



Substance Use Disorder Changes Coming Soon

The 2025 legislative session included multiple changes which affect SUD service providers that have a planned effective date of July 1, 2026. Providers should be reviewing and preparing for these changes, so they are ready to implement them on the effective date.

- For all SUD providers: New types and descriptions for SUD treatment services in statute 245G.07.
- For outpatient SUD providers: New billing codes and procedures

Details of the legislation can be found on the [DHS SUD Reform website](#). All changes require federal approval before becoming effective.

The [MHCP Provider Manual](#), including the Revenue and Procedure Codes table and the SUD Service Rate Grid, will be updated closer to the effective date of changes.

SUD Services Changes for All Providers

What is changing

Treatment service types

The types of treatment services for SUD providers were modified to align with ASAM standards. SUD treatment programs must offer counseling, psychoeducation, and treatment coordination (as needed) to clients unless clinically inappropriate and the justifying clinical rationale is documented. SUD treatment programs may also choose to offer recovery support and peer recovery, based on individual client needs. Other SUD providers may offer treatment services according to the vendor eligibility requirements in [MN Statutes, section 254B.0501](#).

SUD Treatment Service	Description	Format	Qualifications
Counseling	Provide client with professional assistance in managing substance use disorder and co-occurring conditions	Can be provided individually or in a group of up to 16 clients	Alcohol and drug counselors and other qualified professionals in the mental health and medical field (see next section)

SUD Treatment Service	Description	Format	Qualifications
Psychoeducation	Provide client with information about substance use and co-occurring conditions	Can be provided individually or in a group	Alcohol and drug counselors and other qualified professionals in the mental health and medical field (see next section)
Treatment Coordination	Coordinate or assist client in obtaining resources and services that support recovery that are not available within the SUD program, when needed	Can be provided individually, on behalf of a single client, or to a single client and other supports or professionals involved in the client's treatment and recovery	Treatment coordinator qualified according to section 245G.11, subdivision 7 or alcohol and drug counselor qualified according to section 245G.11, subdivision 5
Recovery Support (optional)	Support and assist client with restoring skills and functioning for stability, community integration, and well-being	Can be provided individually or in a group.	Behavioral health practitioner qualified according to section 245G.11, subdivision 12
Peer Recovery (optional)	Support maintenance of a client's recovery by promoting recovery goals, self-sufficiency, self-advocacy, and development of natural supports	Can be provided individually.	Recovery peer qualified according to section 245G.11, subdivision 8

Professionals qualified to provide services

The following is a current list of professionals, required by [Minnesota Statutes, section 245G.07, subdivision 3, paragraph \(b\)](#), who are qualified to provide psychosocial treatment services when working within their professional scope of practice. Psychosocial services are counseling and psychoeducation, as described in [Minnesota Statutes, section 245G.07, subdivision 1a](#). The specific services allowed to be provided by each of these credentials are limited to the scope of practice allowed by the applicable licensing board. Some scopes of practice are limited to very specific types of services and only under certain conditions. All licenses must be valid and issued by a Minnesota licensing board.

- Alcohol and Drug Counselor, as described in [Minnesota Statutes, section 245G.11, subdivision 5](#)
- Alcohol and Drug Counselor - Temporary Permit, as described in [Minnesota Statutes, section 245G.11, subdivision 11](#)
- Student intern and former student as described in Minnesota Statutes, sections [245G.11, subdivision 10](#), and [245G.01](#), subdivisions 13c and 21
- Licensed Mental Health Professionals (MHP), as described [Minnesota Statutes, section 245I.04, subdivision 2](#).
- Master’s level mental health students or licensing candidates supervised according to their board standards
- Licensed Social Worker (LSW)
- Licensed Graduate Social Worker (LGSW)
- Licensed Independent Social Worker (LISW)
- Licensed Professional Counselor (LPC)
- Licensed Associate Marriage and Family Therapist (LAMFT)
- Licensed Psychological Practitioner (LPP)
- Registered Nurse (RN)
- Licensed Practical Nurse (LPN) - (may only provide individual education per Board of Nursing)
- Advanced Practice Registered Nurse (APRN)
- Physician Assistant (PA)
- Medical Doctor (MD)
- Doctor of Osteopathic Medicine (DO)
- Licensed Nutritionist
- Licensed Dietitian
- Licensed Occupational Therapist

ASAM Level of Care Alignment

Each ASAM level of care requires a standardized amount of clinical treatment services per week, which are listed in [MN Statutes, section 254B.19, subdivision 1, paragraph \(a\)](#). The statute was modified to identify the required services as “psychosocial” services to align ASAM 4th Edition, rather than “skilled” services, which is from ASAM 3rd Edition. Psychosocial services are defined in [MN Statutes, section 245G.07, subdivision 1a](#), as counseling and psychoeducation. Ancillary services (recovery support and peer recovery) and treatment coordination do not count towards the required amounts of psychosocial treatment services for each level of care but may be provided in addition to the psychosocial services.

What providers need to do

Review and revise treatment services policies

Make sure you have an updated description of treatment services ready to implement.

