BlueCross BlueShield of North Carolina | Healthy Blue Care Together

North Carolina Utilization Management Guideline for Medicaid

Subject: ILOS – Intercept
Status: Active

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

Description

Intercept is an in-home service for individuals ages 4-20, designed to provide intensive diversion and stabilization for families with youth at risk of out-of-home placement. It offers short-term reunification for youth recently placed outside the home and returning, long-term reunification for those who have been outside the home for extended periods, initial assessments for all youth entering services, and adoption stabilization for long-term placements at risk of disruption.

The program employs therapeutic best practices, including Trauma-Focused Cognitive Behavioral Therapy (TFCBT), Cognitive Behavioral Therapy (CBT), and the Adolescent Community Reinforcement Approach (A-CRA). These interventions are tailored by Intercept staff to meet the specific needs of each consumer and their family.

Intercept services aim to enhance the skills needed to manage complex mental health or substance abuse symptoms in children and adolescents, promoting symptom reduction and improved functioning in daily life. The program also supports families in acquiring self-management skills for recovery, addressing vocational, housing, and educational needs, and focuses treatment on the individual while involving families to achieve treatment goals. Furthermore, it links consumers to necessary services to ensure clinical stability and support emotional and functional development.

Clinical Indications

This program serves children and youth ages 4-20 years old facing emotional or behavioral challenges or who have suffered abuse or neglect. Intercept targets those at high risk of entering foster care or other out-of-home placements, particularly those with viable families at risk of placement disruption due to high-risk behaviors, mental health issues, or serious family conflict, including abuse or neglect. It also assists children and adolescents in the process of reunification with their families after therapeutic foster care, residential placement, or long-term hospitalization.

Eligibility Criteria:

Youth qualify for this service if they exhibit significant impairment in at least two life domains—emotional, social, safety, medical/health, educational/vocational, or legal — affecting their ability to function independently in the community. Eligibility also requires a mental health and/or substance abuse diagnosis per DSM-5, excluding solely Developmental Disability, and meeting ASAM criteria for substance abuse. Functional impairments must present in at least two of these areas:

1. Risk of institutionalization or crisis intervention service requirement.
2. Unmet mental health/substance abuse needs identified by multiple agencies or requiring advocacy/service coordination.
3. Abuse or neglect confirmed by DSS or meeting DSS dependency criteria.
4. Intense verbal or limited physical aggression affecting home, community, school, or job settings due to diagnosis-related symptoms.
5. Active recovery from substance abuse, needing relapse prevention support.
6. Additionally, no alternative interventions should be as effective based on NC community practice standards.

Continued Stay Criteria:

Continued service eligibility is determined by whether the individual has not yet achieved the desired outcomes or maintained functioning as per the PCP timeline, or remains at risk for institutionalization or out-of-home placement due to fragile functional gains. Additionally, eligibility is supported if any of the following apply:

- The individual meets current PCP goals and new goals are needed based on symptoms.
- Satisfactory progress toward goals is being made, with evidence that continued service will further support these goals.
- Some progress is noted, but PCP interventions require modification for better alignment with the individual's pre-illness functioning level.
- Lack of progress or regression is observed, prompting a reassessment of the diagnosis and potential revision of interventions, which may include considering alternative or additional services.

Pre-Authorization/Entrance:

No prior authorization is needed for the first 90 days; authorization is required thereafter. Submit a Notification-only Service Authorization Request (SAR) within one week of starting services.

Within 30 days of starting services, provide:
- Person-Centered Plan (PCP)
- Service Order signed by a fully licensed or associate licensed clinician
- Comprehensive Clinical Assessment (CCA)
- Crisis Plan

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Continued Stay/Re-Authorization:

Reauthorization is required after 90 days with a concurrent review every 30 days. At 3 months (90 days), submit:

- Updated PCP (Phases 1–3)
- CANS and NC TOPPS tracking to ensure data-driven decision-making and service quality
- Discharge Plan

Note: Average service duration is 4-6 months for diversion/stabilization and 6-9 months for reunification.

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 a 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. The web addresses are specified below.

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

Program Requirements

Intercept emphasizes engagement with all systems affecting the youth, supporting their needs in housing, health care, and employment. Encouraging long-term support from extended family and natural networks is crucial, as is identifying and addressing primary risk factors linked to referral issues. Services are comprehensive, focusing on the strengths of the family and youth, with family members as active partners in the treatment process. Interventions are conducted within the ecological context of the youth's life, leveraging evidence-based practices like Trauma-Focused Cognitive Behavioral Therapy (TFCBT), Cognitive Behavioral Therapy (CBT), and the Adolescent Community Reinforcement Approach (A-CRA) as clinically appropriate. The program provides 24/7/365 on-call family support and initiates assessments within 21 days of starting services, incorporating systemic and ecological factors to guide interventions.

Family intervention specialists manage caseloads of 4-5 youth or families, ensuring dedicated attention and tailored support. Specialists make frequent home and community visits, 2-3 times weekly, to actively engage with the youth and their families.

Cases typically span 4-6 months for diversion or stabilization and extend to 6-9 months for reunification.

The program also facilitates Person-Centered Planning through a Child and Family Team, adhering to System of Care principles. Aftercare provisions include at least 60 days of support and stabilization services following discharge, catering to those who need continued community-based assistance. If extended or intensive services are required, the program refers individuals to Care Review for further assessment.

Staff training and supervision are critical components, requiring personnel to hold either a bachelor's degree with relevant experience or a master's degree. Bachelor-level supervisors may qualify given documented experience and clinical oversight by master's-level staff. Training comprises a three-day session with a treatment manual, regular updates, team supervision, clinical reviews, individual supervision with session reviews, and field supervision by the supervisor to ensure high-quality service delivery.

Coding			
Procedure Code	**Service Description**	**Rate**	**Billing Frequency**
H0036 HK U5	Intercept Program	Based on Fee Schedule or Contract	1 Unit = 30 Days

Discussion/General Information

Service Exclusions:
Youth eligible for inpatient admission are not eligible for services.

Services cannot overlap with certain therapies or programs during the same authorization period, such as Mental Health/Substance Abuse Targeted Case Management, Multisystemic Therapy, Intensive In-Home, and others, unless co-occurring stepdown is medically necessary. Specialty therapies may be included if appropriate.

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.

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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

CANS: Child and Adolescent Needs and Strength

References

Goldsmith, T. (Ed.). (2007). *Youth Villages clinical protocols treatment manual*. Youth Villages.

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

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].

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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

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