Understanding the Partial Hospitalization Program Basics: Part 1 Medicare Coverage

3/25/2025

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Objective

Review coverage requirements for PHP services provided by a hospital, CAH or CMHC to assist in rendering Medicare compliant PHP services

Today's Presenters

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Agenda

- [PHP Overview for Hospitals, CAHs, and CMHCs](#)
- [Medicare Coverage](#)
- [Documentation Reminders](#)
- [Resources](#)
- [Questions](#)

PHP Overview for Hospitals, CAHs, and CMHCs

OP Hospital Psychiatric Services

- Hospitals provide wide range of psychiatric services to outpatients needing psychiatric care
  - One or more individual services up to comprehensive, full-day programs (e.g., PHP)
  - May be intensive or primarily supportive
- General coverage
  - Reasonable and necessary for diagnosis or treatment of patient's condition
  - Physician supervision and evaluation
  - Services provided incident to physician's service
  - Individualized treatment plan
  - Beneficiary must have Medicare Part B coverage

CMHC

- Must meet certain program and patient criteria
  - Maintain appropriate state and local CMHC licensing/certification
  - Provide
    - OP services, including specialized services for children, older adults, chronically mentally ill patients, and residents of its service area discharged from IP mental health treatment facility
    - 24-hour emergency care services with clinician access and appropriate disposition with follow-up documentation of the emergency in patient's CMHC medical record
    - Day treatment, PHP services, or psychosocial rehabilitation services with structured daily treatment plans varying in intensity, frequency, and duration based on patient's needs
    - At least 40% of services to patients ineligible for Medicare
    - Clinically evaluated state mental health facility candidate admissions by clinical personnel and authorized under state law, except those provided by 24-hour facility; CMHC operating in a state that, by law, prevents it from providing these services may contract with entity the HHS Secretary approves

PHP Overview

- Distinct and structured set of OP psychiatric services
- [SSA](#) Sections
  - 1861(ff): Defines services covered under PHP benefit
  - 1866(e)(2): Recognizes CMCHs as "providers of services" only for furnishing PHP services
  - 1835 (a)(2)(F): Must be under care of physician who certifies need for PHP
  - 1862(a)(1)(A): Medicare services must be reasonable and medically necessary
    - Diagnosis or treatment of an illness or injury or to improve functioning of malformed body member

PHP Overview (2)

- Provides intensive psychiatric care in HOPD, CAH or Medicare-certified CMHC
  - In lieu of an IP stay
  - Most intensive level of OP care
    - IOP less intensive than PHP
  - Distinct, organized intensive psychiatric OP treatment program to treat profound or disabling mental health condition
  - Active treatment
  - Offers OP psychiatric treatment less than 24-hours a day

PHP Overview (3)

- Medicare covers PHP for
  - Acute mental illness
  - Exacerbation of chronic illness
  - Patient who would otherwise require IP psychiatric care
- PHP differs from OP services
  - Intensity/frequency of participation
    - Minimum of 20 hours per week
  - Comprehensive/structured program
  - Services specified in individualized treatment plan

Medicare Coverage

OP Psychiatric Services

- Must be reasonable and necessary
  - Reasonable expectation of improvement
  - For purpose of diagnostic study or reasonably expected to improve patient's condition
    - Control of symptoms and maintenance of functional level to avoid further deterioration or hospitalization
  - Treatment must be designed to reduce or control patient's psychiatric symptoms to prevent relapse or hospitalization, and improve or maintain patient's level of functioning
  - Acceptable improvement
    - Not necessarily restoration to pre onset of illness level
    - Symptom control and maintaining functional level may be acceptable for psychiatric patients with long-term, chronic conditions

Active and Multidisciplinary Treatment

- PHP requires active treatment , team approach, and individualized POC with coordinated services designed to meet patient's needs
  - Physician direction and active involvement in prescription and supervision of treatment
  - Must be furnished under individualized written POC
  - Reasonable expectation that treatment will "improve or maintain individual's condition and functional level, and prevent relapse or hospitalization"
  - Vigorous and proactive care must be provided
    - Not passive or custodial care
  - Intensive, active treatment required to maintain functional level, and to prevent relapse or hospitalization

