

Family Psychotherapy: Coding and Documentation Requirements

National Office Policy & Finance Team



The HealthySteps National Office developed this guide to highlight medical coding and documentation requirements for family psychotherapy services. It is intended for use by sites to increase efficient billing and documentation practices and maximize reimbursement for the service.

Family Psychotherapy

For children and families participating in HealthySteps Tiers 2 and 3, short-term family psychotherapy may be an appropriate intervention.

Family psychotherapy is a form of treatment that addresses specific issues affecting the health and functioning of a family. It can be used to help a family through a difficult period, a major transition, or mental or behavioral health concerns of family members. Family psychotherapy is a very important service involving therapies delivered to a parent(s)/caregiver(s) and child simultaneously. It can be rendered by those HealthySteps Specialists whose scope of practice allows for its delivery. Common reimbursable credentials are licensed psychologists, licensed clinical social workers, licensed mental health counselors, and licensed marriage and family therapists. Verification of the reimbursable licensures in your state is highly recommended as medical insurance guidelines can differ.

Medical Necessity

Medical insurance carriers will provide reimbursement for care they deem to be medically necessary to a patient. Substantiating medical necessity with an insurance carrier begins with the initial evaluation resulting in a diagnosis or signs/symptoms that will become the focus of treatment. This supports the patient's and family's need to participate in treatment.

Insurance carriers have pre-determined categories of diagnoses that support medical necessity for the reimbursement of services, and the first step is to know which diagnoses are allowable for family psychotherapy in your state. In most states, diagnoses are widely based on mental/behavioral health. While this document offers general guidance, medical necessities vary by state. For example, while there is a Family Health Benefit in California that allows preventive dyadic supports via family psychotherapy when certain psycho-social risk factors are present (<https://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/psychol.pdf>), most other states have not expanded access to family psychotherapy without a corresponding mental/behavioral health diagnosis.

Medi-Cal, California's Medicaid program, has approved the medical necessity for family psychotherapy when any of the approved risk factors are present in either the parent/caregiver or

child. The state has pre-determined diagnosis codes that represent the risk factors allowable for reimbursement when a claim is submitted.

Another example of a state that has transitioned from requiring a mental/behavioral health diagnosis to support medical necessity for psychotherapy services is Massachusetts. MassHealth, Massachusetts' Medicaid program, has approved the medical necessity for psychotherapy, including family psychotherapy for preventive behavioral health services when a patient has a positive behavioral screening or in the case of an infant, a positive post-partum depression screening for the caregiver. Clinically appropriate diagnoses, including social determinants of health, can be reported as the primary diagnosis to support necessity for the service(s). <https://www.mass.gov/doc/managed-care-entity-bulletin-65-preventive-behavioral-health-services-for-members-younger-than-21-0/download>

Another state that has transitioned from requiring a mental/behavioral health diagnosis to support medical necessity for psychotherapy is New York. New York's Medicaid program now recognizes a two-generational and preventative approach when supporting the health and well-being of children and their caregivers. They now reimburse for psychotherapy services, including family psychotherapy, when provided to a child and/or their caregiver to prevent childhood behavioral health issues and/or illness.

https://www.health.ny.gov/health_care/medicaid/program/update/2023/docs/mu_no2_jan23.pdf

Verification of the type(s) of diagnoses that support medical necessity for family psychotherapy in your state is highly recommended.

Once medical necessity is established and the decision to render services is made, your clinical documentation is key in supporting the diagnosis and reflecting all services rendered during the family psychotherapy sessions.

Clinical Documentation

Clinical documentation tracks a patient's condition and communicates the clinician's clinical formulation and interventions to other care team members. Most recently, new information technologies, such as Electronic Health Record (EHR) systems, have led to further changes in the clinical documentation process (e.g., the creation of medical record templates to ensure documentation requirements are met). For family psychotherapy, an EHR template can automatically insert a field for a start and stop time for services rendered, a required element of compliant documentation of psychotherapy.

Clinical documentation captures patient care, including diagnoses, treatments, and resources used. When documentation is complete, detailed, and accurate, it prevents ambiguity and improves communication between healthcare providers while supporting medical necessity for billing and reimbursement.

Documentation Requirements

In family psychotherapy, family members or others significant to the patient are incorporated into the treatment process for the patient. The family is part of the patient evaluation and treatment process, and family dynamics as they relate to the patient's mental status and behavior are the main focus of the sessions. Attention is also given to the impact the patient's condition has on the family.

There are documentation requirements associated with compliant reporting for family psychotherapy. Some of those requirements are geared towards the care that must be provided when rendering the service. The list below provides those required documentation elements.

