Psychiatric Inpatient Hospitalization

Medical Coverage Policy

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Disclaimer
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Related Medical/Pharmacy Coverage Policies
If no applicable Medicare coverage documents are found, please use the coverage guidelines below.

Related Documents
Please refer to CMS website for the most current applicable National Coverage Determination (NCD)/Local Coverage Determination (LCD)/Local Coverage Article (LCA)/CMS Online Manual System/Transmittals.


Centers for Medicare & Medicaid Services (CMS) - Medicare Benefit Policy Manual, Chapter 1 – Inpatient Hospital Services Covered Under Part A.

Centers for Medicare & Medicaid Services (CMS) - Medicare Claims Processing Manual Chapter 3 - Inpatient Hospital Billing.

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Psychiatric Inpatient Hospitalization

Description

Psychiatric Inpatient Hospitalization provides 24 hours of daily care in a structured, intensive, and secure setting for members who cannot be safely and/or adequately managed at a lower level of care. This setting provides daily physician (MD/DO) supervision, 24-hour nursing/treatment team evaluation and observation, diagnostic services, and psychotherapeutic and medical interventions.\textsuperscript{5,7,9,11}

Coverage Determination

iCare follows the CMS requirement that only allows coverage and payment for services that are reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member except as specifically allowed by Medicare.

iCare applies the criteria outlined under 42 C.F.R. 412.3—and related sub regulatory guidance cited below—in its coverage decisions for inpatient hospital services. An inpatient admission is generally appropriate for coverage under Medicare Part A when the admitting physician’s reasonable expectation is that the patient requires medically necessary hospital care that crosses two midnights, the expectation of the physician is based on complex medical factors and is supported by the medical record documentation.\textsuperscript{2,4,13} This is referred to herein as the two-midnight benchmark.

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According to CMS, complex medical factors include the following:

- Member’s medical history and current medical needs;
- Types of facilities available to inpatients and to outpatients;
- The relative appropriateness of treatment in each setting;
- The severity of the signs and symptoms exhibited by the patient;
- The medical predictability of something adverse happening to the patient;
- The need for diagnostic studies that appropriately are outpatient services (i.e., their performance does not ordinarily require the patient to remain at the hospital for 24 hours or more) to assist in assessing whether the patient should be admitted; and
- The availability of diagnostic procedures at the time when and at the location where the patient presents.  

iCare members may be eligible under the Plan for Psychiatric Inpatient Services when:

- Active treatment that can only be provided appropriately in an inpatient hospital setting is required;
- The member has been diagnosed with a psychiatric principle diagnosis that is listed in the International Classification of Diseases, Tenth Edition, Clinical Modification; and
- The services furnished can be reasonably expected to improve the patient’s condition or are for diagnostic study

For the services to be designated as active treatment, they must be provided under an individualized treatment or diagnostic plan, reasonably be expected to improve the patient’s condition, and supervised and evaluated by a physician.  

In interpreting or supplementing the criteria above and in order to determine medical necessity consistently, iCare may consider InterQual Guidelines.  

For jurisdictions with no Medicare guidance, iCare will utilize generally accepted guidance based on prevailing medical practice standards and clinical guidelines supporting our determinations regarding specific services in conjunction with adhering to Medicare’s reasonable and necessary requirement.

Admission Criteria:

Examples of inpatient admission criteria include (but are not limited to):

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- Threat to self, requiring 24-hour professional observation (i.e., suicidal ideation or gesture within 72 hours prior to admission, self mutilation (actual or threatened) within 72 hours prior to admission, chronic and continuing self destructive behavior (e.g., bulimic behaviors, substance abuse) that poses a significant and/or immediate threat to life, limb, or bodily function).
- Threat to others requiring 24-hour professional observation (i.e., assaultive behavior threatening others within 72 hours prior to admission, significant verbal threat to the safety of others within 72 hours prior to admission).
- Command hallucinations directing harm to self or others where there is the risk of the patient taking action on them.
- Acute disordered/bizarre behavior or psychomotor agitation or retardation that interferes with the activities of daily living (ADLs) so that the patient cannot function at a less intensive level of care during evaluation and treatment.
- Cognitive impairment (disorientation or memory loss) due to an acute Axis I disorder that endangers the welfare of the patient or others.
- A patient with a dementia disorder for evaluation or treatment of a psychiatric comorbidity (e.g., risk of suicide, violence, severe depression) warranting inpatient admission.
- A mental disorder causing major disability in social, interpersonal, occupational, and/or educational functioning that is leading to dangerous or life-threatening functioning, and that can only be addressed in an acute inpatient setting.
- A mental disorder that causes an inability to maintain adequate nutrition or self-care, and family/community support cannot provide reliable, essential care, so that the patient cannot function at a less intensive level of care during evaluation and treatment.
- Failure of outpatient psychiatric treatment so that the beneficiary requires 24-hour professional observation and care. Reasons for the failure of outpatient treatment may include increasing severity of psychiatric condition or symptom, noncompliance with medication regimen due to the severity of psychiatric symptoms, inadequate clinical response to psychotropic medications or severity of psychiatric symptoms that an outpatient psychiatric treatment program is not appropriate.\(^5,7,9,11\)

The use of the criteria in this Medicare Advantage Medical Coverage Policy provides clinical benefits highly likely to outweigh any clinical harms. Services that do not meet the criteria above are not medically necessary and thus do not provide a clinical benefit. Medically unnecessary services carry risks of adverse outcomes and may interfere with the pursuit of other treatments which have demonstrated efficacy.

Coverage Limitations

Medicare Part A payment is prohibited for care rendered for social purposes or reasons of convenience that are not medically necessary. Factors that may result in an inconvenience to a beneficiary, family, physician, or facility do not, by themselves, support Part A payment for an inpatient admission.\(^4\)

It is not reasonable and medically necessary to provide inpatient psychiatric hospital services to the following types of members:

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\(^5\)\(^7\)\(^9\)\(^11\)
Psychiatric Inpatient Hospitalization

- members who require primarily social, custodial, recreational, or respite care;
- members whose clinical acuity requires less than 24 hours of supervised care per day;
- members who have met the criteria for discharge from inpatient hospitalization;
- members whose symptoms are the result of a medical condition that requires a medical/surgical setting for appropriate treatment;
- members whose primary problem is a physical health problem without a concurrent major psychiatric episode;
- members with alcohol or substance abuse problems who do not have a combined need for active treatment and psychiatric care that can only be provided in the inpatient hospital setting;
- members for whom admission to a psychiatric hospital is being used as an alternative to incarceration.\textsuperscript{5,7,9,11}

Refer to:

- Medicare Benefit Policy Manual, Chapter 6, §10.1 – Reasonable and Necessary Part A Hospital Inpatient Claim Denials
- US Government Publishing Office. Electronic code of federal regulations: part 411 – 42 CFR § 411.15 - Particular services excluded from coverage

Coding Information

Any codes listed on this policy are for informational purposes only. These codes are inclusive of but not limited to the codes related to coverage and/or reimbursement for a service or procedure.

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**Change Summary**
- 01/01/2024 New Policy.
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