Clinical Policy: Foster Care Residential Services

Reference Number: MO.CP.BH.500
Date of Last Revision: 02/26

Coding Implications
Revision Log

See Important Reminder at the end of this policy for important regulatory and legal information.

Description

This clinical policy describes the medical necessity criteria for residential foster care services for The Show Me Healthy Kids Health Plan (SMHK), managed by Home State Health plan. These services are outlined by the Rules of the Department of Social Services: Division 35- Children's Division. Chapter 71: Rules for Residential Treatment Agencies from Children and Youth.[1,2]

Residential foster care services are an extended placement resource for children requiring active, coordinated, and professional intervention in a highly structured and secure environment.

Policy/Criteria

I. It is the policy of Home State Health Plan and Centene Advanced Behavioral Health that foster care residential services (level II through above IV) are considered medically necessary when the applicable criteria are met:

A. **Residential Moderate Need (Level II):** An extended placement resource for children requiring a planned program of treatment services affording safety, structure, and oversight. This level is for children who, due to a behavioral disorder, maladaptive behaviors, family situation, relationship problems with family, and/or level of development, are unable to accept traditional family ties and/or successfully participate in traditional family settings. Residential treatment facilities provide reunification services, work with the family, community-based services, schools, etc. as a part of therapeutic services provided. This level of care is for children in need of 24-hour care for moderate behavioral needs.

1. *Admission/initial request,* all of the following:
   a. Member enrollee has a psychiatric or behavioral health diagnosis;
   b. Member/enrollee is medically stable;
   c. Documentation supports that treatment needs cannot be met with a lower level of care;
   d. Completed independent assessment (including CS9) supports the need for residential level of care and at least one of the following:
      Note: Adoption subsidy population is excluded from independent assessment requirement and in place requires a DLA-20 assessment.
      i. Child and Adolescent Needs and Strength (CANS);
      ii. Child Severity of Psychiatric Illness (CSPI);
   e. Most recent psychiatric evaluation completed by psychiatrist, psychologist, or advanced practice psychiatric nurse;
   f. Rationale for admission to requested level of care
   g. Documentation of previous treatment history and outcome of treatment if applicable
   h. Guardian contact information
   i. Discharge Plan – discharge starts at admission and will develop throughout

continued stay

j. Discharge Planner Information
k. Member/enrollee displays at least one of the following behaviors:
    i. Behaviors are moderately difficult to stabilize in the home or lower-level treatment setting, as demonstrated by all the following:
        a) Severe, limited ability to accept behavioral expectations, causing conflict;
        b) Impaired ability to form trusting relationships with caretakers;
        c) Limited ability to recognize the effect of problem behaviors on others;
    ii. Moderately aggressive behaviors as evidenced by any of the following:
        a) Disruptive verbal aggression;
        b) Property damage;
        c) Occasional, moderate aggression toward self/others;
    iii. Moderate functional problems in school, vocational or other community setting as evidenced by any of the following:
        a) Frequent and disruptive behavioral problems in school/vocational setting;
        b) Difficulty maintaining appropriate conduct in community settings;
        c) Pervasive inability to accept age-appropriate direction and supervision, in significant areas, from care takers/family members;
        d) Problem behaviors contribute to failing academic classes;
l. Presence of moderate to severe affective, cognitive, or developmental delays/disabilities;
m. Medication administration and monitoring has improved some symptoms, but other treatment interventions are needed to control moderate symptoms;
n. Mild limitations in ability to independently access or participate in other community resources and services and requires active support and supervision to stay involved these services;
o. Mild deficits in ability to manage personal health, welfare, and safety without intense support and supervision;

