North Carolina Utilization Management Guideline for Medicaid

Subject: In Lieu of Service (ILOS) First Episode Psychosis - Assertive Community Treatment (FEP-ACT) **Current Effective Date:** 12/01/2026

Status: Active **Last Review Date:** 09/24/2026

Blue Cross® and Blue Shield® of North Carolina (Blue Cross NC) | Healthy Blue® Care Together | Medicaid

Description

First Episode Psychosis – Assertive Community Treatment (FEP-ACT) is a team-based, comprehensive service for individuals ages 15–26 who are experiencing a first episode of psychosis. Grounded in the evidence-based Coordinated Specialty Care (CSC) model, FEP-ACT delivers high-frequency, high-intensity, primarily community-based contacts through a single provider team. Core components include assertive case management; individual and/or group psychotherapy; supported employment and education; family education and support; and medication management. The service is intended for members with early-onset, non-organic psychotic disorders who may be at risk for hospitalization, homelessness, substance use, victimization, or incarceration. FEP-ACT bridges child, adolescent, and adult systems of care to reduce service gaps during transition periods. Unlike traditional ACT, FEP-ACT does not require evidence of a longstanding disability and serves a younger population that can participate in out-of-office services, though such visits are not required as the predominant mode of care.

FEP-ACT is a collaborative, recovery-oriented approach that positions the individual — and when appropriate, their family — as active partners alongside the treatment team. The model emphasizes shared decision-making and individualized care planning to align services with each person's needs, preferences, and recovery goals, thereby fostering a strong therapeutic alliance and sustained engagement over time. Program objectives include rapid stabilization of emerging psychotic symptoms; prevention of avoidable hospitalization and other adverse outcomes; enhancement of functioning in school, work, and community settings; and strengthened natural supports through family education and involvement. Care is intentionally coordinated with primary medical providers to optimize overall mental and physical health, consistent with CSC's integrated, evidence-informed philosophy. This service is coordinated with the primary provider.

Anticipated Outcomes: FEP-ACT is expected to help individuals sustain symptom stability and live successfully in community settings while advancing recovery in the areas they identify as most meaningful. The program emphasizes person-centered outcomes across wellness, functioning, and community participation.

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Anticipated outcomes also include: preserving current levels of health and functioning in alignment with member priorities; increased use of self-management and recovery strategies, including greater independence with medication adherence; progress in employment and/or education; longer tenure in independent, community housing; improved ability to perform activities of daily living (for example, managing money and transportation); stronger engagement with natural supports and development of meaningful relationships; and improvements in overall physical health.

Referral: Members, families, providers, and other involved parties may initiate a referral to FEP-ACT, including through self-referral. Self-referral initiates the assessment and eligibility determination process and does not waive applicable prior authorization, service-order, clinical eligibility, or documentation requirements.

Clinical Indications

Members must (1) have NC Medicaid, (2) be enrolled in Healthy Blue Care Together, and (3) meet all entrance criteria below.

Entrance Criteria:

- Age and presentation: 15–26 years old and currently experiencing a first episode/onset of psychosis.
- Diagnosis: A current DSM-5 (or successor) diagnosis reflecting psychotic symptoms as a primary or secondary diagnosis.
- Functional impairment: Demonstrated significant impairment in at least one of the following areas:
    - Persistent difficulty carrying out age-appropriate activities of daily living in community settings (e.g., functioning in school, maintaining primary relationships, managing personal affairs, obtaining medical/legal/housing services, recognizing and avoiding common hazards, meeting nutritional needs, or maintaining personal hygiene); OR

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- Need for substantial support from others (e.g., family or friends) to complete routine daily tasks; OR
- Marked difficulty sustaining employment at a self-supporting level or consistently fulfilling head-of-household responsibilities (e.g., meal preparation, household management, budgeting, childcare); OR
- Difficulty maintaining a safe, stable living situation (e.g., risk of eviction, loss of housing, or utility shutoffs); OR

  For youth/adolescents: notable challenges performing routine tasks needed for safe community functioning (e.g., safety skills, self-regulation, basic social interaction) or reliance on significant assistance from others to complete daily activities.
- Significant difficulty maintaining consistent participation and performance in education or vocational settings (e.g., regular attendance; participation without repeated suspension/expulsion).
- Current symptomatology consistent with first-episode psychosis not attributable to a medical condition.

FEP-ACT may not duplicate other Medicaid-covered services the beneficiary is receiving.

