Iowa Medicaid
Iowa HHS

Policy Clarification #000303

Behavioral Health Providers Billing Medicare

November 14, 2025

To: Iowa Medicaid Managed Care Plans

This letter is a formal notification of the Department's expectations related to the operations and implementation of Iowa Medicaid under the managed care program.

Purpose of this communication (check all that apply):

☒ Provide formal guidance
☐ Clarification of existing Iowa Medicaid policy
    Federal mandate: [cite CFR]
    Iowa Code: [cite section]
    Iowa Administrative Code: [cite IAC]
    Managed Care Contract (if applicable): [cite contract section and if MCO or PAHP]
☐ Guidance on new process or policy
☐ Replacement of prior PC: [PC #]

Effective for claims received by the Managed Care Organizations (MCOs) on or after December 1, 2025, marriage and family therapists (MFTs), mental health counselors (MHCs), Substance Use Disorder Counselors, and providers of Intensive Outpatient Program (IOP) services must be enrolled with Medicare to continue serving Iowa Medicaid members who have Medicare as their primary insurance. Starting on that date, Medicare will be the primary payer for these services, with Iowa Medicaid (MCO) responsible only for secondary cost-sharing such as coinsurance and deductibles. This change reflects the

CMS expansion of coverage recognizing MFTs, MHCs, and IOP services under the Consolidated Appropriations Act of 2023, ending the previous exemption that allowed Medicaid to serve as the primary payer for services not previously recognized by Medicare.

Service providers who treat dual eligible members are required to enroll with Medicare for primary payment. Claims submitted for services rendered by a practitioner or entity who have opted out of Medicare will be denied by the MCOs.

The GY modifier should be used on Medicare primary claims only when the service or practitioner is categorically excluded from Medicare coverage. This includes the below situations where Medicare is primary:

1. Per Medicare rules providers who are temporary licensed are not able to bill independently and their supervisor is not able to bill on behalf of a temporary licensed provider. Claims submitted to the MCOs may be billed under the supervisor's NPI with the GY appended to the CPT/HCPCs submitted.
2. CMHC, CCBHC, and Behavioral Health Facility claims billed without a practitioner when the services are rendered by a practitioner who is ineligible based on specialty to enroll with Medicare.

It is critical to note that incorrect use of the GY modifier—such as applying it to services that are merely denied or not reimbursed by Medicare—may result in claim denials or trigger recovery actions. Enrolling with Medicare: Medicaid-enrolled MFTs, MHCs, Substance Use Disorder Counselors, and IOP service providers interested in becoming Medicare-enrolled should follow the enrollment instructions available at: https://www.cms.gov/files/document/marriage-and-family-therapists-and-mental-health-counselors-faq-09052023.pdf

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Guidance-At-A-Glance

Category / Service	**Current through 11/30/2025 Primary Payer**	**Current Typical Codes (IA Medicaid)**	**Effective** for claims received **12/1/2025 01/01/2026 Primary Payer**	**Effective** for claims received **12/1/2025 Medicare Billing Elements***
Marriage & Family Therapists (MFT)	Iowa Medicaid may act as primary for duals if provider is not Medicare enrolled; otherwise, Medicare primary when furnished by ‘enrolled providers (per 1/1/2024 coverage).	General psychotherapy CPTs as allowed by IA Medicaid (e.g., 90832, 90834, 90837, 90853)	Medicare pays first for any service it covers for dually enrolled members. If a provider bills Iowa Medicaid as primary for those services, the claim will be denied unless the Medicare EOB ** is attached.	Bill Part B using applicable psychotherapy CPTs; standard OPPS/professional rules apply.
Mental Health & Substance Use Disorder Counselors				
Intensive Outpatient Program (IOP) Facility-based (Hosp OPD, CAH, CMHC, CCBHC)		Revenue Code 0906 with H0015 (with or without TG modifier)		Condition code 92; TOB: 13X (OPD), 85X (CAH), 76X (CMHC, CCBHC). Status Indicator P (per diem composite APC). G0539 & G0540 (caregiver training) recognized for PHP/IOP effective 1/1/2025. RHC & FQHC (Rev Code 905)

