

## **320-P SERIOUS MENTAL ILLNESS ELIGIBILITY DETERMINATIONS**

REVISION DATES: 2/18/2026, 2/7/2024, 7/14/2021

REVIEW DATES: 8/15/2025, 2/18/2025, 1/29/2024, 9/19/2023

EFFECTIVE DATE: October 1, 2019

REFERENCES: A.R.S. 36-550, A.A.C. R9-21-101(B), Division Medical Policy 320-P.

### **PURPOSE**

This policy applies to the Division of Developmental Disabilities' (Division) Administrative Services Subcontractors (AdSS) and establishes requirements for eligibility determinations for individuals with Serious Mental Illness (SMI). The Division contracts with the AdSS and delegates the responsibilities of implementing this policy. The Division provides oversight and monitoring of delegated duties.

### **DEFINITIONS**

1. "Business Day" means a Monday, Tuesday, Wednesday, Thursday or Friday, excluding State and Federal Holidays.
2. "Calendar Day" means every day of the week including weekends and holidays.
3. "Designated Representative" means an individual parent, guardian, relative, advocate, friend, or other individual, designated orally or in writing by a Member or Responsible

Person who, upon the request of the Member, assists the Member in protecting the Member's rights and voicing the Member's service needs.

4. "Determining Entity" means an entity designated by AHCCCS and authorized to make SMI eligibility determinations.
5. "Member" means the same as "Client", a person receiving developmental disabilities services from the Division, as defined in A.R.S. § 36-551.
6. "Removal of Serious Mental Illness (SMI) Designation" means the process that results in a modification to a Member's medical record by changing the behavioral health category designation from SMI to General Mental Health.
7. "Responsible Person" means an adult with a developmental disability who is a Member or an applicant for whom no guardian has been appointed, the parent or guardian of a minor with a developmental disability, or the guardian of an adult with a developmental disability.
8. "Serious Mental Illness" or "SMI" means, as defined in A.R.S. 36-550, persons who as a result of a mental disorder as defined in A.R.S 36-501, exhibit emotional or behavioral functioning that

is so impaired as to interfere substantially with their capacity to remain in the community without supportive treatment or services of a long-term or indefinite duration. In these persons mental disability is severe and persistent, resulting in a long-term limitation of their functional capacities for primary activities of daily living such as interpersonal relationships, homemaking, self-care, employment and recreation.

9. "Serious Mental Illness Eligibility Determination" means a process used to determine whether an individual meets the diagnostic and functional criteria established for the purpose of determining an individual's eligibility for SMI services.

## **POLICY**

### **A. GENERAL REQUIREMENTS**

1. The AdSS shall require behavioral health providers to have Members, ages 17.5 or older evaluated by a qualified clinician for SMI eligibility as defined in A.A.C. R9-21-101(B), and have an SMI eligibility determination made by the Determining Entity if:
  - a. The Member makes a request;
  - b. The Responsible Person or Designated Representative makes such a request on behalf of the Member;

- c. An Arizona Court issues an order instructing a Member to undergo an SMI evaluation; or
  - d. It is clinically indicated by the demonstration of observed symptomatology and functional impairment and the Member consents to the evaluation, not including 1b and 1c above.
2. The AdSS shall begin the SMI assessment and evaluation process when a Member is 17.5 years of age, however the actual SMI eligibility category will not become effective until a Member turns 18 years of age.
3. The AdSS shall require the SMI eligibility evaluation records contain all documentation considered during the review, including current and historical treatment records, and the records shall be maintained in either hardcopy or electronic format.
4. The AdSS shall develop and make available to providers any requirements or guidance on SMI eligibility evaluation record location and or maintenance.
5. The AdSS shall calculate time as follows:
  - a. Day zero: The day the initial assessment is completed by a

- qualified clinician, regardless of time of the assessment;
- b. Day one: The next Business Day after the initial assessment is completed. The individual or organization completing the initial assessment shall provide it to the Determining Entity as soon as practicable, but no later than 11:59 pm on day one;
  - c. Day three: The third Business Day after the initial assessment is completed. The Determining Entity shall have at least two Business Days to complete the final SMI determination, but the final SMI determination shall be completed no later than day three; and
  - d. Determination due date: Day three, three Business Days after day zero, excluding weekends and holidays, and is the date that the determination decision shall be rendered. This date shall be amended if an extension is approved in accordance with this policy.

