



MONTANA
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DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-170.1

Summary

Amendment of ARM 37.27.106, 37.27.902, 37.85.106, 37.86.3306, and 37.88.101 and the adoption of NEW RULES 1 and 2 pertaining to updating Medicaid and non-Medicaid provider rates, fee schedules, and effective dates, and updating the BHDD Medicaid Services Provider Manual for Substance Use Disorder and Adult Mental Health

Hearing Date and Time

Thursday, May 14, 2026, at 3:00 p.m.

Virtual Hearing Information

Join Zoom Meeting: <https://mt-gov.zoom.us/j/83947527304?pwd=a5RaxVbrUHpBb6Nbh5DiSATTGTetV3.1>

Meeting ID: 839 4752 7304 and Password: 637932

Dial by Telephone: +1 646 558 8656

Meeting ID: 839 4752 7304 and Password: 637932

Find your local number: <https://mt-gov.zoom.us/u/kmpLc1Ee6>

Comments

Comments may be submitted using the contact information below. Comments must be received by Friday, May 22, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Thursday, April 30, 2026, at 5:00 p.m.

Contact

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Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

37.27.106 STATE APPROVED PROGRAMS, SUBSTANCE USE DISORDER FACILITIES

- (1) In order to be reimbursed for SUD facility-based treatment services, a SUD facility must be state approved and licensed pursuant to ARM Title 37, chapter 106, subchapter 14.
- (2) In order to become state approved, the SUD facility provider must complete and submit the designated application to the department. The SUD facility must be licensed for the level(s) of care indicated in the application.
- (3) Federally qualified health centers, rural health clinics, Indian Health Service providers, and Tribal 638 providers do not need to be licensed for outpatient or intensive outpatient level of care, but must have SUD in their scope of practice.
- ~~(3)~~(4) If the application and supporting documentation do not meet the application requirements, the department will notify the applicant in writing identifying the incomplete or missing information within 30 days of receipt of the application.
 - (a) The applicant has 30 days from the date of notification to respond in writing to the content of the notice.
 - (b) If the response is not received within 30 days, the department will deny approval and will notify the applicant in writing of the denial.

- ~~(4)~~(5) If the application and supporting documentation meet the application requirements, the department shall issue full approval. Documentation must include evidence of an active facility license.
- ~~(5)~~(6) The department shall issue a final approval or deny the application and shall send written notification of full approval or denial to the applicant.
- ~~(6)~~(7) The department will reimburse a state approved facility for SUD facility-based services, as outlined in the BHDD Medicaid Manual, using appropriate Common Procedural Terminology (CPT) codes and Healthcare Common Procedure Coding System (HCPCS) codes on applicable department fee schedules.
- ~~(7)~~(8) The department will inspect the facility once every two years, on-site or remotely, to ensure the facility continues to meet the requirements of this rule.
- ~~(8)~~(9) The provider must submit the requested documentation to the department or allow the department access to the provider's premises for inspection.
- ~~(9)~~(10) Approved facilities must follow the ASAM Criteria in the provision of services and adhere to requirements outlined in the BHDD Medicaid Manual.

Authorizing statute(s): 53-24-204, 53-24-208, MCA

Implementing statute(s): 53-24-208, MCA

37.27.902 SUBSTANCE USE DISORDER SERVICES: AUTHORIZATION REQUIREMENTS

- (1) The purpose of rules contained in this subchapter is to establish standards for the coverage and reimbursement of substance use disorder services under the Montana Medicaid Program.
- (2) In addition to the requirements contained in rule, the department has developed and published the Behavioral Health and Developmental Disabilities (BHDD) Division Medicaid Services Provider Manual for Substance Use Disorder and Adult Mental Health, dated ~~January~~ October 1, 2025, which it adopts and incorporates by reference. The purpose of the manual is to implement requirements for utilization management and services. A copy of the manual may be obtained from the department by a request in writing to the Department of Public Health and Human Services, Behavioral Health and Developmental Disabilities (BHDD) Division, 100 N. Park, Ste. 300, P.O. Box 202905, Helena, MT 59620-2905 or at: <https://dphhs.mt.gov/bhdd/BHDDMedicaidServicesProviderManual>.

