

SEPTEMBER 28, 2026 | PUBLICATION

Client Alert: Ohio Medicaid Proposes Sweeping Changes to Behavioral Health Coverage Rules: What Providers Need to Know

Overview

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The Ohio Department of Medicaid (ODM) has circulated proposed revisions to its behavioral health coverage rules that, if adopted, would represent the most significant restructuring of Medicaid-covered behavioral health services in Ohio in years. The proposed rulemaking encompasses 11 rules—six proposed for amendment and five proposed for rescission and replacement with new rules—and would affect virtually every community behavioral health provider in the state.

These draft rules have not yet been formally filed. They were presented by ODM Director Scott Partika to ODM Clearance Reviewers as part of a revision package motivated by three objectives: (1) fulfilling Ohio's five-year rule revision requirements, (2) updating and clarifying existing Medicaid policy, and (3) strengthening safeguards against fraud, waste, and abuse. [Click here to view a chart that summarizes the proposed changes; we highlighted in yellow in the chart and briefly summarize below the changes we deem to be most significant.](#)

- **Permits ODM to Authorize Limits on Services Without Having to Seek Rule Changes**

Perhaps the most substantial change is the proposed replacement of fixed, rule-based service coverage limits with a flexible, master-list-based authorization framework. Under the proposed revisions, ODM would gain the authority to impose or adjust limitations on service initiation, continuation, frequency, scope, duration, and same-day allowances through a master list published on the ODM website rather than through the rules themselves. This shift means that service limitations could change at any time outside of the formal rulemaking process. Providers will no longer be able to rely solely on the Ohio Administrative Code (OAC) for a complete picture of coverage parameters. Instead, they will need to regularly monitor the ODM website for updates to the master list. This change undermines providers' ability to rely on service definitions and manage their programs accordingly.

- **Restructures Intensive Outpatient and Partial Hospitalization Program Billing**

The proposed rescission and replacement of Rule 5160-27-06 would distinguish Intensive Outpatient Program (IOP) services—reimbursed on an hourly basis with a maximum of 10 hours per week—from Partial Hospitalization Program (PHP) services —reimbursed on a per diem basis, requiring a minimum of 3.5 hours per day and 10.5 hours per week. PHP recipients who fail to meet the 10.5-hour weekly minimum for two consecutive weeks would lose their authorization, though services may be reimbursed at the lower IOP level. The proposed rule prohibits same-day IOP and PHP billing for adults, with a narrow exception for OhioRISE enrollees age 18 and older.

- **Changes to Therapeutic Behavioral Services**

ODM proposes to rescind OAC 5160-27-08 and adopt a replacement rule that substantially reworks the scope and delivery of therapeutic behavioral services (TBS).

The proposed rule expands the TBS definition to emphasize psychoeducation and evidence-based interventions, specifically identifying cognitive behavioral therapy, dialectical behavior therapy, motivational interviewing, trauma-informed care, mindfulness, and exposure therapy as recognized TBS modalities. The rule also reorganizes TBS activity descriptions to cover treatment planning across the full episode of care, strategy identification and progress monitoring, supportive counseling, psychoeducation, and restoration of social skills and daily functioning.

The proposed rule permits TBS to be delivered in a group setting, subject to a 1:12 professional-to-recipient ratio and a cap of 10.5 hours per week, and allows up to one hour per day of group TBS on the same day as mental health IOP services when the treatment plan differentiates the goals.

Notably, TBS will no longer be reimbursable for services that more accurately fall under OAC 5160-34-02.

Coverage limitations for TBS will no longer be fixed in the rule itself but will instead be governed by the ODM master list published on the ODM website.

- **Increases Substance Use Disorder Billing Restrictions**

Under proposed Rule 5160-27-09, Substance Use Disorder (SUD) group counseling is not permitted on the same day as IOP or PHP. Additionally, a service gap exceeding 24 hours is treated as a termination of an admission and prohibits billing SUD residential services on the day of discharge.

We will continue to monitor the rulemaking process as these rules move through the formal filing and public comment process. Providers are encouraged to participate in the public comment period once these rules are formally filed.

If you have any questions about how the proposed changes may impact your operations or you would like assistance submitting public comments, please contact Daphne Kackloudis, Jordan Burdick, or Kate Crawford.