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Provider Type	Medicare Enrollment	Medicaid (IA) Billing Role	Typical CMS/NUCC Taxonomy Code(s)	Notes
Licensed Clinical Social Worker (LCSW)	✅ Yes	Secondary	**1041C0700X** (Clinical Social Worker)	Can bill Medicare Part B directly; recognized under the CSW benefit.
Licensed Independent Social Worker (LISW)	⚠️ Possibly	Primary if not recognized by CMS	**1041C0700X** (same as LCSW)	Iowa's LISW = functionally equivalent to LCSW; can enroll as LCSW if meets CMS definition.
Licensed Master Social Worker (LMSW)	❌ No	✅ Medicaid	**1041S0200X** (Social Worker)	Not eligible to bill Medicare directly; can work under supervision.
Licensed Marriage & Family Therapist (LMFT)	✅ Yes (since 1/1/2024)	Secondary	**106H00000X** (Marriage & Family Therapist)	Can now enroll independently in Medicare.
Licensed Mental Health Counselor (LMHC)	✅ Yes (since 1/1/2024)	Secondary	**101Y00000X** (Counselor), **101YM0800X** (Mental Health Counselor)	Medicare-recognized under new MHC benefit; independent billing allowed.
Licensed Mental Health Professional (LMHP)	❌ No (umbrella title)	✅ Medicaid	Varies; umbrella for MFT, LMHC, LISW, etc.	Not a recognized Medicare provider type

Psychologist (PhD/PsyD – Clinical)	✅ Yes	Secondary	**103T00000X** (Psychologist), **103TC0700X** (Clinical)	Fully recognized under the Clinical Psychologist benefit.
Psychiatrist (MD/DO)	✅ Yes	Secondary	**2084P0800X** (Psychiatry), **2084P0802X** (Addiction Psychiatry)	Fully recognized as physicians under Medicare.
Psychiatric Nurse Practitioner (PMHNP)	✅ Yes	Secondary	**363LP0808X** (Psychiatric/Mental Health NP)	Can bill Medicare independently under NP benefit.
Clinical Nurse Specialist (CNS – Psych/MH)	✅ Yes	Secondary	**364SP0808X**	Medicare-recognized NPP; can bill for psych services.
Physician Assistant (PA)	✅ Yes	Secondary	**363A00000X**	Can provide and bill under supervising physician; mental health included.
Certified Nurse-Midwife (CNM)	✅ Yes	Secondary	**367A00000X**	Recognized by Medicare, may perform certain behavioral health services.
Certified Alcohol & Drug Counselor (CADC, IADC)	✅ Yes (as MHC if licensed)	✅ Medicaid	**101YA0400X** (Addiction Counselor)	If licensed per CMS's Mental Health Counselor definition, may enroll under MHC benefit.

Psychiatric Technician / Behavior Technician (BT, RBT)	❌ No	✅ Medicaid	**106E00000X**	Ancillary staff; services billed under supervising clinician.
Applied Behavior Analyst (BCBA)	❌ No	✅ Medicaid	**103K00000X**	Not covered under Medicare; Medicaid covers ABA for children.

*Please refer to formal Medicare billing guidance for official and up to date guidance on billing requirements.

**An explanation of benefits (EOB) from the primary carrier is not a guarantee of payment by Iowa Medicaid (MCOs). Providers must comply with the primary payer's policies and requirements, including (but not limited to) timely filing, prior authorization, and billing rules. If the primary payer (e.g., Medicare) denies or reduces payment due to provider noncompliance with its policies, Iowa Medicaid, as payer of last resort, may issue a corresponding denial or limit payment accordingly.

For further information regarding this change, please review the CMCS Informational Bulletin available at: https://www.medicaid.gov/sites/default/files/2023-12/cib12142023.pdf

Related to this Policy Clarification:

- Effective date of this Policy Clarification: Effective for claims received on or after December 1, 2025
- Claims processing requirement:
  - ☐ Prospective
  - ☐ Retroactive
  - ☒ Not applicable

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Attestation:

I hereby acknowledge receipt and understanding of this policy clarification, including all specified requirements and deadlines.

Name_____ Date_____

The department will monitor progress towards implementation and may impose remedies for failure to implement.

Sincerely,

Contract Manager
Managed Care Contract Manager