Medical Policy Name	Psychological and Neuropsychological Testing and Assessment Criteria
Medial Policy Number	20.5.004
Issued By	Chief Medical Officer
Approved By	Medical Directors, Provider Advisory Committee, Performance Pulse Check Committee
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Applies To: 1/1/2027 to 12/31/2027

Competency and Training Requirements

Psychological and neuropsychological testing are complex activities that necessitate extensive knowledge and training. Psychological and neuropsychological testing and evaluation services should only be conducted by an appropriately trained and appropriately state-licensed psychologist, physician, or behavioral health qualified healthcare professional (QHP). The term “assessment qualifications” refers to the knowledge, skills, abilities, training/experience, and practice credentials considered suitable for the use of psychological tests and assessment materials, encompassing general knowledge and skills as well as specific qualifications. Foundational knowledge and skill in assessment is obtained through graduate-level coursework supplemented with supervised practica training and internship and is furthered through post-degree training. Graduate coursework includes, at minimum:

1. Coverage of psychological theories, psychometrics, psychopathology, and diagnosis
2. Instrument selection, administration, scoring, and interpretation
3. Case conceptualization, integration of multiple sources of data
4. Oral feedback and written communication of results

Additional areas of training and preparation generally include issues of ethical/legal standards and cultural competence. Currency in neuropsychological and psychological assessment is obtained through assessment-focused continuing education, such as on new research and developments in the field.

Description of Procedures

Psychological Testing - Psychological testing includes the administration, interpretation, and scoring of the medically accepted standardized tests for the evaluation of functional strengths, psychopathology, psychodynamics, mental health risks, insight, motivation, and other factors influencing treatment and prognosis. Psychological testing is one component of a psychological assessment.

Psychological assessment is the process of systematically collecting reliable and valid information about behavior from multiple sources in order to inform decisions about a patient's mental or behavioral functioning, typically for the purpose of diagnosis, treatment planning, or treatment evaluation. As such, these assessments necessarily involve investigating phenomena that could influence or modulate the behavior of interest (e.g., medical history and condition, psychosocial factors, interpersonal relationship dynamics). While appropriately trained technicians are able to administer and score some psychological instruments, only psychologists or QHPs are able to conduct a psychological assessment. Psychological instruments are used to assess a broad range of mental attributes, such as mood states, mental status, educational achievement, intellective abilities, personality, and affective functioning. Interpretation of the information from psychological instruments and integration of results with other relevant clinical data must be performed only by a psychologist or QHP with training and expertise in psychodiagnostics assessment including the appropriate selection and use of normative data. Psychological assessment services by the psychologist or QHP include review of relevant medical records, clinical decision making that occurs throughout the course of testing, integration of test results with other relevant clinical information, report writing, and interactive feedback of assessment results to the patient and/or caregiver.

Domains assessed in a psychological assessment typically consist of mood/emotional conditions and symptoms, mental status, adaptive functioning, and behavioral and interpersonal adjustment, with evaluation of acuteness vs. chronicity, severity, degree of functional impairment, comorbidity, and prognosis where information is available. Examples include, but are not limited to depression, anxiety, suicide and/or violence risk, anger expression and management, resilience and stress management capacities, psychological traits and states, personality dynamics, intellectual ability, information processing capacities, social-skill deficits, and family dynamics.

Neuropsychological Testing - These tests are requested for patients with a history of psychological, neurological, or medical disorders known to impact cognitive or neurobehavioral functioning. Neuropsychological evaluations are used when there is evidence to suggest neurological problems like: autism spectrum, intellectual disabilities, learning disorders, brain injury, neurodegenerative diseases, and other neurologic conditions.

Neuropsychological assessments provide measurements of behavioral manifestations of central nervous system (CNS) disorders using techniques that provide objectivity, validity, and reliability. Information acquired from neuropsychological assessments can

directly inform medical decisions by providing data relevant to diagnosis, progression or course of conditions, prognosis, and treatment of disorders. In addition, neuropsychological assessments can aid in making accurate predictions about functional abilities across a variety of disorders, and information from neuropsychological assessments are often incorporated into physician discharge summaries. Neuropsychological tests are administered in the context of a comprehensive evaluation that synthesizes data from a clinical interview, record review, medical history, and behavioral observations. Where appropriate, these evaluations consider neuroimaging, other neuro-diagnostic studies, and other lab/diagnostic studies to inform neuropsychologically oriented interventions.

