Payment Policy: Inpatient Only Procedures

Reference Number: LA.PP.018
Product Types: Medicare and Medicaid
Date of Last Revision~~ew Date~~: Revision Log
~~08/2022~~07/2023

See Important Reminder at the end of this policy for important regulatory and legal information.

Policy Overview
The Centers for Medicare and Medicaid Services (CMS) has determined that certain procedures should only be performed in an inpatient setting and therefore, are not appropriate to be conducted in an outpatient facility setting. According to CMS,

> *Inpatient only services are generally, but not always, surgical services that require inpatient care because of the nature of the procedure, the typical underlying physical condition of patients who require the service or the need for at least 24 hours of postoperative recovery time or monitoring before the patient can be safely discharged.*

Inpatient only procedures (IOP) are not payable under the Outpatient Prospective Payment System (OPPS). CMS designates IOP with an OPPS status indicator of "C" in the OPPS Addendum B. For the most current list, see https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Addendum-A-and-Addendum-B-Updates.html?DLSort=2&DLEntries=10&DLPage=1&DLSortDir=descending

Application
This policy applies to physicians and hospitals.

Policy Description

Reimbursement
Louisiana Healthcare Connections clinical code auditing software will deny procedures that CMS determines should be performed in an inpatient only setting when billed in the outpatient setting.

State-specific rules, Louisiana Healthcare connection contracts or policies, may supersede this edit.

Utilization
Rationale for Edit

Because of the invasive nature of certain procedures, the need for at least 24 hours of post-operative recovery time or monitoring before a patient can be safely discharged, or the underlying physical condition of the patient requiring surgery, CMS has determined that certain procedures are safest when performed in an inpatient setting.

Procedure Codes Which Will Deny According to the Policy

Please see the following link for inpatient only procedures which are not allowed in an outpatient setting: https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/index.html.

Related Documents or Resources

1. Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services

References

1. *Current Procedural Terminology (CPT®)*, 20222018
1.2. *Center for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services*

Revision History	Revision Date	Approval Date
Converted corporate to local policy.	08/15/2020	
Annual Review; Removed clinical and added payment policy in "Important Reminder" section	08/26/2022	
Annual Review; update reference section. Changed members to members/enrollees.	7/19/2023	

Important Reminder

This payment policy has been developed by appropriately experienced and licensed health care professionals based on a review and consideration of currently available generally accepted standards of medical practice; peer-reviewed medical literature; government agency/program approval status; evidence-based guidelines and positions of leading national health professional organizations; views of physicians practicing in relevant clinical areas affected by this payment policy; and other available clinical information. LHCC makes no representations and accepts no liability with respect to the content of any external information used or relied upon in developing this payment policy. This payment policy is consistent with standards of medical practice current at the time that this payment policy was approved.

The purpose of this payment policy is to provide a guide to medical necessity, which is a component of the guidelines used to assist in making coverage decisions and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage decisions and the administration of benefits are subject to all terms, conditions, exclusions and limitations of the coverage documents (e.g., evidence of coverage, certificate of coverage, policy, contract of insurance, etc.), as well as to state and federal requirements and applicable LHCC administrative policies and procedures.

This payment policy is effective as of the date determined by LHCC. The date of posting may not be the effective date of this payment policy. This payment policy may be subject to applicable legal and regulatory requirements relating to provider notification. If there is a discrepancy between the effective date of this payment policy and any applicable legal or regulatory requirement, the requirements of law and regulation shall govern. LHCC retains the right to change, amend or withdraw this payment policy, and additional clinical policies may be developed and adopted as needed, at any time.

This payment policy does not constitute medical advice, medical treatment or medical care. It is not intended to dictate to providers how to practice medicine. Providers are expected to exercise professional medical judgment in providing the most appropriate care, and are solely responsible for the medical advice and treatment of members/enrollees. This payment policy is not intended to recommend treatment for members/enrollees. Members/enrollees should consult with their treating physician in connection with diagnosis and treatment decisions.

Providers referred to in this payment policy are independent contractors who exercise independent judgment and over whom LHCC has no control or right of control. Providers are not agents or employees of LHCC.

This payment policy is the property of LHCC. Unauthorized copying, use, and distribution of this payment policy or any information contained herein are strictly prohibited. Providers, members/enrollees and their representatives are bound to the terms and conditions expressed herein through the terms of their contracts. Where no such contract exists, providers, members/enrollees and their representatives agree to be bound by such terms and conditions by providing services to members/enrollees and/or submitting claims for payment for such services.

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in RSA Archer, Centene's P&P management software, is considered equivalent to an actual signature on paper.

~~Senior Director of Network Accounts: _____Electronic Signature on File_~~

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