**B. PROCESS FOR COMPLETION OF INITIAL SMI ASSESSMENT**

- 1. The AdSS shall require behavioral health providers, upon receipt of a referral or identification of the need for an SMI Eligibility Determination, to schedule an assessment with the Member and

a qualified clinician, if one has not been completed within the past six months, or if the existing assessment does not provide an accurate representation of the Member's current symptoms.

2. The AdSS shall require behavioral health providers to schedule the initial SMI assessment as expeditiously as the Member's health condition requires, but no later than seven Business Days after receipt of the request or referral.
3. For urgent eligibility determination referrals for Members admitted to a hospital for psychiatric reasons, the AdSS shall accept an assessment completed by the hospital if it meets the criteria needed to render a decision.
4. The AdSS shall require that the qualified clinicians do the following during the assessment meeting with the Member:
  - a. Make a clinical judgement to determine that the Member is competent, able, and willing to participate in an evaluation;
  - b. Obtain written consent to conduct the assessment from the Member or if applicable the Responsible Person unless the Member is under court order to undergo evaluation as part of Court Ordered Evaluation (COE) proceedings or Court

- Ordered Treatment (COT);
- c. Provide the Member or if applicable, the Responsible Person the information required in A.A.C. R9-21-301(D)(2), a Member rights brochure, and the Member's notice of right to appeal required by A.A.C. R9-21-401(B);
  - d. Obtain authorization for the release of information, if applicable, for any documentation that would assist in the determination of the Member's eligibility for SMI designation;
  - e. Conduct an assessment that is an accurate representation of the Member's current level of functioning if one has not been completed within the past six months, or if the existing assessment does not provide an accurate representation of the Member's current symptoms or functioning;
  - f. Complete the SMI determination packet on the SMI Provider Submission Portal; and
  - g. Upon completion, submit all information to the Determining Entity within one Business Day.

**C. CRITERIA FOR SMI ELIGIBILITY**

1. The AdSS shall require the final determination of SMI includes both a qualifying SMI diagnosis and functional impairment as a result of the qualifying diagnosis.
2. The AdSS shall refer to the Medical Coding Page on the AHCCCS website for a list of qualifying diagnoses.
3. The AdSS shall require, in order to meet the functional criteria for SMI status, dysfunction in at least one of the following four domains for most of the past 12 months or for most of the past six months with an expected continued duration of at least six months:
  - a. Inability to live in an independent or family setting without supervision;
    - i. Neglect or disruption of ability to attend to basic needs;
    - ii. Needs assistance in caring for self;
    - iii. Unable to care for self in a safe or sanitary manner;
    - iv. Housing, food and clothing is provided or arranged for by others;

- v. Unable to attend to the majority of basic needs of hygiene, grooming, nutrition, medical and dental care;
  - vi. Unwilling to seek prenatal care or necessary medical or dental care for serious medical or dental conditions;
  - vii. Refuses treatment for life threatening illnesses because of behavioral health disorder; or
  - viii. A risk of serious harm to self or others.
- b. Seriously disruptive to family or community:
- i. Pervasively or imminently dangerous to self or others' bodily safety;
  - ii. Regularly engages in assaultive behavior;
  - iii. Has been arrested, incarcerated, hospitalized or at risk of confinement because of dangerous behavior;
  - iv. Persistently neglectful or abusive towards others;
  - v. Severe disruption of daily life due to frequent thoughts of death, suicide, or self-harm, often with behavioral intent or plan; or