<https://dphhs.mt.gov/bhdd/SubstanceAbuse/ProviderManualsandProgramResources>.

- (3) In addition to the requirements contained in rule, the department has developed and published the BHDD Division Non-Medicaid Services Provider Manual for Substance Use Disorder, dated ~~July~~ October 1, 2025, which it adopts and incorporates by reference. The purpose of the manual is to implement requirements for utilization management and services. A copy of the manual may be obtained from the department by a request in writing to the Department of Public Health and Human Services, Behavioral Health and Developmental Disabilities (BHDD) Division, 100 N. Park, Ste. 300, P.O. Box 202905, Helena MT 59620-2905 or at:
~~<https://dphhs.mt.gov/bhdd/BHDDNonMedicaidServicesProviderManual>~~
<https://dphhs.mt.gov/bhdd/SubstanceAbuse/ProviderManualsandProgramResources>.

Authorizing statute(s): 53-6-113, 53-24-204, 53-24-208, 53-24-209, MCA

Implementing statute(s): 53-6-101, 53-24-204, 53-24-208, 53-24-209, MCA

37.85.106 MEDICAID BEHAVIORAL HEALTH TARGETED CASE MANAGEMENT FEE SCHEDULE

- (1) The Montana Medicaid Program establishes provider reimbursement rates for medically necessary, covered services based on the estimated demand for services and the legislative appropriation and federal matching funds.
- (2) The Department of Public Health and Human Services (department) adopts and incorporates by reference the Medicaid Behavioral Health Targeted Case Management Fee Schedule effective ~~July~~ October 1, 2025, for the following programs within the Behavioral Health and Developmental Disabilities Division:
- (a) Targeted Case Management Services (TCM) for Youth with Serious Emotional Disturbance (SED), as provided in ARM 37.87.901;
 - (b) ~~Targeted Case Management Services~~ TCM for Substance Use Disorders (SUD), as provided in ARM 37.27.905; ~~and~~
 - (c) ~~Targeted Case Management Services~~ TCM for Adults with Severe Disabling Mental Illness (SDMI), as provided in ARM 37.86.3515-;
 - (d) TCM for Adults with Serious Mental Illness or SUD, exiting state-operated secure facilities, as provided in [NEW RULE 1]; and

- (e) TCM for post-adjudicated youth offenders exiting state-operated secure facilities, up to age 21 or former foster care, up to age 26, and as provided in [NEW RULE 1].
- (3) Copies of the department's current fee schedules are posted at <https://medicaidprovider.mt.gov>.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-113, MCA

37.86.3306 CASE MANAGEMENT SERVICES, GENERAL ELIGIBILITY

- (1) Persons who are Medicaid recipients and are from the following groups are eligible for case management services:
 - (a) high risk pregnant women;
 - (b) adults with severe disabling mental illness;
 - (c) persons age 16 and over with developmental disabilities;
 - (d) youth with serious emotional disturbance;
 - (e) children at risk for abuse and neglect; ~~and~~
 - (f) children with special health care needs; ~~;~~
 - (g) post-adjudicated youth offenders who are exiting state-operated secure facilities and who are:
 - (i) under age 21; or
 - (ii) former foster care children under age 26; and
 - (h) adult offenders with a serious mental illness or substance use disorder who are exiting state-operated secure facilities.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-6-101, MCA

