

## CHAMPVA POLICY MANUAL

**CHAPTER:** 3  
**SECTION:** 8.3  
**TITLE:** RESIDENTIAL TREATMENT CENTER (RTC)

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**AUTHORITY:** 38 USC 1713 and 38 CFR 17.272(a) and 38 CFR 17.273

**RELATED AUTHORITY:** 32 CFR 199.14(f) 32 CFR 199.6(b)

**TRICARE POLICY MANUAL:** Chapter 13, Section 8.1

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### I. EFFECTIVE DATE

August 26, 1985

### II. DEFINITION

A Residential Treatment Center (RTC) is a facility or distinct part of a facility that provides, to children and adolescents, a total, twenty-four hour, therapeutically planned group living and learning situation where distinct and individualized psychotherapeutic interventions can take place. Residential treatment is a specific level of care to be differentiated from acute, intermediate and long-term hospital care, when the least restrictive environment is maintained to allow for normalization of the patient's surroundings. The RTC must be both physically and programmatically distinct if it is a part or subunit of a larger treatment program. A RTC is organized and professionally staffed to provide residential treatment of mental disorders to patients who have sufficient intellectual potential to respond to active treatment (that is, for whom it can reasonably be assumed that treatment of the mental disorder will result in an improved ability to function outside the residential treatment center), for whom outpatient treatment, partial hospitalization or other level of inpatient treatment is not appropriate, and for whom a protected and structured environment is medically or psychologically necessary.

### III. POLICY

A. Treatment provided at a RTC may be cost shared for children and adolescents under 21 years of age.

B. The RTC must be TRICARE certified.

C. Rate Structure.

The CHAMPVA rate is the TRICARE-determined per diem rate for all mental health services rendered to a patient and the patient's family as a part of the total treatment plan.

D. All-inclusive Rate Concept.

1. CHAMPVA rates are all-inclusive and encompass the RTC's daily charge for all RTC inpatient care and all mental health treatment determined necessary and rendered as part of the treatment plan established for the patient. This includes all individual and group psychotherapy rendered to the RTC patient, family therapy rendered to the parents of the RTC patient within 250 miles of the facility, collateral visits with individuals other than the RTC patient determined necessary in order to gather information or implement treatment goals for the patient, and other ancillary services provided by the RTC. The only charges that will be allowed outside the all-inclusive rate will be for: (1) geographically distant family therapy; (2) educational services not provided by other local state or federal governments, and (3) non-mental health services. Claims submitted by the RTC for residential treatment care will be paid based upon established RTC rates. All other mental health claims submitted by other providers for services rendered to an RTC patient (except for inpatient claims as described below) will be denied. Other mental health providers may continue to render services to RTC patients under this payment system; however, such providers must look to the RTC for their payment. Noncovered charges for personal items (toiletries and clothing) are excluded.

2. The all-inclusive rate includes charges for the routine medical management of a beneficiary while residing in a RTC. Services provided by medical professionals employed by or contracted with the RTC are part of the all-inclusive per diem rate and cannot be billed separately. These routine medical services are made available to all children entering the facility and are designed to maintain the general health and welfare of the patient population. Examples of this type are: (1) routine health and physical examinations provided by RTC medical staff; (2) in-house pharmaceutical services; and (3) other ancillary medical services routinely provided to the RTC population.

3. Since the reimbursement methodology does not provide a direct payment mechanism for professional providers, except as prescribed in C below, coverage cannot be extended for professional services rendered in a non-authorized RTC.

E. Charges Outside the All-inclusive RTC Rate.

1. Geographically Distant Family Therapy. The family therapist may bill and be reimbursed separately from the RTC if the therapy is provided to one or both of the parents residing a minimum of 250 miles from the RTC. The CHAMPVA mental

health review contractor must authorize family therapy (see [Chapter 2, Section 18.5, Family Therapy](#).)

2. RTC Educational Services. Payment of educational services is excluded except when appropriate education is not available from or not payable by other local, state, or federal governments. CHAMPVA is always the payer of last resort. This is a proper role for CHAMPVA to play, in view of the fact that free education, including special education, is ordinarily available in local school systems (see [Chapter 2, Section 18.17.2, Residential Treatment Center \(RTC\) Educational Costs](#)).

3. Non-mental Health Services. Otherwise covered medical services related to a non-mental health condition and rendered by an independent provider outside the RTC are payable in addition to the all-inclusive per diem rate. This includes medical consultations, laboratory tests, radiology and pharmaceutical services. Professional charges for medical visits or consultations must be billed by the independent professional provider. The remaining ancillary charges may either be billed by the independent provider or through the RTC. However, if the RTC is billing for the service, it must identify the provider by name, the related medical diagnosis and the specific medical procedure rendered. For example, if a child was injured while playing basketball, he or she might need medical care for the injury or suspected injury. Another example is where a child has a serious ear infection and must see an Ear, Nose and Throat Specialist. The specialist would bill CHAMPVA directly for his or her service. The medication prescribed by the specialist may be billed through the RTC as long as the provider is identified. The billing must also include the specific medical diagnosis along with the name and strength of the medication. However, if the medication is routinely dispensed out of the RTC pharmacy or nurses station, it would fall under the all-inclusive rate. Services requiring admittance to another type of facility (i.e., acute mental or medical hospital) would be treated as a discharge from the RTC and payment for RTC services will be denied for the same period. Mental health treatment provided to a parent eligible for CHAMPVA coverage in his or her own right, and which is based upon the parent's own separately diagnosed DSM-III-R category, can be billed separately under the parent's name, even if the parent's treatment is occasioned by the RTC admission. This is true even if the parents reside at a distance from the RTC.