- The description of treatment services, required by [MN Statutes, section 245G.12, clause \(10\)](#), must include the amount and type of services provided, according to the revised service types.
- Services need to meet the requirements for the ASAM level(s) of care being provided, as required by [MN Statutes, section 254B.19, subdivision 1, paragraph \(a\)](#), including the change from “skilled treatment services” to “psychosocial services” noted above.
- Outpatient providers may choose to revise their schedule based on the new 15-minute billing units, for example to have shorter groups to accommodate client needs or to have a brief psychoeducation session followed by a longer counseling session.

Discuss types of services with staff

Make sure that staff providing services understand the treatment service changes and can differentiate between the service types.

- Counseling and psychoeducation: These services are both provided by qualified substance use, mental health, or medical professionals, but have different presentations and purposes.
 - The descriptions of counseling and psychoeducation in [MN Statutes, section 245G.07, subdivision 1a](#) are adapted from ASAM 4th Edition with some additional detail meant to be examples of the two types of services.
 - Counseling provides guidance in managing substance use and co-occurring disorders using therapeutic interactions including individualized feedback and emotional processing.
 - Psychoeducation provides information about substance use and co-occurring disorders using educational approaches, including structured presentations, didactic teaching, and experiential learning.
 - Providers can also refer to the definitions of counseling and client education in the Alcohol and Drug Counselors Licensing chapter, [MN Statutes, section 148F.01, subdivision 10](#):
 - (6) "counseling" means the utilization of special skills to assist individuals, families, or groups in achieving objectives through exploration of a problem and its ramifications; examination of attitudes and feelings; consideration of alternative solutions; and decision making.
 - (9) "client education" means the provision of information to clients who are receiving or seeking counseling concerning alcohol and other drug abuse and the available services and resources.
- Recovery support, peer support, and treatment coordination: These services may be provided in addition to the required amounts of psychosocial services, as needed based on client needs. They have different qualifications to provide them and different purposes.
 - Recovery support provides assistance in restoring daily living ability affected by substance use, help with developing skills and routines for successful community integration, and support to restore the client's functioning and stability. It is provided by a behavioral health practitioner, primarily utilizing skill-based techniques.
 - Peer recovery provides non-clinical support to promote a client's recovery goals, self-sufficiency, self-advocacy, and development of natural supports. It is provided by a recovery peer, primarily

- using their lived experience to support maintenance of recovery and assist the client in navigating their recovery journey. Peer recovery must be provided on a one-to-one basis.
- Treatment coordination brings together agencies, resources, or people within a planned framework of action to ensure the client obtains necessary support and services not directly provided by the treatment program. It is provided by a staff person who meets the qualifications of a treatment coordination provider. Treatment coordination must be provided to a single client but may be provided in a setting with the client and other professionals or supports involved in the client's treatment and recovery. Treatment coordination is not required to be provided face-to-face and may be provided by a qualified staff person on behalf of an individual client, such as coordinating a referral to outside services.
 - Supportive services, such as transportation, supervision, or waiting with clients at appointments are not treatment services.

Review treatment services documentation procedures

Make sure that documentation of each treatment service will include the type of service provided, as required by [MN Statutes, section 245G.06, subdivision 2a](#), aligned with the revised service types.

- The format of the service, such as group or individual, is different from the type of service. Treatment service types are described in MN Statutes, section 245G.07.
- The type and amount must be documented for each service session, even when billing a per diem rate or billing a combined total number of units for multiple sessions of the same service type in a day.

Review and revise staff policies and procedures if needed

Make sure that staff qualifications align with the type of services that will be provided.

- Review the list of professionals qualified to provide psychosocial services (counseling and psychoeducation) and ensure staff will meet the requirements and that personnel policies are aligned.
- If your program will provide recovery support services, develop a job description which aligns with the qualifications for a behavioral health practitioner in [MN Statutes, section 245G.11, subdivision 12](#).
- Ensure that your personnel policies differentiate between position roles. It is not recommended for a staff person to simultaneously have both a clinical role and non-clinical role in a program, as it may cause confusion for clients about the staff person's role. The code of ethics for some certifications and licenses may also discourage or prohibit holding dual roles. If a dual role is appropriate, make sure there are policies and procedures that address how that is handled.

SUD Billing Changes for MHCP Outpatient Providers

What is changing

Codes, units, and rates

Legislation required establishing new outpatient billing codes and rates to correspond to the revised treatment services, and mandated that the codes be based on 15-minute units. The procedure codes and rates below will be effective for services provided on or after July 1, 2026, pending federal approval. MHCP providers that bill for time-based SUD outpatient services will be required to use the new procedure codes and will not be able to use procedure code H2035. DHS is still determining if outpatient SUD providers that bill a daily rate or encounter rate will use the new procedure codes.