2. *Continued stay request*, all of the following:
    a. Admission/initial request criteria in I.A.1. continues to be met;
    b. A minimum of one hour of individual, group or family counseling is provided at least *one time* per week;
    c. Treatment plan is reviewed and updated at least every three months, and includes all of the following:
        i. Evidence supporting continued need for treatment at the requested level of care;
        ii. Progress notes from the psychiatrist/treatment team, individual therapy, and family therapy sessions. If family therapy sessions are not applicable clear documentation on why family sessions are not occurring is required;
        iii. Documentation of measurable improvement in functional areas and progress towards treatment goals. If limited progress has been made, documentation supports that member/enrollee will benefit from continued services;
        iv. Updates to the member/enrollee's diagnosis, if applicable;
        v. Discharge plan to include all of the following, as applicable:
            a) Recommended treatment level of care;
            b) Coordination of care with established outpatient providers;

c) Appointment dates/times

vi. Record that updated treatment plan has been provided to the parent, guardian, or legal custodian.

B. **Residential Severe Need (Level III):** An extended placement resource for children requiring active, coordinated, and professional intervention on a residential basis. These children have a significant emotional and/or psychiatric need, as well as continued difficulty adjusting to an open public-school setting. This level of care is for children in need of 24-hour care in a stable, structured, therapeutic environment that focuses on treatment.

1. *Admission/initial request,* all of the following:
   a. Member enrollee has a psychiatric or behavioral health diagnosis;
   b. Member/enrollee is medically stable, yet may need some type of intervention to comply with medical treatment;
   c. Documentation supports that treatment needs cannot be met with a lower level of care;
   d. Completed independent assessment (including CS9) supports the need for residential level of care and at least one of the following:
      Note: Adoption subsidy population is excluded from independent assessment requirement and in place requires a DLA-20 assessment.
      a) Child and Adolescent Needs and Strength (CANS);
      b) Child Severity of Psychiatric Illness (CSPI);
   e. Member/enrollee displays at least one of the following behaviors:
      i. Severe difficulty maintaining in a lower-level treatment setting as demonstrated by any of the following:
         a) Frequent and severe conflict in the current setting;
         b) Frequent and limited acceptance of behavioral expectations;
         c) Frequently and severely limited involvement in support or impaired ability to form trusting relationships with caretakers without intervention;
         d) A pervasive and severe inability to form trusting relationships with care takers/family members;
         e) Limited ability to recognize the effect of problem behaviors on others;
      ii. Moderately aggressive behaviors, as evidenced by any of the following:
         a) Disruptive verbal aggression;
         b) Property damage;
         c) Occasional, moderate aggression toward self/others;
      iii. Severe functional problems in school, vocational, or other community setting, as demonstrated by one of the following:
         a) Failure in school/vocational setting because of frequent and severely disruptive behavioral problems;
         b) Frequent and severely disruptive difficulty in maintaining appropriate conduct;
         c) Severe and pervasive inability to accept age-appropriate direction and supervision from care takers/family members contributing towards involvement in potentially life-threatening, high-risk behaviors;
      iv. Presence of severe affective, cognitive, behavioral problems or developmental delays/disabilities;

v. Medication administration and monitoring has improved some symptoms, but other treatment interventions are needed to control severe symptoms;
vi. Member/Enrollee experiences significant limitations in ability to independently access or participate in other services and requires intensive, active support and supervision to stay involved in such services;
vii. Member/Enrollee experiences significant deficits in ability to manage personal health, welfare, and safety without intense support and supervision;

2. *Continued stay request*, all of the following:
   a. Admission/initial request criteria in I.B.1. continues to be met;
   b. A minimum of one hour of individual, group or family counseling is provided at least one time per week, with other sessions available as needed;
   c. Treatment plan is reviewed and updated at least every three months, and includes all of the following:
      i. Evidence supporting continued need for treatment at the requested level of care;
      ii. Progress notes from the psychiatrist/treatment team, individual therapy, and family therapy sessions. If family therapy sessions are not applicable clear documentation on why family sessions are not occurring is required;
      iii. Documentation of measurable improvement, or lack thereof, in functional areas and progress towards treatment goals. If limited progress has been made, documentation supports that member/enrollee will benefit from continued services;
      iv. Updates to the member/enrollee's diagnosis, if applicable;
      v. Discharge plan to include all of the following as applicable:
         a) Recommended treatment level of care;
         b) Coordination of care with established outpatient providers;
         c) Appointment dates/times
      vi. Record that updated treatment plan has been provided to the parent, guardian, or legal custodian.

