



Quality Assurance Bulletin

Quality Assurance Unit

County of Los Angeles – Department of Mental Health

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UPDATED ACCESS & MEDICAL NECESSITY CRITERIA FOR SPECIALTY MENTAL HEALTH SERVICES

This Bulletin provides updates to access and medical necessity criteria for Specialty Mental Health Services (SMHS) per Department of Health Care Services (DHCS) Behavioral Health Information Notice (BHIN) 26-001, 26-002, and 26-005. Updates were made due to Senate Bill (SB) 43, which expanded the definition of “gravely disabled” under the Lanterman-Petris-Short (LPS) Act to include individuals with severe substance use disorders, and SB 1236, which established regulatory authority for SMHS providers to bill Medi-Cal for covered services provided to a Medi-Cal member receiving involuntary treatment for severe substance use disorders. In addition, the updates finalized guidance under the California Advancing and Innovating Medi-Cal (CalAIM) initiative outlined in [QA Bulletin 21-08](#). These updates center access to SMHS on clinical need rather than specific diagnosis types thereby increasing access and coordination across the continuum of care and ensuring members receive the right care at the right time.

For purposes of this Bulletin, inpatient SMHS collectively refers to psychiatric inpatient hospital services (including acute and/or administrative day services), psychiatric inpatient hospital professional services, and psychiatric health facility services.

Criteria to Access Specialty Mental Health Services

Under CalAIM, a five-year DHCS healthcare initiative, access criteria and medical necessity criteria were separated and redefined in 2022. Criteria to access SMHS applies to the person (i.e., whether the person is eligible to receive SMHS) while medical necessity applies to the service (i.e., whether the service is medically necessary). The criteria to access SMHS apply to all services including outpatient, residential, and inpatient services. Inpatient SMHS now follows the same criteria to access SMHS as the rest of the continuum of care. This change separates access criteria from medical necessity criteria for inpatient SMHS, aligning it with outpatient and residential services.

The criteria to access SMHS remains the same; however, there are two notable clarifications. First, substance use disorders (SUD) may now be considered for the purpose of determining whether a member has a condition that qualifies, and the previous exclusion of substance-related and addictive disorders from SMHS access criteria has been removed for inpatient SMHS. This change allows SMHS to be reimbursed for members with substance use only disorders who are receiving psychiatric inpatient hospital services, psychiatric inpatient hospital professional services, psychiatric health facility services, residential treatment services, and crisis stabilization services, when these services are provided to members admitted for involuntary evaluation and treatment for SUD only under the LPS Act.

As stated in BHIN 26-005, specialty substance use disorder treatment remains the responsibility of the Drug Medi-Cal (DMC) or DMC-Organized Delivery System (ODS) for Medi-Cal members who meet DMC/DMC-ODS access criteria. In Los Angeles County, the Department of Public Health – Substance Abuse Prevention and Control (SAPC) is responsible for the Drug Medi-Cal delivery system. While the access criteria for SMHS allows members experiencing SUD only to be considered for SMHS, there is no change in the obligations of each service delivery system.

In the second clarification, DHCS has now approved a list of trauma screening tools for members under the age of 21. This item had been pending since the implementation of CalAIM in 2021. The DHCS-approved trauma screening tools may be utilized to establish access to SMHS. The screening tools may be used at Assessment or anytime thereafter and do not replace the need to conduct a SMHS Assessment. Please note that as of April 1, 2026, only the DHCS-approved tools listed in the Organizational Provider’s Manual may be used to establish a member meeting criteria to access SMHS.

Please refer to the Organizational Provider's Manual for the complete criteria to access SMHS.

Medical Necessity Criteria for Psychiatric Inpatient SMHS

The medical necessity criteria for psychiatric inpatient SMHS have been updated. Key changes to the medical necessity criteria for inpatient SMHS include:

- Medical necessity criteria for psychiatric inpatient hospital services now explicitly includes psychiatric health facility services. The criteria references both need for continued hospitalization and treatment in a psychiatric health facility;
- The list of included diagnoses has been removed. Instead providers should reference the criteria to access SMHS as noted above and take note of the clarification related to SUD only;
- Personal safety and necessary medical care have been added to the list of items a member may not be able to provide for or utilize due to their symptoms or behaviors in line with SB 43 grave disability criteria;
- The criteria now allows admissions for individuals with a severe SUD only diagnosis who meet the definition of gravely disabled.

While the list of included diagnoses has been removed from medical necessity criteria, providers must still include an ICD-10-CM diagnosis code on claims to receive payment for Medi-Cal covered SMHS inpatient services. For inpatient SMHS, unlike outpatient SMHS, the use of ICD-10-CM Z-codes are insufficient to justify medical necessity for inpatient SMHS. If no definitive diagnosis is established during the Assessment phase then practitioners should utilize "Unspecified" codes (e.g. F99 mental disorder unspecified or F19.9 substance use unspecified) to describe symptoms and secure reimbursement.

The Organizational Provider's Manual has been updated to incorporate the above-mentioned criteria to access SMHS and medical necessity criteria for inpatient SMHS. The full criteria can be found in the Organizational Provider's Manual.

If directly operated or contracted providers have questions related to this Bulletin, please email the QA Unit at QAPolicy@dmh.lacounty.gov

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