SUD Treatment Services	Outpatient Procedure Code	Rate per 15-minute unit
Individual counseling	H0004 with modifier U8	\$21.63
Group counseling	H0005 with modifier U8	\$10.51
Individual psychoeducation	H2027 with modifier U8	\$18.58
Group psychoeducation	H2027 with modifiers U8 HQ	\$9.03
Individual recovery support	H2017 with modifier U8	\$13.51
Group recovery support	H2017 with modifiers U8 HQ	\$7.92
Treatment coordination (no change)	T1016 with modifiers HN U8	\$37.13
Peer recovery support (no change)	H0038 with modifier U8	\$15.02

The rate for each new type of service was determined based on qualifications required to provide the service, complexity of the service, and maximum group size for that type of service.

Rate enhancements

The enhanced rate options described in [MN Statutes, section 254B.0507](#) can be applied to psychosocial service claims (counseling and psychoeducation) when a provider has been approved for the enhancement and meets the requirements of that section. Each enhancement is a percentage of the base service rate and that ratio did

not change; however, the units were adjusted to 15 minutes to match the units for the base rate. The additional rates per 15-minute unit for psychosocial services are:

SUD Treatment Services	Co-Occurring Services	Culturally Specific or Disability Responsive	Medical Services	Clients with Children
Individual counseling	+1.62	+\$1.98	+\$4.33	+\$1.98
Group counseling	+0.79	+\$0.96	+\$2.10	+\$0.96
Individual psychoeducation	+1.39	+\$1.70	+\$3.72	+\$1.70
Group psychoeducation	+\$0.68	+\$0.83	+\$1.81	+\$0.83

Claim format types

All outpatient substance use disorder service claims are billed as either Claim Format 837I (institutional) or 837P (professional). Once the new billing procedures are effective, the Claim Format to be used should be determined by the type of provider submitting the claim:

- For outpatient SUD providers that bill for time-based services:
 - SUD programs licensed by the state or tribal government will submit claims as Claim Format 837I / Type of Bill 89X or 13X.
 - Other eligible SUD providers will submit claims as Claim Format 837P.
- For outpatient SUD providers that bill a daily rate or encounter rate, DHS is still determining if the changes will affect how claims are submitted.

Revenue codes

Outpatient SUD programs with an ASAM Level of Care that submit claims as Claim Format 837I will need to include a revenue code on each claim to identify the level of care provided to the client:

- Level of Care 1.0: use one of the following three codes:
 - 0944 for a client who has a drug use disorder
 - 0945 for a client who has an alcohol use disorder
 - 0953 for a client who has both drug use and alcohol use disorder
- Level of Care 2.1: use new code 0906
- Level of Care 2.5: use new code 0913

Limits and authorization

Outpatient SUD services are subject to daily limits for specific procedure codes as well as daily and weekly limits for combinations of certain types of services. Applicable limits for the new procedure codes will be identified in the [MHCP Provider Manual](#).

- [MN Statutes, section 254B.0505, subdivision 4](#) states that payment for outpatient substance use disorder services that are licensed according to sections 245G.01 to 245G.17 is limited to six hours per day or 30 hours per week unless prior authorization of a greater number of hours is obtained from the commissioner.
 - Currently, this limit applies to any treatment service billed as procedure code H2035, which can include counseling, education, and additional services provided by a qualified professional.
 - Effective for services provided on or after July 1, 2026, pending federal approval, this limit will apply to psychosocial services (counseling and education). Any combination of procedure codes H0004 U8, H0005 U8, H2027 U8, and H2027 U8 HQ will be limited to six hours (24 units) per day or 30 hours (120 units) per week without authorization.
- The authorization process described in the [MHCP Provider Manual](#) will remain the same.
- Recovery support services (procedure code H2017 U8) will have maximum of 16 units (4 hours) per client per day for combined individual and group service.

What providers need to do

Review vendor eligibility and service requirements

The list of eligible vendors for SUD services is found in [MN Statutes, section 254B.0501](#). Only certain provider types are eligible vendors of recovery support services. Counseling and psychoeducation provided by an eligible professional in private practice must be provided according to sections MN Statutes, section 245G.06 (individual treatment plan requirements) and MN Statutes, section 245G.07, subdivisions 1, 1a, and 1b (treatment services requirements), and cannot be provided before the comprehensive assessment is completed.

Review billing system and procedures

Providers should start preparing to make changes as needed in their billing procedures.

- Review the new codes identified above and make sure staff understand how the codes correspond to specific service types. Outpatient SUD providers that bill for time-based services will not be able to use procedure code H2035 for “individual treatment” or “group treatment” for services provided after the changes are effective. They will still be able to use H2035 to bill for services provided prior to the effective date of the changes, based on the MHCP billing timelines.
- Make sure your system allows you to bill in 15-minute units. Services with time-based units are intended to be scheduled and provided based on that increment.
- Review the information in the “Billable Units and Time Requirements” section of the [MHCP Provider Manual](#) which will still apply after the billing procedure changes are effective:

- If a provider performs two or more of the same service for a client in a day, the billable unit for the day is based on the total combined minutes of service provided. When determined the total, only the actual number of minutes of service provided, not including breaks, can be counted.
- Overlapping claim submission times are duplicative and ineligible for payment. Once a unit of time has been “claimed”, another service cannot be provided and claimed during the same time period.

Questions

Send questions to SUD.Direct.Access.DHS@state.mn.us or contact the DHS policy area which oversees your program type.