- vi. Affective disruption causes significant damage to the Member's education, livelihood, career, or personal relationships.
- c. Dysfunction in role performance:
  - i. Frequently disruptive or in trouble at work or at school;
  - ii. Frequently terminated from work or suspended or expelled from school;
  - iii. Major disruption of role functioning;
  - iv. Requires structured or supervised work or school setting;
  - v. Performance significantly below expectation for cognitive or developmental level; or
  - vi. Unable to work, attend school, or meet other developmentally appropriate responsibilities; or
- d. Risk of deterioration:
  - i. A qualifying diagnosis with probable chronic, relapsing and remitting course;
  - ii. Comorbidities including developmental and intellectual disability, substance use and personality

- disorders;
- iii. Persistent or chronic factors such as social isolation, poverty, extreme chronic stressors;
  - iv. Other, such as past psychiatric history, gains in functioning have not solidified or are a result of current compliance only, court-committed, care is complicated and requires multiple providers.
4. The AdSS shall not use the following reasons to deny SMI eligibility:
- a. An inability to obtain existing records or information; or
  - b. Lack of a face-to-face psychiatric or psychological evaluation.

**D. MEMBERS WITH CO-OCCURRING SUBSTANCE USE**

1. The AdSS shall require behavioral health providers, for purposes of SMI eligibility determination to follow the guidelines below when assessing functional impairment for Members with co-occurring substance use:
- a. For psychotic diagnoses other than substance-induced psychosis functional impairment is presumed to be due to the qualifying mental health diagnosis;

- b. For other qualifying psychiatric disorders, functional impairment is presumed to be due to the psychiatric diagnosis unless:
  - i. The severity, frequency, duration, or characteristics of symptoms contributing to the functional impairment cannot be attributed to the qualifying mental health diagnosis;
  - ii. The assessor can demonstrate, based on a historical or prospective period of treatment, that the functional impairment is present only when the Member is actively using substances or experiencing symptoms of withdrawal from substances; or
  - iii. In order to make such determinations, the assessor first looks at a period of either 30 Calendar Days or longer of abstinence, or 60 Calendar Days or longer of reduced use that is less than the threshold expected to produce the resulting symptoms and disability, and establish that the symptoms and resulting disability were no longer present after the 30 or 60 Calendar Day period and no longer required

mental health treatment to prevent recurrence of symptoms.

- c. A diagnosis of substance-induced psychosis can only be made if both of the following conditions are present:
  - i. There is no psychosis present before a period of substance use that is of sufficient type, duration, and intensity to cause psychotic symptoms; and
  - ii. The psychosis remits completely after a period of abstinence of 30 Calendar Days or less.
- d. Continuation of new onset psychotic symptoms after a 30 Calendar Day period of abstinence requires a presumptive diagnosis of a persistent psychotic disorder;
- e. For persistent psychosis of undetermined onset, the absence of clear remission of psychosis during a period of abstinence of 30 Calendar Days or less should be considered presumptive evidence of a persistent psychotic disorder for SMI eligibility purposes;
- f. For Members who are not able to attain or maintain a period of abstinence from substance use, who continue to use substances or do not experience consecutive days of

abstinence, this is not a disqualifier to initiate the SMI eligibility and determination process; and

- g. For Members who do not meet the 30 Calendar Day period of abstinence, this does not preclude them from the SMI eligibility determination process.

**E. PROCESS FOR COMPLETION OF FINAL SMI ELIGIBILITY DETERMINATION**

1. The AdSS shall develop policies and procedures that describe the providers' requirements for submitting the evaluation packet and providing additional clinical information for the Determining Entity to make the final SMI eligibility determination.
2. The AdSS shall require the evaluating agency to respond to the Determining Entity within three Business Days of a request for additional information to make a final SMI eligibility determination.