37.88.101 MEDICAID MENTAL HEALTH SERVICES FOR ADULTS, AUTHORIZATION REQUIREMENTS

- (1) Mental health services for a Medicaid adult under the Montana Medicaid program will be reimbursed only if the client is 18 or more years of age and has been determined to have a severe disabling mental illness.
- (2) In addition to the requirements contained in rule, the department has developed and published the Behavioral Health and Developmental Disabilities (BHDD) Division Medicaid Services Provider Manual for Substance Use Disorder and Adult Mental Health, dated ~~July~~ October 1, 2025, which it adopts and incorporates by reference. The purpose of the manual is to implement requirements for utilization management and services. A copy of the manual may be obtained from the department by a request in writing to the Department of Public Health and Human Services, Behavioral Health and Developmental Disabilities (BHDD) Division, 100 N. Park, Ste. 300, P.O. Box 202905, Helena, MT 59620-2905 or at:
~~<https://dphhs.mt.gov/bhdd/BHDDMedicaidServicesProviderManual>~~
<https://dphhs.mt.gov/bhdd/SubstanceAbuse/ProviderManualsandProgramResources>.
- (3) Medicaid reimbursement for mental health services will be the lowest of:
 - (a) the provider's actual (submitted) charge for the service; or
 - (b) the rate established in the department's fee schedule. Reimbursement fees are as provided in ARM 37.85.105 and 37.85.106.
- (4) The department may review the medical necessity of services or items at any time either before or after payment in accordance with the provisions of ARM 37.85.410. If the department determines that services or items were not medically necessary or otherwise not in compliance with applicable requirements, the department may deny payment or may recover any overpayment in accordance with applicable requirements.
- (5) The department or its designee may require providers to report outcome data or measures regarding mental health services, as determined in consultation with providers and consumers.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-111, 53-6-113, MCA

ADOPT

The rules proposed to be adopted are as follows:

NEW RULE 1 HEALING AND ENDING ADDICTION THROUGH RECOVERY AND TREATMENT (HEART), TARGETED CASE MANAGEMENT FOR ADULTS WITH SERIOUS MENTAL ILLNESS OR SUBSTANCE USE DISORDER: REIMBURSEMENT

- (1) TCM for Adults with Serious Mental Illness or SUD, who receive HEART Waiver services exiting the state-operated secure facility, will be reimbursed on a fee per unit of service basis as follows. For purposes of this rule, a unit of service is a period of 15 minutes.
- (2) The department adopts and incorporates by reference the department's fee schedule which sets forth the reimbursement rates for TCM. The provider reimbursement rate for Targeted case management services for Adults with Serious Mental Illness or SUD, who receive HEART Waiver services exiting the state operated secure facility is stated in the department's fee schedule as provided in ARM 37.85.106.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-113, MCA

NEW RULE 2 TARGETED CASE MANAGEMENT FOR THE CONSOLIDATED APPROPRIATIONS ACT, SECTION 5121: REIMBURSEMENT

- (1) TCM under the provisions of CAA, Section 5121 will be reimbursed on a fee per unit of service basis as follows. For purposes of this rule, a unit of service is a period of 15 minutes.
- (2) The department adopts and incorporates by reference the department's fee schedule which sets forth the reimbursement rates for TCM. The provider reimbursement rate for TCM under the provisions of CAA, Section 5121 is stated in the department's fee schedule as provided in ARM 37.85.106.

Authorizing statute(s): 53-2-201, 53-6-113, MCA

Implementing statute(s): 53-2-201, 53-6-101, 53-6-113, MCA

General Reasonable Necessity Statement

The Department of Public Health and Human Services (department) is proposing to amend ARM 37.27.106, 37.27.902, 37.85.106, 37.86.3306, and 37.88.101 and to adopt NEW RULES 1 and 2 pertaining to updating Medicaid and non-Medicaid provider rates, fee schedules, and effective dates, and updating the BHDD Medicaid Services Provider Manual for Substance Use Disorder and Adult Mental Health. The department administers the Montana Medicaid and non-Medicaid program to provide health care to Montana's qualified low income, elderly, and disabled residents. Medicaid is a public assistance program paid for with state and federal funds appropriated to pay health care providers for the covered medical services they deliver to Medicaid members.