4. Claims for non-mental health services are cost shared as inpatient rather than at the RTC rate if the contractor cannot determine the status of the patient when the service was performed.

#### F. Authorization Requirements for RTC Care.

1. For the period August 1, 1988 through March 31, 1995, a TRICARE mental health review contractor provided preauthorization and concurrent review of all CHAMPVA admissions to RTCs.

2. On or after April 1, 1995, a CHAMPVA mental health review contractor will provide preauthorization and concurrent review of all admissions to RTCs.

a. Preauthorization and Concurrent Review. The goal of preauthorization and concurrent review for residential treatment is to assure that the RTC level of care is medically necessary and appropriate, that a reasonable and specific treatment plan is developed and carried out, and that the length of stay is as brief as is consistent with the needs of the individual CHAMPVA beneficiary. The CHAMPVA mental health review contractor will conduct the review function and obtain necessary information. For reviews conducted by the mental health review contractor, the necessary authorizations are submitted to CHAMPVA for adjudication of RTC claims. CHAMPVA will not make payment without the mental health review contractor's authorization. The CHAMPVA mental health review contractor will develop appropriate forms for transmittal of authorizations. The contractor will issue an initial decision on authorization of an admission or continued care within three working days of receiving notification from a facility or family. A written decision will be sent to the facility, parent or guardian, and CHAMPVA.

(1.) If a patient is absent without leave (AWOL) for a period not to exceed 10 days, the facility must submit a staffing report.

(2.) If the period of time away from the facility is more than 10 days, admission approval is required including an updated treatment plan and progress report.

b. Authorization for Geographically Distant Family Therapy.

(1.) All geographically distant family therapy must be authorized and approved by the CHAMPVA mental health review contractor at the time the treatment plan is submitted. The RTC is required to submit a detailed treatment plan for each patient within 30 days of admission. The contractor will send authorizations to CHAMPVA. The authorization must be on file with CHAMPVA before coverage can be extended (see [Chapter 2, Section 18.5, Family Therapy](#)).

(2.) Cost share. Payment for geographically distant family therapy will be cost shared on an inpatient basis, subject to the prevailing charge in the state in which the service was rendered.

c. Authorization for Coverage of Educational Services. A Public Official's Statement (POS) must be submitted to the CHAMPVA mental health review contractor demonstrating that the school district in which the beneficiary was last enrolled refuses to pay for the educational component of the child's RTC care. The contractor will review the Public Official's Statements on a case-by-case basis and make a decision on whether they meet the exception for coverage under the program. The authorization for educational services must be on file with CHAMPVA before coverage can be extended.

d. Therapeutic Absences. All therapeutic absences must be documented in the treatment plan and reviewed by the mental health contractor.

G. Reimbursement of Therapeutic Absences.

1. Admissions on or after December 1, 1988. For all admissions on or after December 1, 1988, the first three days of each approved therapeutic absence will be allowed at 100 percent of the CHAMPVA all-inclusive rate. Beginning with the fourth day of a therapeutic absence, reimbursement will be at 75 percent of the rate.

2. Care on or after July 1, 1995. Effective with the mental health contract modification of July 1, 1996 claims for therapeutic leave of absence days taken after July 1, 1995 will not be reimbursed by CHAMPVA. The mental health contractor will continue to notify CHAMPVA of all requests for therapeutic absences.

H. RTC Payments.

1. TRICARE-determined RTC rates will be utilized by CHAMPVA.

2. Payment for RTC care will be made by CHAMPVA only for claims from TRICARE certified RTCs, and with the CHAMPVA mental health review contractor's authorization for RTC care is on file.

#### IV. POLICY CONSIDERATIONS

A. Grandfathering Provisions.

Claims submitted for admissions prior to December 1, 1988, and continuing beyond that date without a break in inpatient status will be reimbursed at the rates in effect prior to December 1, 1988, until discharge or until the care is no longer medically necessary.

B. Retroactive Adjustment of RTC Claims.

1. Retroactive adjustment of RTC claims may be applicable for claims for patients admitted on or after December 1, 1988, for services provided up through September 30, 1989.

a. A retroactive payment will be required if the RTC rate was subsequently adjusted and payments were made at a lower per diem rate.

b. In those situations where an RTC's per diem rate is adjusted upward and payment was originally made at a lower per diem, CHAMPVA is responsible for ensuring the Explanations of Benefits (EOB) to the beneficiary is suppressed and the beneficiary is not held responsible for additional payment(s).

c. The beneficiary and federal government will be held harmless for any additional cost share beyond that determined initially for claims originally paid at the lower per diem amount.

d. Increases in the cost share will not be applied toward the catastrophic limit since there is no additional liability to the beneficiary.

2. RTCs may provide lists of CHAMPVA beneficiaries admitted to their facilities on or after December 1, 1988 to facilitate the identification of claims requiring retroactive adjustment; however, each claim must be verified prior to adjustment/payment.

3. If the adjustment results in a per diem rate lower than the per diem rate implemented on December 1, 1988, a retroactive adjustment will not be required and no recoupment action will be initiated.

**\*END OF POLICY\***