Components of a Neurobehavioral Status Exam - This is a clinical assessment of cognitive functions and behavior, and may include a clinical interview with the patient, caregivers, other informants, and/or clinical staff, as well as integration of prior history and other sources of clinical data with clinical decision making, further assessment and/or treatment planning and report. Evaluation domains may include but not limited to language, memory, acquired knowledge, attention, planning and problem solving, and visual-spatial abilities. When it precedes a neuropsychological evaluation, the neurobehavioral status exam would provide information to guide instrument selection. Note: A neurobehavioral status examination alone is insufficient to assess mild cognitive impairment. Such assessment requires additional (neuro)psychological testing.

When Services May Be Eligible for Coverage

Coverage for eligible treatments or procedures may be provided only if:

1. Benefits are available in the member's contract/certificate, and
2. Medical necessity criteria and guidelines are met.

Criteria

A. **Psychological assessment is** considered medically necessary when there is a need for one or more of the following:
   1. Assess the presence, severity, or functional impairment of a psychological disorder in order to determine psychiatric diagnosis. This includes differentiation among different medical/psychological disorders that present with similar constellations of symptoms (e.g., determine whether anxiety is contributing to the dyspnea experienced by a patient with asthma).
   2. Assess mental or behavioral factors impacting disease management. Some common, but not exclusive, examples are:
      i. Pre-surgical evaluation to identify psychological factors that may potentially affect or complicate the outcome of surgical procedures or aftercare (e.g., spinal surgery, bariatric surgery)
      ii. Assessment of psychological factors impacting physical disease management and ability to comply with and benefit from medical interventions; and

iii. assessment of psychological factors in patients experiencing chronic pain.

3. Assess specific psychological bases underlying functional complaints or disability.
4. Assess psychological barriers and strengths to aid in treatment planning. This includes, but is not limited to, treatment selection, treatment prognosis and outcomes, and identifying potential reasons for poor treatment response.
5. Assess risk factors needed to determine patients' risk of harm to self or others.
6. Perform symptom assessment as part of treatment selection or evaluation of treatment effectiveness.
7. Corroborate or refute impressions obtained from non-standardized interactions with patients, particularly when malingering or denial of psychological difficulty is suspected.
8. Assess attention and concentration difficulties and other cognitive deficits that are the sequelae of many medical conditions and/or impede functional adjustment.
9. Measure cognitive or functional deficits in children and adolescents based on an inability to develop expected knowledge, skills or abilities as required to adapt to cognitive, social, emotional, or physical demands.

B. **Neuropsychological assessment** is considered medically necessary for one or more of the following indications, where initial assessment or assessment over time is needed in order to:
   1. Assess cognitive or behavioral deficits related to known or suspected CNS impairment, trauma, or neuropsychiatric disorders, including when the information will be useful in determining a diagnosis, prognosis, or informing treatment planning; or
   2. Establish a treatment plan by measuring functional abilities/ impairments in individuals with known or suspected CNS and neuropsychiatric disorders; or
   3. Determine the potential impact of substances that may cause cognitive impairment (e.g., radiation, chemotherapy, prescribed or illicit drugs, toxins) or result in measurable improvement in cognitive function, including when this information is utilized to determine treatment planning; or
   4. Conduct pre-surgical or treatment-related measurement of cognitive function to determine whether one might safely proceed with a medical or surgical procedure that may affect brain function (e.g., deep brain stimulation, resection of brain tumors or arteriovenous malformations, epilepsy surgery, stem cell or organ transplant) or significantly alter a patient's functional status; or
   5. Determine whether a medical condition impairs a patient's ability to comprehend and participate effectively in treatment regimens (e.g., surgical procedures, determining functional capacity for health care decision-making) or will permit the individual to function consistently with pre-injury or pre-illness levels; or
   6. Design, administer, and/or monitor outcomes of cognitive rehabilitation procedures, such as compensatory memory training for brain-injured patients; or
   7. Measure cognitive or functional deficits in children and adolescents based on an inability to develop expected knowledge, skills or abilities as required to adapt to cognitive, social, emotional, or physical demands; or

8. Evaluate primary symptoms of impaired attention and concentration that can occur in many medical and psychiatric conditions.