C. **Residential Intensive Need (Level IV):** This extended placement resource is for children requiring active, coordinated, and professional intervention in a highly structured and secure environment. Level IV is for children previously admitted into an acute psychiatric hospital setting or whose treatment needs are beyond severe, demonstrating the inability to function in a less restrictive setting. These children have a significant emotional and/or psychiatric need. They are unable to function consistently in an open, public-school setting, are a chronic runaway risk, and typically have a history of impulsivity, intensity of behavioral problems, significant family issues and self-destructive behaviors.

1. *Admission/initial request*, all of the following:
   a. Member enrollee has a psychiatric or behavioral health diagnosis;
   b. Member/enrollee is medically stable, yet may need some intervention to comply with medical treatment;
   c. Documentation supports that treatment needs cannot be met with a lower level of care;
   d. Completed independent assessment (including CS9) supports the need for residential level of care and at least one of the following:

Note: Adoption subsidy population is excluded from independent assessment requirement and in place requires a DLA-20 assessment.
   i. Child and Adolescent Needs and Strength (CANS);
   ii. Child Severity of Psychiatric Illness (CSPI);

e. Member/enrollee displays at least one of the following behaviors:
   i. Frequent aggression including verbal and physical, as evidenced by any of the following:
      a) Property damage;
      b) Harm to self/others;
      c) Unmet needs for safety and containment of aggressive and/or dangerous behaviors;
   ii. Severe functional problems including support for significant emotional or psychiatric needs, as evidenced by any of the following:
      a) History of eloping from facilities, presenting a chronic runaway risk;
      b) Inability to become stabilized;
      c) Inability to function on a consistent basis in an open, public-school setting;
      d) History of impulsivity, intensity of behavioral problems, significant family issues;

f. Medication administration and monitoring has alleviated or limited some symptoms, yet other treatment interventions are required to control severe symptoms and/or to ensure safety;

g. Presence of severe affective, cognitive, or behavioral problems or developmental delays/disabilities;

h. Severe limitations in ability to independently access or participate in other services and requires intensive, active support, supervision, and on-site access to all routinely needed services;

i. Has severe deficits in ability to manage personal health, welfare, and safety without intense support and supervision;

j. Severely aggressive and dangerous episodes may occur without provocation or predictable, identifiable triggers;

2. *Continued stay request*, all of the following:
   a. Admission/initial request criteria in I.C.1. continues to be met;
   b. A minimum of one hour of individual, group or family counseling is provided at least two times per week, with other sessions available as needed;
   c. Treatment plan is reviewed and updated at least monthly, and includes all of the following:
      i. Evidence supporting continued need for treatment at the requested level of care;
      ii. Progress notes from the psychiatrist/treatment team, individual therapy, and family therapy sessions. If family therapy sessions are not applicable clear documentation on why family sessions are not occurring is required;
      iii. Documentation of measurable improvement, or lack thereof, in functional areas and progress towards treatment goals. If limited progress has been made, documentation supports that member/enrollee will benefit from continued services;
      iv. Updates to the member/enrollee's diagnosis, if applicable;

v. Discharge plan to include all of the following as applicable:
   a) Recommended treatment level of care;
   b) Coordination of care with established outpatient providers;
   c) Appointment dates/times;
vi. Record that updated treatment plan has been provided to the parent, guardian, or legal custodian.

Note: If the member/enrollee requires a more restrictive environment, documentation is required noting that the treatment team, case manager and parent/guardian/legal custodian have been notified to put a plan in place for a more appropriate placement. Intensive residential treatment is not meant to replace the need for more restrictive settings such as psychiatric care or incarceration when indicated by psychological evaluation, psychiatric evaluation, or by physician or court order.

