sonoma county
DEPARTMENT OF HEALTH SERVICES
BEHAVIORAL HEALTH DIVISION

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To: All Outpatient SUD and MH Direct Service Providers

From: Tracie Squiers and Serina Torres, DHS-BHD Quality Assurance Managers

Cc: Chris Marlow, DHS-BHD QAPI Section Manager

Date: July 23, 2026

RE: Guidance on Non-Licensed staff entering diagnoses into SmartCare and ICD-10 Billing Requirements During the Assessment Phase Under CalAIM

Overview
CalAIM allows behavioral health providers to deliver and bill medically necessary services before a formal diagnosis is established, supporting timely access to care. To ensure compliance with billing and documentation requirements, this memo outlines the expanded scope for entering appropriate ICD-10 diagnosis codes at the service level.

BHIN 23-068 superseded 22 CCR § 51341.1, subd. (h)(1)(A)(v)(a-b). This removes the requirement for DMC-ODS members to receive a diagnosis and evaluation within 30 calendar days of admission to treatment. While the 30-calendar day timeframe for documenting a diagnosis has been superseded, members should still receive a comprehensive assessment and documented diagnosis in a timely manner that is aligned with current standards of practice, consistent with the assessment guidance in BHIN 23-068.

Per Centers for Medicare and Medicaid Services (CMS) requirements, all Medi Cal/Medicaid claims must be sent with an allowable billable ICD-10-CM code.

ICD-10 Billing Requirements
Even when a formal diagnosis has not yet been established:

- Each service note must include an approved ICD-10 code.
- Approved ICD-10 options, including applicable Z-codes, may be used prior to establishing a definitive diagnosis.
- Providers must select only those diagnostic codes within their scope practice.
- During the assessment phase, and prior to determining an established diagnosis, providers may use the following options:

1. **ICD-10 Codes Z55–Z65**: "Persons with potential health hazards related to socioeconomic and psychosocial circumstances."
    a. May be used by *all* providers as appropriate during the assessment period.

b. Do *not* require LPHA certification or supervision.

2. **ICD-10 Code Z03.89:** "Encounter for observation for other suspected diseases and conditions ruled out."
    a. May be used by an LPHA when a diagnosis has not yet been established.
3. **Suspected Disorder Not Yet Diagnosed**
    a. When services are provided for a suspected disorder pending confirmation, LPHAs may select from CMS approved ICD-10 codes, which may include certain Z-codes.

- Please refer to the **CalAIM Documentation Guide appendices** for a list of Z-codes appropriate to your credentialing and scope of practice.

SmartCare Billing Support
For instructions on how to add an ICD-10 code to a service note prior to completing the assessment and diagnosis document, please review:

"How to Add an ICD-10 Code to a Service Before the Clinician Completes the Assessment and Diagnosis – 2023 CalMHSA."

Need Support?
For questions or further clarification, please contact:
BHQA@sonomacounty.gov