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State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: April 6, 2022

Behavioral Health Information Notice No: 22-013

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Code selection during assessment period for outpatient behavioral health (BH) services

PURPOSE: To inform Mental Health Plan (MHP), Drug Medi-Cal (DMC) and Drug Medi-Cal Organized Delivery System's (DMC-ODS) selection of International Classification of Diseases, Tenth Revision (ICD-10) codes prior to completing the assessment and finalizing a diagnosis in outpatient settings.

REFERENCE: Code of Federal Regulations, Title 45, Section 162.1002; California Welfare & Institutions Code Section 14184.402(f); [BHIN 20-043](#); [BHIN 20-074E](#)

BACKGROUND: MHPs, DMC and DMC-ODS programs and providers are required to use appropriate ICD-10 diagnosis code(s) to submit claims to receive reimbursement of Federal Financial Participation.

California Welfare & Institutions Code § 14184.402, subd. (f) provides that coverage for, or reimbursement of, a clinically appropriate and covered mental health or substance use disorder prevention, screening, assessment, treatment, or recovery service shall not be denied on the sole basis that services were provided or rendered prior to: (1) the

completion of an assessment; and/or (2) the determination of a diagnosis. In other words, appropriate claims for services provided prior to the completion of an assessment or the determination of a diagnosis are allowed.

**POLICY:**

MHPs, DMC and DMC-ODS programs and providers may use the following options during the assessment phase of a beneficiary's treatment when a diagnosis has yet to be established:

- ICD-10 codes Z55-Z65, "Persons with potential health hazards related to socioeconomic and psychosocial circumstances" may be used by all providers as appropriate during the assessment period prior to diagnosis and do not require certification as, or supervision of, a Licensed Practitioner of the Healing Arts (LPHA) or Licensed Mental Health Professional (LMHP).
- ICD-10 code Z03.89, "Encounter for observation for other suspected diseases and conditions ruled out," may be used by an LPHA or LMHP during the assessment phase of a beneficiary's treatment when a diagnosis has yet to be established.
- In cases where services are provided due to a suspected disorder that has not yet been diagnosed, options are available for an LPHA or LMHP in the CMS approved ICD-10 diagnosis code list<sup>1</sup>, which may include Z codes. LPHA and LMHP may use any clinically appropriate ICD-10 code<sup>2</sup>. For example, these include codes for "Other specified" and "Unspecified" disorders," or "Factors influencing health status and contact with health services."

Questions regarding this BHIN may be directed to [BHCalAIM@dhcs.ca.gov](mailto:BHCalAIM@dhcs.ca.gov)

Sincerely,

Original signed by

Shaina Zurlin, LCSW, PsyD, Chief  
Medi-Cal Behavioral Health Division

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<sup>1</sup> [The ICD 10 Tabular](#)

<sup>2</sup> The Short-Doyle Medi-Cal Claim System accepts all valid CMS approved ICD-10-CM codes for outpatient services; refer to ICD 10 Tabular.