D. **Residential Intensive Need (Above Level IV):** This extended placement resource is for children requiring active, coordinated, and professional intervention in a highly structured and secure environment. This level is for children previously admitted into an acute psychiatric hospital setting or whose treatment needs are beyond severe, demonstrating the inability to function in a less restrictive setting. These children have a significant emotional and/or psychiatric need. These children are unable to function consistently in an open, public- school setting; present a chronic runaway risk; and typically present a history of impulsivity, intensity of behavioral problems, significance of family issues, and self- destructive behaviors.
   1. *Admission/initial request* meets all the following:
      a. Member enrollee has a psychiatric or behavioral health diagnosis;
      b. Member/enrollee is medically stable, yet may need some intervention to comply with medical treatment;
      c. Documentation that additional support is required including specialized programming, increased staff, or a specialized therapeutic treatment structure based on presenting diagnoses or symptoms that could not be treated at a lower level of care including the Intensive Need Level IV Residential care setting;
      d. Completed independent assessment (including CS9) supports the need for residential level of care and at least one of the following:
         Note: Adoption subsidy population is excluded from independent assessment requirement and in place requires a DLA-20 assessment.
         i. Child and Adolescent Needs and Strength (CANS);
         ii. Child Severity of Psychiatric Illness (CSPI);
      e. Member/enrollee displays at least one of the following behaviors:
         i. Frequent aggression including verbal and physical, as evidenced by any of the following:
            a) Property damage;
            b) Harm to self/others;
            c) Unmet needs for safety and containment of aggressive and/or dangerous behaviors;
         ii. Severe functional problems including support for significant emotional or psychiatric needs, as evidenced by any of the following:
            a) History of eloping from facilities, presenting a chronic runaway risk;

b) Inability to become stabilized;
c) Inability to function on a consistent basis in an open, public-school setting;
d) History of impulsivity, intensity of behavioral problems, significant family issues;

f. Medication administration and monitoring have alleviated or limited some symptoms, yet other treatment interventions are required to control severe symptoms and/or to ensure safety;
g. Presence of severe affective, cognitive, or behavioral problems or developmental delays/disabilities;
h. Severe limitations in ability to independently access or participate in other services and require intensive, active support, supervision, and on-site access to all routinely needed services;
i. Severe deficits in ability to manage personal health, welfare, and safety without intense support and supervision;
j. Severely aggressive and dangerous episodes may occur without provocation or predictable, identifiable triggers;
k. Documentation indicates that additional support is required including specialized programming, increased staff, or a specialized therapeutic treatment structure based on presenting diagnoses or symptoms that could not be treated at a lower level of residential care;

2. *Continued stay request*, all of the following:
a. Admission/initial request criteria in I.D.1. continues to be met;
b. A minimum of one hour of individual, group or family counseling is provided at least two times per week, with other sessions available as needed;
c. Treatment plan is reviewed and updated at least monthly, and includes all of the following:
i. Evidence supporting continued need for treatment at the requested level of care;
ii. Progress notes from the psychiatrist/treatment team, individual therapy, and family therapy sessions. If family therapy sessions are not applicable clear documentation on why family sessions are not occurring is required;
iii. Documentation of measurable improvement, or lack thereof, in functional areas and progress towards treatment goals. If limited progress has been made, documentation supports that member/enrollee will benefit from continued services;
iv. Updates to the member/enrollee's diagnosis, if applicable;
v. Discharge plan to include all of the following as applicable:
a) Recommended treatment level of care;
b) Coordination of care with established outpatient providers;
c) Appointment dates/times;
vi. Record that updated treatment plan has been provided to the parent, guardian, or legal custodian.