Clinical appropriateness -
One of the following must also be met:

- No available alternative intervention is indicated that would be equally or more effective under North Carolina community practice standards and within the Healthy Blue Care Together service array; or
- Early intervention at this level of care is clinically warranted to reduce the duration and recurrence of psychotic symptoms.

Note: FEP-ACT may not duplicate other Medicaid-covered services the beneficiary is receiving.

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Continued Stay Criteria:

North Carolina Medicaid shall cover a continued stay if the desired outcome or level of functioning for the beneficiary or family has not been restored, improved, or sustained over the time frame outlined in the beneficiary's person centered plan (PCP) or the beneficiary or family continues to be at risk for relapse based on current clinical assessment, history, or the tenuous nature of the functional gains; AND one of the following applies:

a. The beneficiary or family has achieved current PCP goals and additional goals are indicated as evidenced by documented symptoms;

b. The beneficiary or family is making satisfactory progress toward meeting goals and there is documentation that supports that continuation of this service will be effective in addressing the goals outlined in the PCP;

c. The beneficiary or family is making some progress, but the specific interventions in the PCP need to be modified so that greater gains, which are consistent with the beneficiary's pre-morbid or potential level of functioning, are possible;

d. The beneficiary or family fails to make progress or demonstrates regression in meeting goals through the interventions outlined in the PCP. (In this case, the beneficiary's diagnosis must be reassessed to identify any unrecognized cooccurring disorders, and treatment recommendations should be revised based on the findings); or

e. If the beneficiary is functioning effectively with this service and discharge would otherwise be indicated, the FEP-ACT team services must be maintained when it can be reasonably anticipated that regression is likely to occur if the service is withdrawn.

Additional Medical Necessity Criteria:

General Criteria Covered: Medicaid shall cover the procedure, product, or service related to this policy when medically necessary, and:

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a. the procedure, product, or service is individualized, specific, and consistent with symptoms or confirmed diagnosis of the illness or injury under treatment, and not in excess of the beneficiary's needs;

b. the procedure, product, or service can be safely furnished, and no equally effective and more conservative or less costly treatment is available statewide; and

c. the procedure, product, or service is furnished in a manner not primarily intended for the convenience of the beneficiary, the beneficiary's caretaker, or the provider.

Note: The FEP-ACT provider is expected to coordinate with the Healthy Blue Care Together Care Manager throughout treatment and keep the Care Manager informed of discharge and transition planning. Continued stay requests must include clinical documentation demonstrating these care coordination and discharge/transition planning efforts. Submit documentation to indicate how discharge planning is being coordinated with Healthy Blue Care Together Care Manager.

Discharge Criteria

Beneficiary shall meet at least one of the following:

a. The beneficiary and team determine that FEP-ACT services are no longer needed based on the attainment of goals as identified in the PCP and a less intensive level of care would adequately address current goals;

b. The beneficiary moves out of state or exits the Healthy Blue Care Together plan, and the FEP-ACT has facilitated the referral to either a new FEP-ACT provider or other appropriate mental health service in the new place of primary private residence and has assisted the beneficiary in the transition process;

c. The beneficiary and, if appropriate, the legally responsible person, choose to withdraw from services and documented attempts by the program to re-engage the beneficiary with the service have not been successful; or

d. The beneficiary and family have not demonstrated significant improvement following reassessment and several adjustments to the treatment plan over at least three months and:

1. Alternative treatment or providers have been identified that are deemed necessary and are expected to result in greater improvement; or
2. The beneficiary's behavior has worsened, such that continued treatment is not anticipated to result in sustainable change; or

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3. More intensive levels of care are indicated.

Note: Members must satisfy applicable NC Medicaid eligibility and medical necessity requirements. FEP-ACT incorporates applicable clinical and programmatic standards from NC Medicaid Clinical Coverage Policy (CCP) 8A-1; however, traditional ACT eligibility criteria that are inconsistent with the approved FEP-ACT ILOS population, including age and longstanding disability requirements, do not apply. Eligibility for FEP-ACT is determined by the FEP-ACT clinical entrance criteria outlined in this guideline.