Limitations of Coverage - Psychological and Neuropsychological testing is not considered reasonable and necessary when:

1. The patient is neurologically, cognitively, or psychologically unable to participate in a meaningful way in the testing process.
2. The patient will not benefit from reasonable therapeutic or care options—there must be a reasonable expectation from a medical or psychological management perspective.
3. Used as a routine screening tool given to the individual or to general populations in the absence of clinical justification (e.g., medical, or psychological rationale).
4. Administered for educational, vocational, or other non-clinical purposes that do not inform medical or health management (i.e., the purpose of testing is to alter or direct medical or health management).
5. Comprised exclusively of self-administered, self-created, or self-scored inventories.
6. Comprised exclusively of screening tests of cognitive function or neurological disease (whether paper-and-pencil or computerized, e.g., AIMS, Folstein Mini-Mental Status Examination).
7. Testing and/or repeat testing is not required for medical or clinical decision-making (e.g., when the repeat testing is because of patient request without clinical justification).
8. Administered when the patient is currently under the undue influence or impaired by alcohol, drugs (prescription or illicit), or other substances.
9. Administered when the patient is currently experiencing acute delirium or psychosis.
10. The patient has been diagnosed previously with brain dysfunction, such as Alzheimer's disease, and there is no expectation that the testing would impact the patient's medical, psychological, clinical, functional, or behavioral management.

Expectations of Care Delivery

1. The requested time for administration, scoring and interpretation of the proposed testing battery must be consistent with the time requirements indicated by the test publisher.
2. The qualified health professional responsible for the development of the test battery will adhere to CPT code definitions for screening tests, psychological tests, neuropsychological tests, use of technicians, and machine-administered tests.
3. An initial face-to-face complete diagnostic assessment will be completed. Psychological assessment typically begins with a clinical diagnostic interview conducted by the psychologist or QHP. The interview involves purposeful questioning with the patient as well as collateral interviews as appropriate, and review of relevant records. The interview covers several domains including, but not limited to:

i. presenting problems and symptoms,
ii. history of problems/symptoms,
iii. reasoning and judgment,
iv. coping and problem solving,
v. attention and concentration,
vi. mood and range of affect,
vii. functional impairment, and
viii. relevant developmental and family history.

When it precedes the psychological testing, the diagnostic interview typically provides information to aid in the selection of the instruments.

4. Components of psychological testing: Psychological evaluations typically include integration of data from psychological instruments with other sources of clinical data, data interpretation, clinical decision making (i.e., diagnosis), report, and treatment planning. It includes interactive feedback to the patient, family member(s), and/or caregiver(s). Evaluation domains for psychological evaluation may include emotional, behavioral, and interpersonal functioning, intellectual functioning, thought processes, and personality, as well as performance validity. Components that are included within neuropsychological and psychological testing evaluation services are described below.
5. Record Review: The provider reviews available medical and other records and referral question and determines whether an evaluation is appropriate; reviews presenting signs and symptoms; reviews other relevant medical history; and reviews any other relevant information contained that may affect the results and interpretation of the neuropsychological or psychological evaluation.
6. Instrument Selection and Administration
    i. Information from medical and other records, clinical interviews, and behavioral observations are integrated to guide the selection of specific neuropsychological or psychological instruments. The selection of instruments is a strategic process that takes into account patient characteristics (e.g., level of education, premorbid level of functioning, sensory abilities, physical limitations, fatigue level, age, cultural background, language, and ethnicity), referral question(s) and goals of the evaluation (e.g., establishing a diagnosis, measuring functional capacities, measuring treatment effects), and the patient's ongoing performance during the evaluation.
    ii. Neuropsychological and psychological instruments may include directly asking the patient questions, performance on a standard set of stimuli, and self-reports. Likewise, the instrument may be administered across a variety of media (e.g., paper-and-pencil, computer) or multiple-choice tests that measure functional impairment and abilities in areas such as but not limited to:
        a. Intellectual abilities
        b. Abstract reasoning and categorical thinking
        c. Attention and concentration
        d. Language and communication

e. Decision-making, strategy formation, and executive functioning (e.g., planning, organization, self-monitoring, mental flexibility, pragmatics)
f. Learning and memory
g. Motor function, sensorimotor function, lateralized functions
h. Perception and perceptual organization
i. Visual-spatial cognition and visual-motor praxis
j. Mood and affect, conduct, personality, quality of life
k. Motivation, response style, response validity (e.g., performance validity, symptom validity)
l. Adaptive behavior (Activities of Daily Living)
m. Social-emotional adjustment, awareness, and responsivity
n. Psychopathology (e.g., psychotic thinking or somatization)
o. Impulse control and conduct
p. Personality characteristics
q. Stress, coping, and problem-solving
r. Interpersonal adjustment