Documentation requirements for family psychotherapy are as follows:

- Patient's name, place and date of service, signature of rendering provider, and time spent rendering services for family psychotherapy. Using a start and stop time is the most compliant method of capturing the time spent rendering the service.
- If services are rendered via telemedicine/telehealth, the mode of delivery must be included.
- Each member of the family, first and last name, included in the session, with their specific participation, contributions, and reactions.
- Patient and family history.
- Target symptoms, diagnosis, and type of therapeutic intervention.
- A referral may be required in some states, verification is required. For those states that do not require a referral, a warm handoff from the primary care physician must be documented in the chart, and the mental/behavioral health clinician should also document the warm handoff they obtained from the primary care physician.
- A treatment plan with goals and periodic assessments of the patient's and family's progress towards the goals. Changes, if any, to the plan and/or goals must also be documented.
- Recent symptoms and behaviors related to the diagnosis and treatment plan, with a description of immediate issues.
- Family dynamics, as they relate to the patient's mental status and/or behavior, in addition to what was observed and interpreted via patterns of behavior and communication between all family members.
- Attention should be given and documented on the impact the patient's condition has on the family, with therapy aimed at improving the interaction between the patient and family members.
- The progress note portion which contains the subject matter of the therapy itself should be in protective privacy mode on the electronic health record (e.g., some have passwords or notes are only made available to the therapist).

Interactive Complexity

Interactive complexity refers to communication difficulties present during specific psychiatric services. It is reported when the patient being treated has certain factors that increase the complexity of treatment rendered. It is an add-on service with its own billing code but is not a service that stands on its own, meaning that it can never be billed alone, but only in conjunction with those psychiatric procedures approved by medical insurance carriers. Common psychiatric services approved are psychiatric diagnostic interviews and psychotherapy which includes **family psychotherapy**. Although these are the most common services approved for the billing addition of interactive complexity, state variations may apply, so verification with insurance carriers is highly recommended.

Interactive complexity may be reported when at least one of the following communication difficulties complicates the delivery of family psychotherapy:

- The need to manage maladaptive communication (e.g., high anxiety, high reactivity, repeated questions, or disagreements) among participants that complicates delivery of care.
- Caregiver emotions/behavior that interfere with implementation of the treatment plan.
- Evidence/disclosure of a sentinel event and mandated report to a third party (e.g., abuse or neglect with report to a state agency) with initiation of discussion of the sentinel event.
- Use of play equipment, physical devices, interpreter, or translator to overcome significant language barriers (may not apply to language interpreter services only - verification with insurance carriers is required).

Documentation for interactive complexity must clearly state one of the reasons above, with pertinent related information (e.g., type of maladaptive communication or specificity about caregiver emotions or behaviors, sentinel event and process taken to address it, and/or type of play equipment or physical device if utilized).

Billing Codes and their Guidelines

To ensure that healthcare data is captured accurately and consistently and that medical insurance health claims are processed properly, standardized coding systems for medical services and procedures were created. The Current Procedural Terminology (CPT) system and the Healthcare Common Procedure Coding System (HCPCS)¹ were developed to serve as a standard language of alpha and/or numerical coding methodology to accurately communicate the services rendered to patients.

¹ Current Procedural Terminology (CPT) and Healthcare Common Procedure Codes (HCPCS) are standard code sets used to report supplies, medical and/or surgical services, and procedures that are billed to medical insurance carriers. CPT and HCPCS codes, paired with diagnosis codes, tell the story of each patient encounter.

Billing Codes

CPT codes, created by the American Medical Association (AMA), are a standard code set used to report professional services rendered by providers. These codes represent medical and/or surgical services and procedures that are billed to medical insurance carriers.

The following list contains the CPT codes created for the reporting of family psychotherapy, with corresponding descriptions.

| Family Psychotherapy | |
|--|--|
| Billing Code | Description |
| 90846 | Family psychotherapy (without patient present), 50 minutes |
| 90847 | Family psychotherapy (with patient present), 50 minutes |
| Add-On Service (only if applicable) | |
| 90785 | Interactive complexity (list separately in addition to the code for the primary procedure) |

Guidelines for Reporting Family Psychotherapy Codes

The American Medical Association (AMA) also provides guidelines that detail when to assign codes based on the services required for codes to be compliantly reported. The below list contains the guidelines for the reporting of family psychotherapy codes.

General guidelines for all family psychotherapy codes:

- The billing codes for family psychotherapy include the reviewing of records, communicating with other providers, observing, and interpreting patterns of behavior and communication between the patient and/or family members, and decision-making regarding treatment. These services will not be considered for additional reimbursement.
- Billing modifiers are two-digit numeric or alphanumeric additional codes that supply insurance carriers with further information for a CPT or HCPCS code. Modifiers are usually added to a CPT or HCPCS code upon medical claim submission to the insurance carrier(s), and they are utilized differently in each state. Some are used to report the licensure of a clinician, some are utilized to distinguish when different services are rendered on the same day, by the same clinician, and others are utilized for reporting how and where services are rendered. For example, when reporting telemedicine/telehealth services, a modifier is required in many states. When family psychotherapy is rendered via telemedicine/telehealth, verification with insurance carriers is required to determine if a modifier is required and if so, which modifier should be reported. Modifier 95 is the most common modifier used to report when services have been rendered via telemedicine/telehealth.