Service Exclusions

The following services must not be provided concurrently with FEP-ACT:

a. Individual, Group, or Family Outpatient;
b. Outpatient Medication Management;
c. Outpatient Psychiatric Services;
d. Mobile Crisis Management;
e. Intensive In Home Services (except during the 30-day transition period);
f. Child Residential Treatment services–Levels II Program Type through Level IV (except during the 30-day transition period)**;**
g. Partial Hospitalization;
h. Psychiatric Residential Treatment Facility (PRTF);
i. Day Treatment Services (except during the 30-day transition period);
j. Substance Abuse Residential Services;
k. Multisystemic Therapy (MST) (except during the 30-day transition period);
l. Substance Abuse Intensive Outpatient Program; or
m. Inpatient Hospitalization

Note: FEP-ACT services may be billed for up to 30 days in accordance with the Person-Centered Plan for beneficiaries who are transitioning to and from Intensive In Home, Day Treatment, Residential Level II Program Type, Level III, Level IV, PRTF, or Multisystemic Therapy (MST).

FEP-ACT may not be duplicative of another Medicaid-covered service the member is currently authorized for.

FEP ACT is intended to be a bundled comprehensive service that meets all behavioral health treatment needs of the member so other services other than previously referenced during a

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transition period are excluded from co-occurrence.

Inpatient, Facility-Based Crisis, and Emergency Department services remain available when medically necessary for crisis stabilization. FEP-ACT enrollment does not restrict access to these services. FEP-ACT services may not be separately billed when prohibited by applicable co-occurrence requirements; however, the FEP-ACT team may participate in clinically appropriate transition and continuity-of-care activities consistent with the member's Person-Centered Plan and applicable billing requirements.

Early Periodic Screening, Diagnosis, and Treatment (EPSDT) will still be considered as necessary on an individual member basis.

Utilization Management:

Prior Authorization (PA) is required:

- Initial Authorization is 12 months (52 weeks)
- Concurrent Reviews: 3 months (13 weeks)
- Targeted Length of Service: 12-24 months

Documentation requirements for Initial Request:

1. Prior Authorization Request (PAR)
2. Comprehensive Clinical Assessment (CCA or equivalent assessment) (plus ASAM if applicable)
3. Person-Centered Plan (PCP)/Treatment Plan
4. Service Order is required and must be written by a Medical Doctor (MD), Doctor of Osteopathic Medicine (OD), Licensed Psychologist, Nurse Practitioner (NP), or Physician Assistant.

Documentation requirements for Continued Stay/Concurrent Request:

1. Prior Authorization Request (PAR)
2. Comprehensive Clinical Assessment (CCA or equivalent assessment) (plus ASAM if applicable) if CCA has been updated, is over 1 year old and/or a CCA Addendum was completed.
3. Updated Person-Centered Plan (PCP)/Treatment Plan

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4. Service Order is required and must be written by a Medical Doctor (MD), Doctor of Osteopathic Medicine (OD), Licensed Psychologist, Nurse Practitioner (NP), or Physician Assistant.
5. Continued stay requests must include clinical documentation demonstrating care coordination and discharge/transition planning efforts between FEP-ACT provider and Healthy Blue Care Together Care Manager. Submit documentation to indicate how discharge planning is being coordinated with CFSP Care Manager.

Treatment Plan: Everyone receiving FEP-ACT services is required to have a Person-Centered Plan (PCP) that is fully complete prior to or on the first date of service. The PCP must meet all of the requirements, including an enhanced crisis plan, as outlined in the NC PCP Instruction Manual. The amount, duration, and frequency of the service must be included in the PCP.

Service Documentation: A full-service note that meets the requirements per APSM 45-2 is required for each contact or intervention.

EPSDT Special Provision

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 economical mode, as long as the treatment made available is similarly efficacious to the service requested by the beneficiary's physician, therapist, 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.

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EPSDT does not require the state Medicaid agency to provide any service, product or procedure:
1) That is unsafe, ineffective, or 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.

NCTracks Provider Claims and Billing Assistance Guide: https://www.nctracks.nc.gov/content/public/providers/provider-manuals.html
EPSDT provider page: https://medicaid.ncdhhs.gov/epsdt

Service limitations on scope, amount, duration, frequency, location of service, and other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider's documentation shows that the requested service is medically necessary "to correct or ameliorate a defect, physical or mental illness, or a condition" [health problem]; that is, provider documentation shows how the service, product, or procedure meets all EPSDT criteria, including to correct or improve or maintain the beneficiary's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problem.

