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**PROTECTION AND PERMANENCY INFORMATION MEMORANDUM 25-03**

**TO:** Service Region Administrators  
Service Region Administrator Associates  
Service Region Clinical Associates  
Regional Program Specialists  
Family Services Office Supervisors

**FROM:** Julie Ferrell, Assistant Director II  
Division of Protection and Permanency

**DATE:** June 27, 2025

**SUBJECT: House Bill 695; Behavioral Health Prior Authorizations and Utilization Management**

The General Assembly passed [25RS HB 695](#) earlier this year. Section 9 and Section 10 of HB 695 mandate that the Department for Medicaid Services (DMS) shall “monitor utilization rates and expenditures for Medicaid-covered behavioral health and substance use disorder services...”

Implementation of these provisions will require adjustments to the current procedures for prior authorization (PA) for behavioral health services, as well as the resumption of utilization management (UM) on June 25, 2025.

“**Prior Authorization**” is the process where medical and/or behavioral health treatment providers confer with the Managed Care Organization (MCO) to confirm medical necessity for services and to authorize payment by the MCO to the provider.

*Example: A member of an MCO has been complaining of being sad and having thoughts of harming themselves by walking into traffic. The medical provider will develop a plan of treatment that may include admission to an acute psychiatric hospital, prescribing psychotropic medications, and cognitive behavioral therapy. The provider will confer with the MCO to confirm that this is a medically necessary treatment and that the MCO will pay the provider for the services to be performed. It should be noted that if medical necessity cannot be established and agreed upon, the MCO is not obligated to pay for proposed services.*

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**“Utilization Management”** is the process by which MCOs monitor ongoing care to periodically confirm medical necessity and confer regarding future procedures, discharge, or transition planning.

*Example: A member of an MCO is hospitalized for acute psychiatric care. The treatment team will confer periodically to monitor the patient's progress, confirm medical necessity, and plan for transition and discharge from the hospital to the next treatment environment or the community.*

**“Decertification”** is the process that the MCOs use when a member is receiving ongoing health and/or behavioral health services, and it is determined that those services are no longer medically necessary. Decertification will mandate a transition from the current treatment regimen to another regimen, or the provider will not be paid for services after a decertification date has been determined.

*Example: A member of an MCO is hospitalized for acute psychiatric care. After a period of eight (8) hospital days, and after the treatment team confers with the MCO, the member no longer meets medical necessity, the MCO will set a decertification date which will determine the last day of paid/covered services and notify the hospital and the MCO member along with their guardian, parent or custodian.*

Child welfare practitioners should familiarize themselves with or reacquaint themselves with these terms and processes, as they will apply to children and youth committed to DCBS. These processes are likely to impact daily operations in cases of children in psychiatric hospitals, psychiatric residential treatment facilities (PRTF), and residential substance use disorder treatment, and will necessitate prompt planning for transition and discharge. This will include referrals for foster care, qualified residential treatment programs (QRTPs), and other transition and discharge options.

If you have questions regarding this memorandum, please contact:

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