- **Family psychotherapy codes are time based** and although national guidelines advise that they can be reported when more than 50% of the time allotted is used to render services, insurance carriers can determine minimum time requirements for reimbursement of services. **Insurance carrier verification is highly recommended.**

| Family Psychotherapy Guidelines | | |
|--|--|---|
| CPT Code | Description | Applicable Guidelines |
| 90846 | Family psychotherapy without the patient present, 50 minutes (Report when the provider meets with the family without the patient present.) | Family psychotherapy codes are time based and have a service time requirement in their descriptions of service. Fifty minutes is stated as the time requirement for rendering the service, but coding guidelines advise that when at least 26 minutes of service is rendered, one can compliantly report the code(s). State insurance carriers have the option to not adopt this national guideline of time. Verification with insurance carriers is highly recommended. |
| 90847 | Family psychotherapy with the patient present, 50 minutes (Report when the provider meets with the family and patient.) | Services where the patient is not present may not be reimbursable at Federally Qualified Health Centers and Rural Health Centers; verification with insurance carriers is required. Do not report family psychotherapy with or without the patient present if 25 minutes or less was spent rendering the service. |
| 90785 | Interactive complexity | 90785 is considered an add-on code signifying that it can never be billed on its own. It is not considered to be an additional/different service but a code that represents increased intensity of the service it is being billed with. Commonly, 90785 can only be billed with psychotherapy services and psychiatric diagnostic evaluations but variations may be found in different states. Insurance carrier verification is required. |

HIPAA and Family Psychotherapy

The Health Insurance Portability and Accountability Act (HIPAA) privacy rule provides important privacy rights and protections with respect to health information, including important controls over how a person’s health information is used and disclosed by health plans and health care providers.

Gaining trust from a patient and/or their family is critical to their willingness to obtain needed health care services, especially where very sensitive information is concerned, such as mental health information. HIPAA ensures a patient's and/or their family's privacy while recognizing circumstances where health information may need to be shared to ensure the patient receives the best treatment and for other important purposes (e.g., health and safety of the patient or others). The rule is carefully balanced to allow use and disclosures of information, including mental health information, for treatment and other purposes, with appropriate protections.

The following questions and answers about HIPAA and mental health can assist in understanding HIPAA and how it facilitates the disclosing of patient information:

Q: Does HIPAA allow a health care provider to communicate with a patient's family, friends, or other persons who are involved in the patient's care?

A: Yes. In recognition of the integral role that family and friends play in a patient's health care, the HIPAA Privacy Rule allows these routine and often critical communications between health care providers and these persons. Where a patient is not present or is incapacitated, a health care provider may share the patient's information with family, friends, or others involved in the patient's care or payment for care, if the health care provider determines, based on professional judgment, that doing so is in the best interests of the patient. The Office of Civil Rights website contains additional information about disclosures to family members and friends in fact sheets developed for consumers and providers:

https://www.hhs.gov/sites/default/files/ocr/privacy/hipaa/understanding/coveridentities/provider_fg.pdf.

Q: Can a minor child's doctor talk to the child's parent about the patient's mental health status and needs?

A: A parent or guardian usually is the personal representative of the minor child, and a health care provider is permitted to share patient information with a child's personal representative under the privacy rule. There are exceptions to this rule (for older children), and they can be found in Section 164.502(g) of the privacy rule (<https://www.govinfo.gov/content/pkg/CFR-2010-title45-vol1/pdf/CFR-2010-title45-vol1-sec164-502.pdf>). Generally, a minor child's personal representative(s) can receive a copy of their child's mental health information contained in the medical record, including information about diagnosis, symptoms, treatment plans, etc. Further, although the privacy rule does not provide a right for a patient or personal representative to access psychotherapy notes regarding the patient, HIPAA generally gives providers discretion to disclose the individual's own protected health information (including psychotherapy notes) directly to the patient, or the patient's personal representative(s). Any such disclosure is purely permissive under the privacy rule - mental health providers should consult applicable state law for any prohibitions or conditions before making such disclosures.

Q: Does HIPAA permit health care providers to share protected health information about a patient with other health care providers who are treating the same patient for care coordination/continuity of care purposes?

A: HIPAA permits health care providers to disclose to other health providers any protected health information contained in the medical record about treatment, case management, and coordination of care, and with few exceptions, to treat mental health information the same as other health information. HIPAA also allows health care providers to disclose protected health information to other public or private sector entities providing social services such as housing, income support, and job training, in specified circumstances. Health care entities should determine whether other rules, such as state law or professional practice standards, place additional limitations on disclosures of protected health information related to mental health.

