

Psychiatric Inpatient Hospitalization



INDEPENDENT CARE HEALTH PLAN

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Medical Coverage Policy

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Disclaimer

The Coverage Summaries are reviewed by the iCare Medicare Utilization Management Committee. Clinical policy is not intended to preempt the judgment of the reviewing medical director or dictate to health care providers how to practice medicine. Health care providers are expected to exercise their medical judgment in rendering appropriate care. Identification of selected brand names of devices, tests and procedures in a medical coverage policy is for reference only and is not an endorsement of any one device, test, or procedure over another. Clinical technology is constantly evolving, and we reserve the right to review and update this policy periodically. References to CPT® codes or other sources are for definitional purposes only and do not imply any right to reimbursement or guarantee of claims payment. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any shape or form or by any means, electronic, mechanical, photocopying or otherwise, without permission from iCare.

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 2 – Inpatient Psychiatric Hospital Services.](#)¹

[Centers for Medicare & Medicaid Services \(CMS\) - Medicare Benefit Policy Manual, Chapter 1 – Inpatient Hospital Services Covered Under Part A](#)²

[Centers for Medicare & Medicaid Services \(CMS\) - Medicare Claims Processing Manual Chapter 3 - Inpatient Hospital Billing](#)³

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[Centers for Medicare & Medicaid Services \(CMS\) - Medicare Program Integrity Manual, Chapter 6 – Medicare Contractor Medical Review Guidelines for Specific Services⁴](#)

Type	Title	ID Number	Jurisdiction Medicare Administrative Contractors (MACs)	Applicable States/Territories
LCD and Article	Psychiatric Inpatient Hospitalization	L33624 A56865	National Government Services, Inc. – A and B MAC	IL, MN, WI, CT, NY, ME, MA, NH, RI, VT
LCD and Article	Psychiatric Inpatient Hospitalization	L34183 A57052	CGS Administrators LLC – Part A and B MAC	KY, OH
LCD and Article	Psychiatric Inpatient Hospitalization	L33975 A57726	First Coast Service Options, Inc. – A and B MAC	FL, PR, VI
LCD and Article	Psychiatric Inpatient Hospitalization	L34570 A56614	Palmetto GBA – A and B MAC	AL, GA, TN, SC, VA, WV, NC

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.^{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.^{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.²

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.¹

In interpreting or supplementing the criteria above and in order to determine medical necessity consistently, iCare may consider [InterQual Guidelines](#).¹⁴

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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- 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.^{5,7,9,11}

Refer to:

- [Centers for Medicare & Medicaid Services \(CMS\). Medicare Benefit Policy Manual, Chapter 2 – Inpatient Psychiatric Hospital Services.](#)
- [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](#)
- [US Government Publishing Office. Electronic code of federal regulations: part 424 – 42 CFR § 424.14 - Requirements for inpatient services of inpatient psychiatric facilities.](#)

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.

Revenue Code(s)	Description	Comments
0114, 0124, 0134, 0144, 0154, 0204	Inpatient Psychiatric Care	N/A
CPT® Code(s)	Description	Comments
No code(s) identified		
HCPCS Code(s)	Description	Comments
No code(s) identified		

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2. Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual, Chapter 1 – Inpatient Hospital Services Covered Under Part A. <https://www.cms.gov>. Accessed July 25, 2023.
3. Centers for Medicare & Medicaid Services (CMS). Medicare Claims Processing Manual Chapter 3 - Inpatient Hospital Billing. <https://www.cms.gov>. Accessed July 25, 2023.
4. Centers for Medicare & Medicaid Services (CMS). Medicare Program Integrity Manual, Chapter 6 – Medicare Contractor Medical Review Guidelines for Specific Services. <https://www.cms.gov>. Accessed July 25, 2023.
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7. Centers for Medicare & Medicaid Services (CMS). Local Coverage Determination (LCD), Psychiatric Inpatient Hospitalization (L34183). [LCD - Psychiatric Inpatient Hospitalization \(L34183\) \(cms.gov\)](#). Published March 18, 2014. Updated February 24, 2023. Accessed September 5, 2023.
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10. Centers for Medicare & Medicaid Services (CMS). Local Coverage Article (LCA), Billing and Coding: Psychiatric Inpatient Hospitalization (A57726). [Article - Billing and Coding: Psychiatric Inpatient Hospitalization \(A57726\) \(cms.gov\)](#). Published November 21, 2019. Accessed September 5, 2023.

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16. US Government Publishing Office. Electronic code of federal regulations: part 424 – 42 CFR § 424.14 - Requirements for inpatient services of inpatient psychiatric facilities. <https://www.ecfr.gov>. Published March 2, 1988. Updated October 11, 2023. Accessed October 18, 2023.

Change Summary

- 01/01/2024 New Policy.
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