Program Requirements

FEP-ACT is a community-based service designed to provide flexible, person-centered treatment and support in settings that are appropriate to the member's needs, preferences, treatment goals, and Person-Centered Plan. Services may be delivered in the member's home, school, office, or other natural and community-based settings, including courts, shelters, libraries, neighborhoods, or other locations where the member and family carry out daily activities. The location of service should support engagement, continuity of care, and achievement of the member's individualized treatment goals.

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When appropriate, care coordination and case management activities should occur in the community with the member and family or during treatment team meetings. Claims and encounter records must accurately identify the setting where services were delivered.

FEP-ACT services may include:

- Telephone contact with the member, family, or caregiver
- Coordination with community partners involved in the member's care or daily life, including physicians, school personnel, employers, and other supports
- Participation by treatment team members in developing, implementing, monitoring, and updating the member's person-centered plan
- Ongoing assessment of the member and family's needs to ensure appropriate treatment, services, and supports are in place

The FEP-ACT team uses a multidisciplinary approach. The team member providing a specific intervention may vary based on the member's individual clinical needs, treatment goals, and circumstances.

The team must meet daily to review member needs, coordinate interventions, exchange relevant clinical information, and establish priorities for service delivery.

Crisis Response and Availability

The FEP-ACT team must maintain 24/7 crisis response capability.

The team must:

- Respond by telephone within 15 minutes.
- Provide face-to-face crisis intervention within two hours, when clinically indicated.
- Provide an in-person assessment by a clinician or nurse when needed based on the member's condition.
- Ensure the psychiatric care provider is available by telephone 24/7 for consultation and treatment recommendations.

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The team should continually assess the needs of both the member and family to ensure that appropriate treatment, supports, and resources are available to promote stability in the home and community.

Program Size and Staffing Ratios

FEP-ACT teams must maintain sufficient staffing to support the intensity, accessibility, and individualized nature of the service.

Team Size	Member Capacity	Maximum Staff-to-Member Ratio
Small Team	Up to 50 members	1 staff : 8 members
Mid-Size Team	51–74 members	1 staff : 9 members
Large Team	75–120 members	1 staff : 9 members

The psychiatric care provider and program assistant are excluded when calculating the staff-to-member ratio.

Minimum Team Composition

Each FEP-ACT team must maintain a minimum of five FTE staff, exclusive of the psychiatric care provider and program assistant.

Required core positions include:

- Team Lead
- Nurse
- Clinician

The remaining FTE positions must be configured according to the clinical needs and characteristics of the population served. These positions may be filled by full-time staff or a combination of part-time staff whose combined hours meet the required FTE level.

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For example, when substance use disorder (SUD) treatment is an identified member need and the Team Lead or clinician does not have the necessary SUD expertise, the team must include an appropriately qualified SUD professional.

Case coordination responsibilities may be shared among qualified team members or assigned to a designated staff member based on the team's structure and member needs.

FEP-ACT Staffing and Training Requirements

A. **General Staffing Requirements**

FEP-ACT services must be delivered by a multidisciplinary team whose members meet the applicable qualifications, credentialing, supervision, and training requirements described below.

Staffing must be sufficient to support the clinical needs of the population served and the core components of the Coordinated Specialty Care (CSC) model.

A **Psychiatric Care Provider** must be assigned to every FEP-ACT team in addition to the minimum five full-time equivalent (FTE) staff. The Psychiatric Care Provider does not count toward the five-FTE staffing requirement or staff-to-member ratio. Psychiatric coverage must be sufficient to meet members' clinical and medication-management needs. Additional staffing should be added when warranted by caseload, acuity, clinical complexity, or treatment needs.

FEP-ACT is an integrated team model; however, members are not required to receive services from every team discipline. Staff involvement must be based on each member's individualized clinical needs and person-centered plan. **All members must be seen by the FEP-ACT Psychiatric Care Provider.**

Unless otherwise specified below:

- Credentialing must comply with applicable provider agency, professional licensing/certification, FEP-ACT, and 10A NCAC 27G requirements, as applicable.
- Clinical supervision must comply with 10A NCAC 27G and applicable discipline-specific licensure and certification requirements.

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- Administrative oversight must be provided by the Director or another individual designated by agency management.
- Licensed staff must maintain all continuing education necessary for professional licensure.

B. **Required and Designated Team Positions**

1. **Team Leader / Family Education Specialist — Required**

Position Requirement

The Team Leader/Family Education Specialist position must be occupied by one individual.