**F. ISSUES PREVENTING TIMELY COMPLETION OF ELIGIBILITY DETERMINATION AND EXTENSION OF TIME**

The AdSS shall allow an extension of up to 20 Calendar Days to initiate or complete the SMI eligibility determination if the Responsible Person agrees to the extension and:

- a. There is substantial difficulty scheduling a meeting in which all necessary participants can attend;
- b. The Member fails to keep an appointment for assessment, evaluation, or any other necessary meeting;
- c. The Member is capable of, but temporarily refuses to cooperate in the preparation of the completion of an assessment or evaluation;
- d. The Responsible Person requests an extension of time;
- e. Additional documentation has been requested but not received; or
- f. There is insufficient functional or diagnostic information to determine SMI eligibility within the required time periods, because the information available to the reviewer is suggestive of two or more equally likely working diagnoses, only one of which qualifies as SMI, and an additional piece of existing historical information or a face-to-face psychiatric evaluation is likely to support one diagnosis more than the other.

**G. RE-ENROLLMENT OR TRANSFER**

1. The AdSS shall ensure the following:

- a. Behavioral health providers initiate the SMI determination process for adolescents as specified in AdSS Medical policy 587 and AdSS Medical policy 520;
- b. A Member with active enrollment shall retain their SMI status unless a determination is made by a Determining Entity that the Member no longer meets the criteria; and
- c. If a Member's status is SMI at disenrollment, while incarcerated, or transition to another health plan, the Member's status shall continue as SMI.

#### **H. REMOVAL OF SMI DESIGNATION**

1. The AdSS shall include in policies and procedures that are made available to providers, the process for reviewing a SMI designation and meet the following criteria:
  - a. A review of the eligibility determination shall not be requested within the first six months from the date a Member has been designated as SMI eligible;
  - b. A review of the Member's SMI designation from the Determining Entity shall be requested:
    - i. As part of an instituted, periodic review of all Members designated to have an SMI;

- ii. When there has been a clinical assessment that supports the Member no longer meets the functional and or diagnostic criteria; or
    - iii. As requested by a Member who has been determined to meet SMI eligibility criteria, or by the Responsible Person or Designated Representative.
  - c. Based on review of the request and clinical data provided, removal of the SMI behavioral health category shall occur if:
    - i. The individual is an enrolled Member and has not received any behavioral health service within the past six months; or
    - ii. The Member is determined to no longer meet the diagnostic and or functional requirements for SMI designation.
- 2. The AdSS shall require services to continued in the event of a timely filed appeal, and require them to be appropriately transitioned.

3. The AdSS shall process requests for claims verification for the purpose of processing a review on a determination within seven days of receiving the request.

## **SUPPLEMENTAL INFORMATION**

The information contained in Sections A through D of this policy are AHCCCS requirements for the Determining Entity authorized by AHCCCS to make the final SMI designation determinations.

### **A. DETERMINING ENTITY RESPONSIBILITY FOR COMPLETION OF FINAL ELIGIBILITY DETERMINATION**

1. A licensed psychiatrist, psychologist or nurse practitioner designated by the Determining Entity shall make a final determination as to whether the Member meets the eligibility requirements for SMI status based on:
  - a. A face-to-face assessment or reviewing a face-to-face assessment by a qualified clinician; and
  - b. A review of current and historical information, if any, obtained orally or in writing by the assessor from collateral sources, or present or previous treating clinicians.
2. The following shall occur if the designated reviewing psychiatrist, psychologist or nurse practitioner has not conducted a face-to-face assessment and has a disagreement with the current evaluating or treating qualified behavioral health

professional or behavioral health technician that cannot be resolved by oral or written communication:

- a. Disagreement regarding diagnosis: Determination that the Member does not meet eligibility requirements for SMI status shall be based on a face-to-face diagnostic evaluation conducted by a designated psychiatrist, psychologist, or nurse practitioner. The resolution of specific reasons for the disagreement shall be documented in the Member's comprehensive clinical record; and
  - b. Disagreement regarding functional impairment: Determination that the Member does not meet eligibility requirements shall be documented by the psychiatrist, psychologist or nurse practitioner in the Member's comprehensive clinical record to include the specific reasons for the disagreement and shall include a clinical review with the qualified clinician.
3. If there is sufficient information to determine SMI eligibility, the Member shall be provided written notice of the eligibility determination within three Business Days of the initial meeting with the qualified clinician.