7. Clinical Decision Making:
   i. The psychologist or QHP evaluates how the patient is responding throughout the psychological or neuropsychological assessment process through direct observation of patient and/or communication with the technician. The psychologist or QHP alters the instrument selection or approach as needed based on clinically significant elements of the patient's ongoing behavior within the assessment. There will be variability across patients depending on a wide variety of factors including patient complexity, comorbidities, severity of medical condition(s) and other factors that drive clinical decision making. Examples of factors that require intra-session clinical decision making include, but are not limited to:
      a. Discovery of physical, sensory, or cognitive impairment impeding patient's ability to demonstrate their cognitive abilities on previously planned test instruments
      b. Emotional/behavioral response
      c. Level of patient functioning
      d. Level of patient impairment
      e. Nature of symptoms
      f. Level of literacy
      g. Level of language proficiency and/or acculturation
      h. Changes in patient engagement with testing
      i. Whether test results being collected are valid, reliable, and believed to be representative of domain intended to be measured
      j. Determination that a higher level or more nuanced tests are required for accurate diagnosis
   ii. Another important aspect of clinical decision making, based on observed intra-test behavior, may include the need to go beyond the standardized testing procedure to evaluate the level at which specific skills are present and for clarification and elaboration of the cognitive components leading to an individual's test responses. This modification of the standardized

testing approach requires a high degree of professional judgment by the psychologist or QHP and expertise beyond technical competence in test administration and, when needed, is essential for accurate interpretation of the underlying reasons an individual may demonstrate low test performance.

iii. When utilizing a technician for test administration, the psychologist or QHP initially directs the technician as to tests and testing procedures to be used. During the testing session, the psychologist or QHP is available for consultation throughout the testing session in order to adjust testing activity. Clinical decision making by a psychologist or QHP occurs throughout the assessment process, whether a QHP or technician is administering the instruments.

8. Interpretation and Integration of Test Results with Other Sources of Clinical Data: Instrument scores collected as part of a neuropsychological or psychological evaluation require interpretation by a psychologist or QHP with specific training and experience in neuropsychological or psychological assessment, respectively. Further, scores are interpreted in the context of other sources of clinical data (e.g., patient demographic information, behavioral observations, relevant medical history, relevant psychosocial and contextual factors, etc.) and information is integrated into a clinical report. (See “Documentation Requirements” below)
9. Creation of Clinical Report - Documentation Requirements
    i. The patient’s medical record should contain documentation that supports the medical necessity for testing or other services performed, and examination results. When appropriate, documentation includes the following information:
        a. Referral question and referral diagnosis
        b. Relevant medical history
        c. Relevant psychosocial history
        d. Sources of information (e.g., patient interview, record review, behavioral observations)
        e. Procedures administered
        f. Clinical decision making (See description in the section “Components of Neuropsychological and Psychological Evaluation” above)
        g. Interpretation of test data and other clinical information (e.g., test results)
        h. Integration of sources of information (e.g., summary and impressions)
        i. Diagnosis
        j. Treatment planning and recommendations
        k. Date(s), billing codes, and amount of time of service
        l. Legible signature of the provider
10. Management and Treatment Planning: The psychologist or QHP uses results of the assessment to respond to a referral question or assist with medical/ behavioral health management and treatment planning (e.g., provides recommendations for medications and medical management strategies, rehabilitative therapies, strategies or supports to assist with medication and treatment plan adherence, psychological and other medical interventions,

supervision needs, compensatory strategies that would be beneficial to minimize effects of cognitive impairments, increased awareness of and interventions to manage a patient's functional limitations).