Minimum Qualifications

The individual must be a licensed mental health professional holding one of the following North Carolina licenses:

- Licensed Psychologist;
- Licensed Psychological Associate;
- Licensed Clinical Social Worker;
- Licensed Marriage and Family Therapist;
- Licensed Psychiatric Nurse Practitioner; or
- Clinical Nurse Specialist certified as an Advanced Practice Psychiatric Clinical Nurse Specialist.

An associate-level licensed professional may serve in the position but must become fully licensed within 30 months of the date of hire.

The individual must have:

- At least three years of clinical experience working with individuals with severe and persistent mental illness (SPMI); and
- At least two years of post-graduate clinical experience.

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Clinical and Administrative Supervision

The Team Leader serves as the primary clinical supervisor of the FEP-ACT team and is responsible for:

- Clinical oversight;
- Supervision of team members;
- Documentation of supervision and training activities; and
- Shared clinical leadership and responsibility for care with the Psychiatric Care Provider.

Administrative oversight is provided by the Director or agency management designee.

Required Training

Training	Requirement
Crisis Response	3 hours
Person-Centered Thinking	12 hours
Introductory Motivational Interviewing	13 hours
System of Care	11 hours
Person-Centered Plan Instructional Elements	3 hours
Alternatives to Restrictive Interventions	8 hours
Empirically supported model of care	Required
CSC NAVIGATE intervention protocols	Required
Core Curriculum	50 hours

In addition, the Team Leader/Family Education Specialist must complete:

- 3 additional hours of training consistent with the individual's area of expertise;
- Annual training required by the CSC model;
- Treatment modality-specific training, as applicable; and
- Continuing education required for professional licensure.

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2. **Psychiatric Care Provider — Required**

Minimum Qualifications

The Psychiatric Care Provider must qualify under one of the following disciplines:

Psychiatrist

- Certified by the American Board of Psychiatry and Neurology;
- Licensed to practice in North Carolina; and
- Meets applicable requirements under 10A NCAC 27G .0104(16).

Psychiatric Nurse Practitioner

- Licensed as a nurse practitioner in North Carolina;
- Meets 21 NCAC 36.0800 requirements; and
- Has at least three years of full-time experience treating individuals with SPMI.

Physician Assistant

- Licensed as a physician assistant in North Carolina;
- Meets 21 NCAC 32S.0200 requirements; and
- Has at least three years of full-time experience treating individuals with SPMI.

Team Responsibilities

The Psychiatric Care Provider:

- Shares overall clinical responsibility with the Team Leader;
- Provides clinical supervision and oversight of Nurse Practitioner and Physician Assistant services, as applicable;
- Provides after-hours psychiatric backup; and
- Participates in daily FEP-ACT team meetings.

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Required Training

Training	Requirement
Person-Centered Thinking	12 hours
Alternatives to Restrictive Interventions	8 hours
CSC NAVIGATE intervention protocols	Required
Core Curriculum	20 hours + NAVIGATE training

Continuing education required to maintain professional licensure must also be completed.

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3. **Nurse — Required**

Minimum Qualifications

The Nurse must:

- Be a Registered Nurse (RN) or Advanced Practice Registered Nurse (APRN);
- Have at least one year of experience working with individuals with serious mental illness; and
- Have working knowledge of psychiatric medications.

Clinical Supervision and Responsibilities

- LPN functions must be performed under supervision of the ACT RN.
- Nursing staff must coordinate closely with the Psychiatric Care Provider regarding medication-related services and health management.

Required Training

Training	Requirement
Alternatives to Restrictive Interventions	8 hours
Person-Centered Thinking	12 hours

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Training	Requirement
CSC NAVIGATE intervention protocols	Required
Core Curriculum	20 hours + NAVIGATE training

Nursing staff must also complete continuing education required to maintain professional licensure.

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4. **Licensed Clinician — Required**

Minimum Qualifications

The Licensed Clinician must have at least one year of post-graduate experience providing mental health services and hold one of the following North Carolina licenses:

- Licensed Psychologist;
- Licensed Psychological Associate;
- Licensed Clinical Social Worker;
- Licensed Clinical Mental Health Counselor;
- Licensed Marriage and Family Therapist;
- Licensed Psychiatric Nurse Practitioner; or
- Clinical Nurse Specialist certified as an Advanced Practice Psychiatric Clinical Nurse Specialist.

An associate-level licensed professional must become fully licensed within 30 months of the date of hire.