37.27.106

The department is proposing to add clarifying language addressing federally qualified health centers, rural health clinics, Indian Health Service providers, and Tribal 638 providers licenses and scopes of practice since they do not need to be licensed for outpatient or intensive outpatient level of care, but must have SUD in their scope of practice.

37.27.902

The department is proposing to amend the date for the Behavioral Health and Developmental Disabilities (BHDD) Division Medicaid Services Provider Manual for Substance Use Disorder and Adult Mental Health and update the link to where this resource can be found to allow the addition of HEART Waiver and CAA services as well as updating other policies within the manual.

37.85.106

The department is proposing to amend the effective date of the Medicaid Behavioral Health Targeted Case Management Fee Schedule. This change is needed to make sure the fee schedule lines up with updated rules and policies. Without this update, providers could see different dates in different places, which can cause confusion about when services can be billed and how they should be provided.

37.86.3306

The department is proposing to add (1)(g) and (h) to add eligible populations to case management services based on eligibility under the HEART Waiver and the Consolidated Appropriations Act, Public Law No. 117-328, Section 5121, 136 Stat. 5941-5943 (2022). This change is needed to clarify who can receive case management services under the HEART Waiver and federal law. Adding this information helps providers understand who is eligible and ensures people who qualify can access services consistently across the state.

37.88.101

The department is proposing to amend the effective date to October 1, 2025, for the BHDD Medicaid Services Provider Manual for Adult Mental Health. This change incorporates the updated version of the amended provider manual. Feedback from providers showed that

unclear or outdated guidance led to different standards of care and confusion around the delivery of new services. Updating the manual helps ensure services are provided in a more consistent way across the state.

This includes the following amendments to the manual:

002 Definitions – Amend to add the following:

- Addiction Counselor Licensure Candidate (ACLC) definition
- Clinical Staff definition
- Early Intervention definition
- Person-Centered Service Plan (PCSP)
- Warm Hand Off

115 Assessments – Amend to add language indicating that assessments can take collateral information from a variety of sources and indicate that providers of psychiatric collaborative care models can use an existing medical record for the required information for an assessment.

120 Individualized Treatment Plans for Behavioral Health Treatment – Amend to add language indicating the plan of care can be embedded in the progress note(s) for certain situations, and a separate ITP is not necessary for early intervention services.

230 Integrated Service Delivery – Amend to add the following:

- Add concurrent billing information regarding SUD CBPRS.
- Add clarification regarding ASAM 3.1 exceptions.
- Add concurrent billing information regarding HEART Targeted Case Management services.
- Add concurrent billing information regarding Section 5121 Consolidated Appropriations Act Targeted Case Management.

420 – Mental Health CBPRS amend policy to remove SUD language, as it will be its own policy.

425 – Mental Health (MH) Outpatient (OP) Therapy- Amend policy to clarify the service definition, and indicate that ITPs are not required for early intervention and brief therapeutic interventions.

475 TMS – Update policy to align with the current CMS local coverage determination policy.

486 Community Maintenance Program – Amend policy to clarify billing is based on contacts, not team meetings.

516 SUD CBPRS – [New Policy]. Duplicate of MH CBPRS, which includes SUD under medical necessity, but a separate SUD policy will provide better clarification for SUD providers.

520 SUD Outpatient (OP) Therapy (ASAM 1.0) – Amend policy to clarify that SUD OP is regularly scheduled, ongoing treatment, and indicate that ITPs are not required for SUD early intervention and brief therapeutic interventions.

535 SUD ASAM 3.1 – Amend policy to clarify that CBPRS is part of the bundled rate when provided by a clinician as part of the weekly hours or if provided by the 24/7 staff required by licensure rules.

605 Tenancy Support Services – Amending Person-Centered Recovery Plan to Person-Centered Service Plan.

606 TSS Application fee and Security Deposit assistance – Amending to add quality inspection criteria.

607 TSS Settings [New Policy] – Add policy to clarify federal home and community-based services settings requirements.

608 TSS Critical Incident [New Policy] – Add policy to clarify federal home and community-based services requirements for reporting critical incidents.