Example of Family Psychotherapy

Dyadic and family therapy involve treatment delivered to a parent(s)/caregiver(s) and child simultaneously. It can be rendered by HealthySteps Specialists who are among the professionals whose scope of practice allows for its delivery. The scope of practice for each professional license can vary from state to state. Verification with insurance carriers on services that can be rendered and reimbursed for under each licensure is highly recommended.

Below is a scenario where a HealthySteps Specialist provides family psychotherapy.

A two-year old presents for their well-child visit and the child's mother advises the pediatrician that he/she is demonstrating aggressive behavior and having difficulty sleeping in both the home and at daycare. After the pediatrician evaluates with further questions, it is discovered that the child's parents are recently divorced, and the father has not had contact with the child for over a month.

Because of the evidence of impairment in functioning, due to emotional dysregulation, the pediatrician makes the medical decision that the child and family will benefit from family psychotherapy and calls the licensed HealthySteps Specialist for intervention. A warm hand-off is provided so the HealthySteps Specialist can render family psychotherapy.

The child is diagnosed with adjustment disorder with mixed disturbance of emotion and conduct.

Family Psychotherapy session(s):

The HealthySteps Specialist engages patient and mom in family therapy using child-parent psychotherapy to address the patient's and mother's grief to help the child, strengthen the parent-child relationship, and to provide support and guidance to mom in parenting while navigating the stressful event.

Documentation includes:

- Patient's and mom's full name
- Reference to the pediatrician's warm hand-off referral
- Patient's target symptoms, diagnosis, and the type of therapeutic intervention provided

- Patient’s recent symptoms as they relate to the diagnosis, with a description of the immediate issues
- Treatment plan with goals, objectives, and periodic assessment of the patient and mother’s progress towards those goals
- Mom’s participation in the sessions, and her reactions as they relate to the patient’s mental status and/or behavior, in addition to what was observed
- Interpretation of patterns in behavior and communication between mother and child; and
- Start and stop time of the family psychotherapy session.

Family-centered care in pediatrics is based on the understanding that the family is the child’s primary source of strength and support, and that the family’s perspectives and information are important in clinical decision making. Family psychotherapy is a method to develop and maintain healthy and functional family relationships. The goal is to identify and address diagnoses or risk factors that can present challenges not only to the patient, but also to the family. These issues could be emotional, psychological, or behavioral. It is used to improve communication within the family, solve problems, and create a better home environment.

HealthySteps provides referrals to needed services and care coordination. If a primary care physician deems family psychotherapy as medically necessary to treat their patient, the HealthySteps Specialist can assist the primary care physician in coordinating this care for the patient and his/her family. If a HealthySteps Specialist’s credentials allow for the rendering of family psychotherapy under their scope of practice, and the medical insurance carriers recognize their credentials for reimbursement of the service, then family psychotherapy can be provided by, and billed under the HealthySteps Specialist, making them a critical part of the infant or child’s and family’s journey to mental and physical well-being.

Sources

American Medical Association CPT Editorial Panel (Eds.). (2023). *CPT Professional*. Chicago, IL: American Medical Association.

American Institute for Healthcare Management (2021). *Purposes of Patient Records*. Retrieved on July 14, 2021, from <https://www.amihm.org/purposes-of-patient-records/>

Coding and Compliance Initiatives, Inc. (2019). Behavioral Health Coding and Documentation. Retrieved on July 14, 2021 from <https://chad.memberclicks.net/assets/Redesign/CHAD%20Behavioral%20Health%20Webinar%20-%20October%202018.pdf>

Prasad, A. (2021). CPT Modifiers/Modifiers in Medical Billing & Coding. *Revenue XL*. Retrieved on July 15, 2021, from <https://www.revenuexl.com/blog/cpt-modifiers>

Brown-Morales, L. (2020). What are the Benefits of Family Counseling? *Medical News Today*. Retrieved on July 20, 2021, from <https://www.medicalnewstoday.com/articles/family-counseling>

GoodTherapy (2020). *HIPAA for Mental Health Professionals: The Basics*. Retrieved on July 20, 2021 from [HIPAA for Mental Health Professionals: The Basics \(goodtherapy.org\)](https://www.goodtherapy.org/hipaa-for-mental-health-professionals-the-basics)

American Academy of Professional Coders (2021). *What is CPT?* Retrieved on July 21, 2021, from [CPT - CPT Codes - Current Procedural Terminology - AAPC](https://www.aapc.com/cpt-codes)

TheraThink (2021). *CPT Code 90856: The Definitive Guide*. Retrieved on July 21, 2021, from <https://therathink.com/cpt-code-90846/>