4. The Determining Entity shall provide notification of the eligibility determination result to AHCCCS via the AHCCCS Behavioral Health Web Portal and to the provider who completed the Assessment and evaluation through an agreed upon medium.
5. Once a SMI eligibility determination decision is made and submitted to AHCCCS, AHCCCS will update the Member's behavioral health category to SMI respectively and will provide the eligibility determination documentation to the MCO of enrollment, as applicable, via the AHCCCS Secured File Transfer Protocol (SFTP) server.

**B. DETERMINING ENTITY RESPONSIBILITY DUE TO ISSUES  
PREVENTING TIMELY COMPLETION OF ELIGIBILITY  
DETERMINATION AND EXTENSION OF TIME**

1. The Determining Entity shall:
  - a. Document the reasons for the delay in the Member's eligibility determination record when there is an administrative or other emergency that will delay the determination of an SMI status; and
  - b. Not use the delay as a waiting period before determining an SMI status or as a reason for determining that the

Member does not meet the criteria for SMI eligibility because the determination was not made within the time standards.

2. In situations where the extension is due to insufficient information:
  - a. The Determining Entity shall request and obtain the additional documentation needed or perform or obtain any necessary psychiatric or psychological evaluations;
  - b. The designated reviewing psychiatrist, psychologist or nurse practitioner must communicate with the Member's current treating clinician, if any, prior to the determination of an SMI, if there is insufficient information to determine the Member's level of functioning; and
  - c. Eligibility shall be determined within three Business Days of obtaining sufficient information, but no later than the end date of the extension.
3. If the evaluation or information cannot be obtained within the required time period because of the need for a period of observation, abstinence or reduction from substance use in order to establish a qualifying mental health diagnosis, the Member

shall be notified by the Determining Entity that the determination shall, with the agreement of the Member, be extended for up to 60 Calendar Days for an extended evaluation period. This is a 60 Calendar Day period of abstinence or reduced use from drug or alcohol use in order to help the reviewing psychologist make an informed decision regarding SMI eligibility.

4. This extension shall be considered a technical re-application to compliance with the intent of A.A.C. R9-21-303; however, the Member does not need to reapply. Alternatively, the determination process shall be suspended, and a new application initiated upon receipt of necessary information.
5. If the Member refuses to grant an extension, SMI eligibility shall be determined based on the available information.
6. If SMI eligibility is denied, the Member shall be notified of their appeal rights and the option to reapply in accordance with this policy.

**C. DETERMINING ENTITY RESPONSIBILITY FOR NOTIFICATION  
OF SMI ELIGIBILITY DETERMINATION**

1. If the Member is determined to qualify for an SMI designation, this shall be reported to the Member or Responsible Person by the Determining Entity, in writing, including notice of the Member's right to appeal the decision on the form approved by AHCCCS.
2. If the eligibility determination results in a determination that the Member does not qualify for an SMI designation, the Determining Entity shall provide written notice of the decision and include:
  - a. The reason for denial of SMI eligibility;
  - b. The right to appeal; and
  - c. The statement that Title XIX/XXI eligible individuals shall continue to receive needed Title XIX/XXI covered services.  
  
In such cases, the Member's behavioral health category assignment shall be assigned based on criteria in the AHCCCS Technical Interface Guidelines.

**D. DETERMINING ENTITY RESPONSIBILITY FOR REMOVAL OF SMI DESIGNATION**

1. Upon removal of an SMI designation, the Determining Entity is responsible for the following:

- a. Inform the Member of changes that shall occur as a result of the SMI designation removal;
- b. Provide written notice of the determination and the Member’s right to appeal within 30 Calendar Days from the date of the written notice of determination is issued.

*Vicki D. Copeland, MD*

Vicki D. Copeland, MD

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Signature of Chief Medical Officer

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Name

2026-02-08

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Date