11. Interactive Feedback Session: The interactive feedback session is typically performed as part of neuropsychological and psychological evaluation services. A post-evaluation interactive feedback session with the patient or family members/caregiver(s) is a typical part of the neuropsychological and psychological evaluation. Such feedback has numerous clinically meaningful benefits even including symptom improvements. Moreover, it is highly valued by patients (and physicians who refer their patients for neuropsychological assessments). The interactive feedback session typically emphasizes any or all of the following:
    i. Description of assessment results in a manner understandable to the patient.
    ii. Discussion of the relationship between information collected in the assessment and information about diagnosis and prognosis.
    iii. Patient education about their diagnosed condition and functioning with the goal of improving adherence to treatment plans and safety
    iv. Explanation of treatment recommendations. In addition to those recommendations that are directly managed by the patient's medical provider (e.g., changes in medication or treatment), patients are provided with evidence- based treatment recommendations that are not typically managed by medical providers, and which are best explained by providers with expertise in neuropsychological or psychological assessment, including tailored behavioral strategies to maximize functioning, safety measures such as driving recommendations, referrals to other specialty providers (e.g., psychiatry, rehabilitative therapists), recommendations for nonpharmacological interventions, and community resources.
    v. Communication of results to family members/caregiver(s) in order to explain treatment recommendations enhance treatment outcome for the patient. In some cases, a patient may be undergoing treatment or may be too cognitively impaired to engage in such feedback. In such circumstances, where the QHP determines that feedback is necessary to ensure adherence to treatment plans including safety issues, feedback may be given to the patient's caregiver (with appropriate permissions and release of information).

Summary of Evidence

1. American Psychological Association (2026). 2026 Psychological and Neuropsychological Testing Billing and Coding Guide.
    i. Contains the medical necessity criteria listed in A and B above.
    ii. Contains the limitations listed above.
    iii. Lists guidelines related to the expectations of care listed above.
    iv. Contains billing and coding guides.
    v. Covers most of the expectations of care listed in D above.

2. Schaefer et al. (2023) - Neuropsychological assessments are comprehensive evaluations that measure a wide range of cognitive, emotional, and behavioral functions using standardized, validated tools. Unlike brief cognitive screening tests, which are designed to quickly flag general impairment, neuropsychological testing provides in-depth analysis across specific domains such as memory, attention, language, and executive function. This level of detail allows clinicians to differentiate between neurologic and psychiatric conditions, track disease progression, and inform treatment and functional planning.
3. Schroeder et al. (2019) - Neuropsychological evaluations offer comprehensive, standardized assessments of cognitive, emotional, and behavioral functioning, aiding in complex diagnostic and treatment decisions. They are especially useful in distinguishing neurologic from psychiatric conditions, identifying cognitive impairment, and assessing functional capacity. Clinicians should consider referrals for patients with suspected dementia, TBI, or other cognitive concerns.

Exceptions

Exceptions to this medical policy must be approved by the Chief Medical Officer or their designee.

References

1. American Psychological Association (2026). 2026 Psychological and Neuropsychological Testing Billing and Coding Guide. 2026 Psychological and Neuropsychological Testing Billing and Coding Guide (apaservices.org)

2. Schaefer LA, Thakur T, Meager MR. Neuropsychological Assessment. [Updated 2023 May 16]. In: StatPearls [Internet]. Treasure Island (FL): StatPearls Publishing; 2025 Jan-. Available from: https://www.ncbi.nlm.nih.gov/sites/books/NBK513310/

3. Schroeder RW, Martin PK, Walling A. Neuropsychological Evaluations in Adults. Am Fam Physician. 2019 Jan 15;99(2):101-108. PMID: 30633479. https://www.aafp.org/afp/2019/0115/p101

Related Documents

GUIDES / HANDOUTS
Psychological-Neuropsychological Testing (PNT) WebPass Guide
Psychological/Neuropsychological Testing Guide – Corporate
Psychological/Neuropsychological Testing Guide – Florida

FORMS
Request For Psychological/Neuropsychological Testing

Document History

Date	Action	By Whom	Summary
10/2026	Revision	Medical Policy Workgroup	• Revised policy to reflect the 2026 Psychological and Neuropsychological Testing Billing and Coding Guide • Updated 1 reference • Removed 1 reference • Updated summary of evidence
10/2025	Revision	Medical Policy Workgroup	• Added 2 references • Removed 1 reference • Updated summary of evidence

09/2024	Revision	Dr. J. Langlow	• Added description of treatment.
			• Added criteria for psychological testing and criteria for Neuropsychological testing, limitations of coverage, and expectations of treatment sections.
			• Added summary of evidence.
			  ○ Updated the summary
			  ○ Added 2 references
			  ○ Updated 1 reference

11/2023	Review		
01/2023	New		

Disclosure: Lucet reserves the right to change and modify this document at any time and to provide notice to all affected parties in a reasonable and acceptable timeframe and format.