620 HEART Re-Entry Services – [New Policy] – Add policy to reflect requirements under approved 1115 Waiver.

621 HEART Re-Entry Targeted Case Management [New Policy] – Add policy for provision of TCM services under approved state plan amendment.

700 Consolidated Appropriations Act (CAA) Section 5121 Purpose [New Policy] – Add policy to define purpose pursuant to Section 5121 of the CAA, 2023.

705 Consolidated Appropriations Act (CAA) Section 5121 Targeted Case Management [New Policy] – Add policy for provision of TCM services under Section 5121 of the CAA, 2023, and approved state plan amendment.

NEW RULE 1

The department is proposing the adoption of a new rule that creates a HEART Waiver Services: Fee Schedule. This proposed rule establishes reimbursement authority per ARM 37.85.106.

NEW RULE 2

The department is proposing the adoption of a new rule that creates CAA Services: Requirements. This proposed rule establishes reimbursement in the Consolidated Appropriations Act 5121: Targeted Case Management.

Fiscal Impact

These proposed rule amendments have an administrative cost of \$3,521.00 in state fiscal year (SFY) 2026 and \$4,225.20 in SFY 2027.

RE-Entry TCM Services

Population	Annual Cost	Federal	State
Mental Health Diagnosis	\$6,735.96	\$4,715.17	\$2,020.79
Suspected SUD Traditional	\$3,521.07	\$2,176.02	\$1,345.05
Suspected SUD Expansion	\$8,593.64	\$7,734.28	\$859.36
Total	\$18,850.67	\$14,625.47	\$4,225.20

Fiscal Impact based off of three contacts for the first month then transfer to MH/SUD TCM Services

CAA- TCM Fiscal Impact

	Annual Cost	Federal	State
FFY 25	\$9,967.07	\$6,446.06	\$3,521.00
FFY 26	\$18,850.67	\$14,625.47	\$4,225.20

Consolidated Appropriations Act Fiscal Impact:

These proposed rule amendments have an administrative cost of \$53,657 in SFY 2025 and \$77,834.00 in SFY 2026.

CAA- TCM Fiscal Impact

	Annual Cost	Federal	State
FFY 25	\$141,297	\$87,640	\$53,657
FFY 26	\$241,285	\$163,451	\$77,834

Rate at \$17.01

Small Business Impact

Provider rate increases will benefit Medicaid providers that are small businesses by adjusting reimbursement rates to account for inflation and supporting financial stability. Higher reimbursement rates will make it more viable for providers to accept Medicaid members, expanding access to care. This increased revenue will also allow small businesses to invest in staff and technology, ultimately leading to better quality of care and fostering growth. The exact benefit for each small business is dependent on the Medicaid services they provide and the percentage of their clients that are covered by Medicaid.

Otherwise, with regard to the requirements of 2-4-111, MCA, the department has determined that the amendment and adoption of the above-referenced rules will not significantly and directly impact small businesses.

Bill Sponsor Notification

The bill sponsor contact requirements do not apply.

Interested Persons

The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Written requests may be mailed or delivered to the contact information listed above.

Effective Date

The department intends to apply these rule amendments and rule adoptions retroactively to October 1, 2025.

Medicaid Performance-Based Statement

Section 53-6-196, MCA, requires that the department, when adopting by rule proposed changes in the delivery of services funded with Medicaid monies, make a determination of whether the principal reasons and rationale for the rule can be assessed by performance-based measures and, if the requirement is applicable, the method of such measurement. The statute provides that the requirement is not applicable if the rule is for the implementation of rate increases or of federal law.

The department has determined that the proposed program changes presented in this notice are not appropriate for performance-based measurement and therefore are not subject to the performance-based measures requirement of 53-6-196, MCA.

Rule Reviewer

Chanan Brown

Approval

Charles T. Brereton, Director

Department of Public Health and Human Services