Clinical Requirements

Clinical supervision must meet applicable State and discipline-specific requirements. FEP-ACT incorporates ACT team processes, including daily team meetings and 24/7 psychiatric consultation availability.

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Required Training

Training	Requirement
Crisis Response	3 hours
Person-Centered Thinking	12 hours
Introductory Motivational Interviewing	13 hours
System of Care	11 hours
Person-Centered Planning Instructional Elements	3 hours
Alternatives to Restrictive Interventions	8 hours
Empirically supported model of care	Required
CSC NAVIGATE intervention protocols	Required
Core Curriculum	50 hours

Additional requirements include:

- 3 hours of training consistent with the individual's area of expertise;
- Annual CSC model training;
- Applicable treatment modality-specific training; and
- Alternatives to Restrictive Interventions refresher training.

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5. **Individual Resiliency Specialist**

Minimum Qualifications

The Individual Resiliency Specialist must:

- Be a Certified Peer Support Specialist (CPSS);
- Be at least 18 years old; and
- Have lived experience and a personal recovery story that includes a mental health diagnosis.

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The individual's lived experience should be reasonably consistent with and relevant to the population served by the FEP-ACT team.

Supervision

Supervision must comply with applicable certification requirements and 10A NCAC 27G. Paraprofessionals must be supervised by an Associate Professional (AP) or Qualified Professional (QP).

Required Training

Training	Requirement
Peer-to-Peer Training — NC Families United	32 hours
Crisis Response	3 hours
Person-Centered Thinking	12 hours
Introductory Motivational Interviewing	13 hours
System of Care	11 hours
Alternatives to Restrictive Interventions	8 hours
Empirically supported model of care	Required
CSC NAVIGATE intervention protocols	Required
Initial Curriculum	69 hours + NAVIGATE/model-specific training

The specialist must also complete 16 additional hours of Peer-to-Peer training six months after hire.

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6. **Case Coordinator**

Minimum Qualifications

The Case Coordinator must:

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- Meet requirements as a licensed or associate-level licensed mental health professional or licensed professional; and
- Have at least one year of post-graduate experience working with individuals with SPMI.

An associate-level licensed professional must become fully licensed within 30 months of hire.

Required Training

Training	Requirement
Crisis Response	3 hours
Person-Centered Thinking	12 hours
Introductory Motivational Interviewing	13 hours
System of Care	11 hours
Person-Centered Planning Instructional Elements	3 hours
Alternatives to Restrictive Interventions	8 hours
Empirically supported model of care	Required
CSC NAVIGATE intervention protocols	Required
Core Curriculum	50 hours

Additional requirements include:

- 3 hours of training consistent with the individual's area of expertise;
- Annual CSC model training;
- Applicable treatment modality-specific training; and
- Alternatives to Restrictive Interventions refresher training.

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7. **Supported Employment and Education Specialist**

Minimum Qualifications

The Supported Employment and Education Specialist must meet Associate Professional (AP) or Qualified Professional (QP) requirements.

Preference should be given to an individual who has:

- At least one year of experience providing employment services; or
- Advanced education that included field-based training in vocational services.

Required Training

Training	Requirement
Crisis Response	3 hours
Person-Centered Thinking	12 hours
Introductory Motivational Interviewing	13 hours
System of Care	11 hours
Alternatives to Restrictive Interventions	8 hours
Empirically supported model of care	Required
Individual Placement and Supports (IPS) Model Training	Required
CSC NAVIGATE intervention protocols	Required
Core Curriculum	47 hours

Additional requirements include:

- 3 hours of training consistent with the individual's area of expertise;
- Annual CSC model training;
- Applicable treatment modality-specific training; and
- Alternatives to Restrictive Interventions refresher training.

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8. **Office-Based Program Assistant**

Position Requirement:

- An office-based Program Assistant dedicated to supporting the FEP-ACT team must be available
- Credentialing
  - Not applicable
- Clinical Supervision
  - Not applicable
- Administrative Supervision

Administrative oversight must be provided by the Director or another individual designated by agency management.

Coding			
Procedure Code	**Service Description**	**Rate**	**Billing Frequency**
H0040 HK U5	First Episode Psychosis Assertive Community Treatment (FEP-ACT)	Based on Fee Schedule or Contract	1 unit = 1 event

Unit of Service: One unit equals one FEP-ACT event. A billable FEP-ACT event consists of a 15-minute face-to-face contact and must last at least eight minutes to qualify as a billable unit. Members receiving FEP-ACT receive a minimum of six billable FEP-ACT events each calendar month. Telephone and telehealth contacts, care coordination, team meetings, travel time, and other clinically appropriate activities may supplement required face-to-face services but are included in the event rate and are not separately billable unless otherwise permitted by applicable Medicaid billing guidance.

