



# Monarch's Guide to Medical Necessity & Payer Best Practices in Behavioral Health

Ensuring Documentation Aligns with Clinical Care and Reimbursement Integrity



# Understanding Medical Necessity in Behavioral Health

Establishing criteria and documentation to ensure reimbursement compliance



## Define medical necessity in behavioral health reimbursement

Medical necessity is essential for securing appropriate payment and requires clear establishment and documentation within behavioral health services.



## Apply key criteria for medical necessity

Services must be clinically appropriate for diagnosis, delivered in the least restrictive safe setting, expected to improve or prevent condition deterioration, and supported by clinical evidence and documentation.



## Emphasize documentation importance

If a service is not documented as medically necessary, reimbursement will be denied, highlighting the critical need for thorough and accurate clinical records.



## Understand consequences of lacking medical necessity

Claims without a strong medical necessity foundation risk denial, leading to operational and financial challenges for organizations.

# Documentation Essentials & Payer Expectations

Where and How to Document Medical Necessity and Comply with Payer Requirements

Document	What to Include
Assessment	Clear DSM-5 diagnosis, symptoms, functional impairment, and reason for current level of care
Treatment Plan	Measurable goals linked to impairments, with interventions tied to symptoms and diagnosis
Progress Notes	Clinical interventions (not summaries), client response, ongoing justification for care
Discharge Plan	Status of goals, reason for discharge, next steps for continuity and risk mitigation
Concurrent Reviews	Data points supporting ongoing need: client progress, acuity, risk, engagement

# Common Documentation Pitfalls & Monarch's Compliance Support

Avoid errors and strengthen compliance with expert audit and training services



## Avoid frequent documentation errors risking reimbursement and compliance

Common pitfalls include missing diagnosis-service links, vague goals, generic progress notes, unchanged treatment plans over 90+ days, unqualified staff delivering services, missing session times and absent risk stratification or stay justification.



## Leverage Monarch's fractional compliance and clinical executive support

Monarch Integration Partners assists behavioral health providers by auditing charts for medical necessity, embedding outcome, based models, training clinical teams on payer compliant documentation, preparing for audits, and aligning workflows to reduce denials.



# Getting Started with Monarch: Next Steps for Success

A clear, actionable process to improve documentation and reimbursement alignment

1

## 30-Minute Introductory Call

Understand current practices and challenges through an initial discussion.

2

## Pre-Visit Questionnaire

Collect detailed information to customize the upcoming review process.

3

## Site Visit (Virtual or On-Site)

Conduct a thorough assessment of workflows and documentation accuracy.

4

## Comprehensive Report Delivered Within 7 Business Days

Receive detailed findings with prioritized recommendations for improvement.

5

## Actionable Next Steps

Implement immediate strategies to reduce risk, improve documentation, and align with payers.

# *Thank You for Reading*

We appreciate you taking the time to explore this resource.

At Monarch Integration Partners, we believe that strategic leadership, clinical excellence, and operational strength should be accessible at every stage of growth in behavioral healthcare.

Whether you're navigating expansion, improving payer alignment, or strengthening your internal systems, our team is here to support your journey with expertise that scales.

## **Ready to take the next step?**

Let's talk about how Monarch's fractional leadership can help you drive measurable results for your organization, your clients, and your future.

[www.monarchintegration.com](http://www.monarchintegration.com)  
[connect@monarchintegration.com](mailto:connect@monarchintegration.com)

