a diploma or GED are guided through college and vocational school processes, including FAFSA completion, scholarship applications, and introduction to academic advisors. Support for accessing disability services is provided, if necessary.
- **Employment:** Program staff assist members in securing and maintaining jobs by helping with resume writing, job searches, applications, interview skills, and interpersonal skills for workplace success. Specialists maintain contact with employers to assess and support the member's job performance and address any workplace issues through interventions, including role-playing and other techniques.
- **Housing:** The program aims to secure sustainable housing for members post-discharge. Specialists teach budgeting, assist in identifying affordable housing options, help find roommates, and support the application process for housing and Section 8.
- **Independent Living Skills:** Members enhance their independent living skills, as evaluated by the Ansell-Casey Life Skills Assessment. Skills taught include budgeting, cooking, grocery shopping, laundry, making healthcare appointments, obtaining a driver's license, using public transportation, and maintaining hygiene.
- **Crisis Intervention:** Available 24/7, the program offers crisis intervention and prevention services. The clinical team monitors and addresses potentially harmful behaviors, designing preventive interventions. During crises, staff respond by phone within fifteen minutes and in person within two hours.
- **Support for Pregnant/Parenting Youth:** For members with children, specialists use evidence-based assessments to evaluate and enhance parenting skills, with individualized goals and targeted sessions.
- **Collaboration:** The program emphasizes collaboration among all parties involved, including the young person, family, case managers, probation officers, and courts, to align on goals, interventions, and discharge plans.
- **Low Caseloads:** Each Transitional Youth Services Specialist manages up to nine young people to ensure focused attention and support.

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To qualify for Transitional Youth Services, individuals ages 16-21 must:

- Have NC Medicaid based on residency.
- Be enrolled in Healthy Blue Care Together
- Have a DSM-5 diagnosis of mental health or substance use disorder.
- Show a deficit in at least one Instrumental Activity of Daily Living (IADL).

**Pre-Authorization/Entrance:**

No pre-authorization is needed for the first 9 months. Submit the following within the first two weeks of service:

- SAR notification
- CCA or equivalent
- Life Skills Assessment
- PCP
- Service Order signed by a licensed medical professional
- Crisis/Safety Plan

**Continued Stay/Re-Authorization:**

Reauthorization is required every 60 days after the initial 9 months. Submit:

- Updated SAR
- Updated PCP
- Medical necessity rationale
- Life Skills Assessment
- Discharge plan

Note: The service is typically provided for up to 12 months per treatment episode.

**Anticipated Outcomes:**

- Housing Stability:
  - Assess current housing situation at discharge, and at 6, 12, and 24 months post-discharge.
  - Determine if the individual can remain in their current home for at least the next three

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- months (indicating prospective stability).
  - Check for any periods of homelessness or couch-surfing in the past six months.
  - Productive Activity:
    - Evaluate engagement in educational pursuits and current work status at the same intervals.
  - Legal Involvement:
    - Monitor to ensure the individual remains free from arrests or charges.

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.

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

1. That is unsafe, ineffective, experimental or investigational.
2. That is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

**EPSDT and Prior Approval Requirements**

1. 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.
2. **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.

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The service is delivered by specialists who must be Qualified Professional (QP) with two years post graduate experience with the population in compliance with NCAC 10 .27G. Supervisors should have either a master's degree in a human services field or be a QP with documented service experience. For those without a master's degree, clinical oversight is provided by a Licensed or Associate Licensed Professional. Each supervisor can manage up to five specialists, and each specialist may serve up to nine members concurrently.

Transitional Youth Services specialists undergo various training and supervision activities, including Introductory Motivational Interviewing, Person-Centered Thinking, CPI/Prevention, Incident Report Training, and Trauma-Informed Care. They receive quarterly clinical practice updates to refine specific skills, such as engagement techniques. Individual supervision involves session reviews, debriefings, career development, and skill enhancement strategies. Supervisors also provide field supervision by visiting specialists to model clinical interventions and gather family system information for better intervention development.

Training is fundamental, equipping specialists with the skills to approach problem behavior and develop interventions aligned with the Transitional Youth Services model.

New hire training includes addressing common issues such as peer and gang involvement and fostering support systems, all within a trauma-informed care framework. Regular field visits are scheduled based on the needs of staff and individuals.

Clinical reviews of each admission are conducted by a Licensed Professional trained in case conceptualization. Supervisors maintain individualized development plans for specialists, shared monthly to guide them towards achieving specific goals.

**Coding**

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Procedure Code	Service Description	Rate	Billing Frequency
H2022-U5	This In Lieu Of Service (ILOS) provides individualized, community-based interventions focused on education, employment readiness, housing, daily living, and behavioral health stability.	Based on Fee Schedule or Contract	1 Unit = 30 Days

### Discussion/General Information

#### Service Exclusions:

This service cannot be provided concurrently with the following:

- Multisystemic Therapy
- Intensive In-Home
- Intercept
- Child and Adolescent Day Treatment
- Assertive Community Treatment
- Community Support Team
- Psychosocial Rehabilitation
- Individual Placement Support-Supported Employment

This service does not duplicate NC Division of Vocational Rehabilitation (VR) rehabilitative services. Members needing supported employment should connect with VR or receive services through 1915(i). The service can be provided for up to 30 days to assist with transitioning from Residential Treatment Levels I-IV or Psychiatric Residential Treatment Facilities to a lower level of care. CFSP Care Management is permitted concurrently.

Providers must meet the provider qualification policies, procedures and standards established by the 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, and any competencies specified by the NC Division of Health Benefits (DHB).

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**Description of Monitoring Activities**

Healthy Blue Care Together will review claims to monitor patterns and trends in utilization of this service. Healthy Blue Care Together will monitor service utilization through prior authorizations, utilization management, and post-payment reviews.

**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 covered service.

**Acronyms**

**ILOS:** In Lieu of Services  
**CCP:** Clinical Coverage Policy  
**CCA:** Comprehensive Clinical Assessment

**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



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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](https://nctracks.nc.gov/content/public/providers/provider-manuals.html)

EPSDT provider page: [ncdhhs.gov/dma/epsdt](https://ncdhhs.gov/dma/epsdt)

### History

Status	Date	Action
Draft	11/25/2025	Revised
Approved	02/10/2026	Approved by Medical Operation Committee (MOC)