II. It is the policy of Home State Health Plan and Centene Advanced Behavioral Health that **discharge from *foster care residential services (level II through above IV)* and/or transfer**

to alternative or less intensive levels of care may be appropriate when any of the following are met:

A. Member/enrollee's level of functioning has improved with goals outlined in the treatment plan and is reasonably expected to maintain gains at a lower level of treatment;
B. Member/enrollee no longer benefits from service as evidenced by absence of progress toward treatment plan goals and more appropriate service(s) is available.

Background

Show Me Healthy Kids (SMHK) offers specialized managed care for youth who are in the custody of the Department of Social Services (DSS), former foster children, and for individuals receiving adoption and guardianship subsidy in care and custody.[3]

The Children's Division Residential Treatment programs provide children who are status offenders, have been abused or neglected, and/or who have emotional or psychological difficulties with treatment in a residential environment. Each residential program includes intensive counseling, life skills training and access to an educational program.

Residential Treatment Services:[4]

- Level 2 Moderate/Residential – for children who need twenty-four-hour care for moderate behavioral needs.
- Level 3 Severe/Residential – for children who need twenty-four-hour care in a stable, structured, therapeutic environment that focuses on treatment.
- Level 4 Psychiatric/Intensive – for children previously in acute psychiatric hospital or children whose treatment needs are beyond severe.
- Above Level 4 Residential Intensive – services are short term and provide services above and beyond Level 4 Residential Care

Coding Implications

This clinical policy references Current Procedural Terminology (CPT®). CPT® is a registered trademark of the American Medical Association. All CPT codes and descriptions are copyrighted 2025, American Medical Association. All rights reserved. CPT codes and CPT descriptions are from the current manuals and those included herein are not intended to be all-inclusive and are included for informational purposes only. Codes referenced in this clinical policy are for informational purposes only. Inclusion or exclusion of any codes does not guarantee coverage. Providers should reference the most up-to-date sources of professional coding guidance prior to the submission of claims for reimbursement of covered services.

CPT®* Codes	Description
N/A	

HCPCS ®* Codes	Description

HCPCS ®* Codes	Description
H0019	Behavioral health; long-term residential (nonmedical, nonacute care in a residential treatment program where stay is typically longer than 30 days), without room and board, per diem
H2020	Therapeutic behavioral services, per diem

Reviews, Revisions, and Approvals	Revision Date	Approval Date
New Policy adapted, based on the Show Me Healthy Kids, Foster Care Residential Services, Medicaid Necessity Criteria manual, managed by Home State Health and Centene Advanced Behavioral Health and the Rules of Department of Social Services: Division 35- Children's Division. Chapter 71: Rules for Residential Treatment Agencies from Children and Youth	11/23	1/24
Annual Review. Updated description and background with no clinical significance. Restructuring and formatting updates throughout policy. Updated treatment plan review timeframe for each respective level of care. Added criteria for progress and discharge for each level. Added policy statement II. referencing discharge and/or transfer to alternative or less intensive levels of care. Added I.A.3. "Psychiatric/behavioral health diagnosis." Background and references reviewed and updated.	02/25	
Ad Hoc Review. Updated Residential Level III therapy requirements from two times per week to one time per week.	8/2025	
Annual Review. Background and References reviewed and updated. Added additional initial review criteria to align with SMHK Residential Prior Auth form on website. Minor grammatical updates throughout with no clinical significance.	02/2026	04/2026

References

1. Missouri Code of State Regulations. Title 13 Department of Social Services Division 35: Children's Division, Chapter 71- Rules of Residential Treatment Agencies for Children and Youth. https://www.sos.mo.gov/cmsimages/adrules/csr/current/13csr/13c35-71.pdf. Updated January 29, 2026. Accessed February 05, 2026.
2. Missouri Department of Social Services. Provider Bulletin Volume 46 Number 17. Prior Authorization Process Residential Treatment and Treatment Foster Care. https://mydss.mo.gov/media/pdf/prior-authorization-process-residential-treatment-and-treatment-foster-care-0. Published September 21, 2023. Accessed February 05, 2026.
3. Missouri Department of Social Services website. Child Welfare Manual. Section 4, Chapter 2 (Placements), Subsection 3- Residential Rehabilitative Services. https://dssmanuals.mo.gov/child-welfare-manual/section-4-chapter-2-placements-subsection-3-residential-rehabilitative-services/. Published November 10, 2025. Accessed February 05, 2026.
4. Home State Health Plan. Show Me Healthy Kids. SMHK Prior Authorizations. Website. https://www.homestatehealth.com/providers/showmehealthykids/show-me-healthy-kids-pre-auth.html. Accessed February 05, 2026.