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Discussion/General Information

Reason the service is needed/gap service intends to fill:

Youth involved in the child welfare system experiencing a first episode of psychosis face a critical window in which timely, coordinated intervention can determine long-term recovery. Many members ages 15–26 enter care through emergency departments, facility-based crisis, or inpatient units and then encounter fragmented outpatient follow-up, long wait times, and services that are not tailored to early psychosis. Healthy Blue Care Together will serve a population of foster care involved youth aged 15-26 with this service. Traditional ACT targets adults with longstanding disability and does not consistently address school/work re-engagement, family education, or rapid step-down after acute episodes. As a result, members are at heightened risk for relapse, repeated hospitalizations, homelessness or justice involvement, medication non-adherence, and disengagement from care — especially in rural and underserved communities where specialty early-psychosis programs are scarce.

First Episode Psychosis – Assertive Community Treatment (FEP-ACT) closes this gap by delivering a time-limited, Coordinated Specialty Care (CSC) model through a single multidisciplinary team that provides assertive outreach, individualized psychotherapy, medication management, supported employment and education, and structured family education/support. The team bridges child, adolescent, and adult systems; offers flexible, community-based contacts; and coordinates closely with primary care to address physical health needs. This design creates a clear post-crisis pathway that promotes rapid stabilization, continuity after ED/inpatient discharge, and sustained community tenure. By aligning services around member goals and shared decision-making — and by embedding equity features such as language access, culturally responsive care, and extended-hours outreach — FEP-ACT is intended to reduce avoidable ED and hospital use, shorten time to effective treatment, and support return to age-appropriate roles in school, work, and community life.

Non-duplication and substitution rationale: FEP-ACT is a bundled intervention that replaces, rather than duplicates, separate State Plan services during enrollment. Component activities delivered by the FEP-ACT team (e.g., therapy, med management, supported employment/education, family work, care coordination) are included in the bundle and are

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not billed separately. The service is medically appropriate as an alternative to higher-cost levels of care (e.g., repeated inpatient/ED use) and fills a well-documented gap in State Plan coverage by providing phase-specific, developmentally tailored early-psychosis treatment at the necessary intensity to keep members stable in the community.

Description of Monitoring Activities:

- Quality monitoring through quality-of-care reviews and audits on a quarterly basis.
- Compliance monitoring through Risk Management program, Issues Management Program, and vendor oversight monitoring.
- Monitor cost effectiveness by tracking utilization and expenditures.

Healthy Blue Care Together will address Health Equity with providers of this In Lieu of Service by removing avoidable barriers to access, encouraging providers to tailor interventions to member needs, and continuously measure and close disparities. We will stratify all eligibility, utilization, quality, and outcomes data by race/ethnicity, preferred language, age, disability, sexual orientation/gender identity (when available), geography (rural/urban), and socioeconomic indicators to identify inequities early. Outreach will prioritize members in historically underserved communities through multilingual, culturally responsive communication, plain-language materials, and partnerships with community-based organizations, peer networks, and disability advocates. To ensure equitable access, the ILOS will be offered without discrimination and supported by flexible referral pathways (including self-referral), streamlined prior authorization (with equity checks to prevent bias), and no-cost auxiliary aids such as qualified interpreters, alternative formats, and reasonable accommodations for members with disabilities.

Provider networks delivering the ILOS will be built for equity — expanding capacity in high-need areas, offering enhanced rates where appropriate, and integrating community health workers, peer support, and cultural brokers. Care plans will reflect members' cultural context, health literacy, and expressed goals, with shared decision-making that includes family/natural supports when desired. Services will be physically and programmatically accessible (ADA/Section 1557 compliant), available outside standard hours, and supported by transportation and telehealth options to reduce logistical barriers.

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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

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 Assertive Community Treatment (ACT) Program Clinical Coverage Policy 8A-1(Amended January 1, 2025)

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].

Websites for Additional Information

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

EPSDT provider page: https://medicaid.ncdhhs.gov/epsdt

History		
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Draft	08/20/2026	Submitted for review.
Approved	09/24/2026	Approval by Medical Operation Committee (MOC)

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