



Title 22 Drug Medi-Cal (DMC) Requirements for Determination of Diagnosis and Medical Necessity

Fact Sheet
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For a provider to receive reimbursement for Drug Medi-Cal substance use disorder services, those services shall be provided by or under the direction of a physician. Substance use disorder services provided to a Medi-Cal beneficiary shall be covered by the Medi-Cal program when determined medically necessary in accordance with 22 CCR § 51303.

Determination of Diagnosis

The physician or other identified personnel¹ shall evaluate a beneficiary to diagnose a substance use disorder (SUD), within 30 calendar days of the beneficiary's admission to treatment date, based on the Diagnostic and Statistical Manual of Mental Disorders (DSM) Third Edition-Revised or Fourth Edition, published by the American Psychiatric Association. For purposes of a DHCS DMC review, it is acceptable if the physician or other identified personnel base the SUD diagnosis on the DSM-Fifth Edition. The physician or other identified personnel are only required to diagnose the beneficiary based on the DSM criteria at intake.

Based on 22 CCR § 51341.1(h)(1)(A)(v)(a), **the basis for the SUD diagnosis must be documented** in the beneficiary's individual record by the physician. The physician's signature on a treatment plan that includes a DSM code does not fulfill the requirement of the physician documenting the basis for the diagnosis. For DHCS DMC review purposes, DHCS staff will identify a deficiency if the physician does not document the basis for the diagnosis in the beneficiary record.

Based on 22 CCR § 51341.1(h)(1)(A)(v)(b), an alternative to the physician determining the SUD diagnosis, identified personnel, i.e., a therapist, physician assistant, or nurse practitioner, acting within the scope of their respective practice, may determine the SUD diagnosis based on the DSM. The individual who performs the diagnosis **shall document the basis** for the diagnosis in the beneficiary's patient record. In this instance, the physician **shall document** approval of each beneficiary's diagnosis by signing and dating the beneficiary's treatment plan. For DHCS DMC review purposes, DHCS staff will identify a deficiency if identified personnel do not document the basis for the diagnosis in the beneficiary record.

¹ 22 CCR § 51341.1(h)(1)(A)(v)(b) states a therapist, physician assistant, or nurse practitioner, acting within the scope of their respective practice, may diagnose a beneficiary based on the DSM.

During a treatment episode, the physician or other identified personnel may re-evaluate the diagnosis based on the beneficiary's progress in treatment, which could result in a new diagnosis based on the DSM.

Determining Medical Necessity Throughout Treatment

In addition to determining a diagnosis and/or approving the diagnosis, the physician shall determine SUD services are medically necessary consistent with 22 CCR § 51303 within 30 days of the beneficiary's admission to treatment date.

The physician **shall document** his/her determination of medical necessity by typing or legibly printing their name, signing and dating the initial treatment plan and treatment plan update(s). For a beneficiary to continue in treatment, a continuing services justification form is required no sooner than five months or later than six months from the admission date or the date of completion of the most recent continuing services justification form. The physician **shall document** in the beneficiary record that the following documentation has been considered: the beneficiary's personal, medical and substance use history, most recent physical examination, progress notes and treatment plan goals, the therapist/counselor's recommendation and the beneficiary's prognosis.

To further clarify, a beneficiary may continue to have medical necessity even if they have maintained sobriety for more 365 days because medical necessity is based on 22 CCR § 51303.

Diagnostic and Statistical Manual of Mental Disorders (DSM) Specifiers

DSM-IV-TR supports a diagnosis may be documented with the use of a specifier if the beneficiary is on agonist therapy or was/is in a controlled environment. DSM-5 supports a diagnosis may be documented with the use of a specifier if the beneficiary is on maintenance therapy or was/is in a controlled environment.

The physician or other identified personnel documenting a diagnosis must ensure the substance use diagnosis based on the DSM includes the specifier and documents the basis for the specifier.

Note: Review of DSM-IV-TR and DSM-V supports that not all substances include either or both specifiers (on agonist/maintenance therapy or in a controlled environment)

For Additional Information or Clarification on 22 CCR § 51341.1 Requirements –

- Visit [California Code of Regulations, Title 22, Section 51341.1](#)
- Submit questions to DMC Answers via the [DMC Answers Form](#)