5. Missouri Office of Administration. Department of Social Services Children's Division. Fiscal Year 2026 Budget Request. Residential Treatment Program Description. https://oa.mo.gov/sites/default/files/FY26_DSS_Programs_Book.pdf. Accessed February 05, 2026.

Important Reminder

This clinical policy has been developed by appropriately experienced and licensed health care professionals based on a review and consideration of currently available generally accepted standards of medical practice; peer-reviewed medical literature; government agency/program approval status; evidence-based guidelines and positions of leading national health professional organizations; views of physicians practicing in relevant clinical areas affected by this clinical policy; and other available clinical information. The Health Plan makes no representations and accepts no liability with respect to the content of any external information used or relied upon in developing this clinical policy. This clinical policy is consistent with standards of medical practice current at the time that this clinical policy was approved. "Health Plan" means a health plan that has adopted this clinical policy and that is operated or administered, in whole or in part, by Centene Management Company, LLC, or any of such health plan's affiliates, as applicable.

The purpose of this clinical policy is to provide a guide to medical necessity, which is a component of the guidelines used to assist in making coverage decisions and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage decisions and the administration of benefits are subject to all terms, conditions, exclusions, and limitations of the coverage documents (e.g., evidence of coverage, certificate of coverage, policy, contract of insurance, etc.), as well as to state and federal requirements and applicable Health Plan-level administrative policies and procedures.

This clinical policy is effective as of the date determined by the Health Plan. The date of posting may not be the effective date of this clinical policy. This clinical policy may be subject to applicable legal and regulatory requirements relating to provider notification. If there is a discrepancy between the effective date of this clinical policy and any applicable legal or regulatory requirement, the requirements of law and regulation shall govern. The Health Plan retains the right to change, amend or withdraw this clinical policy, and additional clinical policies may be developed and adopted as needed, at any time.

This clinical policy does not constitute medical advice, medical treatment, or medical care. It is not intended to dictate to providers how to practice medicine. Providers are expected to exercise professional medical judgment in providing the most appropriate care and are solely responsible for the medical advice and treatment of members/enrollees. This clinical policy is not intended to recommend treatment for members/enrollees. Members/enrollees should consult with their treating physician in connection with diagnosis and treatment decisions.

Providers referred to in this clinical policy are independent contractors who exercise independent judgment and over whom the Health Plan has no control or right of control. Providers are not agents or employees of the Health Plan.

This clinical policy is the property of the Health Plan. Unauthorized copying, use, and distribution of this clinical policy or any information contained herein are strictly prohibited. Providers, members/enrollees, and their representatives are bound to the terms and conditions expressed herein through the terms of their contracts. Where no such contract exists, providers, members/enrollees and their representatives agree to be bound by such terms and conditions by providing services to members/enrollees and/or submitting claims for payment for such services.

Note: For Medicaid members/enrollees, when state Medicaid coverage provisions conflict with the coverage provisions in this clinical policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this clinical policy.

Note: For Medicare members/enrollees, to ensure consistency with the Medicare National Coverage Determinations (NCD) and Local Coverage Determinations (LCD), all applicable NCDs, LCDs, and Medicare Coverage Articles should be reviewed prior to applying the criteria set forth in this clinical policy. Refer to the CMS website at http://www.cms.gov for additional information.

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