Covered Services

- Included in structured, multi-modal, active PHP program:
  - Individual or group psychotherapy
  - Occupational therapy
  - Services of other staff
  - Drugs and biologicals that cannot be self-administered
  - Individualized activity therapies (not primarily recreational)
  - Family counseling
  - Patient training and education
  - Medically necessary diagnostic services (related to mental health treatment)

Minimum 20 Hours Per Week

- Medicare coverage requires minimum of 20 hours per week of therapeutic services per Medicare beneficiary
    - POC should convey required 20 hours of therapeutic services per week
    - Patient must be capable of tolerating intensity of PHP
    - RA Remark
        - "Alert: An eligible PHP beneficiary requires a minimum of 20 hours of PHP services per week, as evidenced in the plan of care. PHP services must be furnished in accordance with the plan of care."

Certification

- Signed by physician (MD/DO) required upon PHP admission
- Must include
  - Patient would require IP psychiatric hospitalization if PHP services not provided
  - Attestation that services furnished while individual under care of physician and under individualized written POC

Recertification

- Must be signed by physician treating patient who has knowledge of patient's response to treatment
  - First recertification required by 18th day
  - Subsequent recertifications required at intervals established by provider, but no less frequently than every 30 days following first recertification

- Must specify
  - Patient would otherwise require IP psychiatric care in absence of continued stay in PHP and describe the following:
    - Patient's response to therapeutic interventions provided by PHP
    - Patient's psychiatric symptoms that continue to place patient at risk of hospitalization
    - Treatment goals for coordination of services to facilitate discharge from PHP

Initial Psychiatric Evaluation

- Initial psychiatric evaluation with medical history and physical examination must be performed and placed in chart within 48 hours of admission
  - Note: If patient being discharged from IP psychiatric admission to PHP
    - Psychiatric evaluation, medical history, and physical examination from that admission with appropriate update acceptable

Initial Psychiatric Evaluation (2)

- Documentation should include:
  - Chief complaint
  - Description of acute illness or exacerbation of chronic illness requiring admission
  - Current medical history
    - Include medications and evidence of failure at or inability to benefit from less intensive OP program
  - Past psychiatric and medical history
  - History of substance abuse
  - Family, vocational and social history
    - Include documentation of adequate support system to sustain/maintain patient outside PHP program

Initial Psychiatric Evaluation (3)

- Mental status examination
  - Include general appearance and behavior, orientation, affect, motor activity, thought content, long- and short-term memory, estimate of intelligence, capacity for self harm and harm to others, insight, judgment, capacity for ADLs
- Physical examination
- Formulation of patient's status
  - Include assessment of reasonable expectation patient will make timely and significant practical improvement in presenting acute symptoms as result of PHP program
- ICD-10-CM/DSM-IV-TR™ diagnoses
  - Include all five axes of multiaxial assessment as described in DSM-IV-TR

Treatment Plan/POC

- PHP must be provided under individualized written POC (treatment plan)
  - Services prescribed by physician and provided under individualized written treatment plan established by physician
  - POC must include, but is not limited to:
    - Diagnoses
    - Long- and short-term goals related to active treatment of reason for admission
    - Treatment goals/interventions must be measurable, functional, time framed, medically necessary and directly related to reason for admission to program
    - Type, amount, frequency, and duration of services, including activity therapy, required to address goals

Treatment Plan/POC (2)

- PHP patient requires comprehensive, highly structured, scheduled, multi-modal individualized POC requiring medical supervision and coordination because their mental disorder severely interferes with multiple areas of daily life
  - Social, vocational, ADLs or instrumental ADLs, and educational functioning
- Patient must be able to cognitively and emotionally participate in active treatment process and tolerate its intensity
- POC not required for a few brief services

Physician

- Responsibilities
  - Order PHP
  - Provide supervision and direction to therapists
  - Evaluate course of treatment based on periodic consultation and conference with therapists and staff, review of medical records, and periodically seeing patient
    - Physician entries in medical records must support this involvement
    - Determine extent treatment goals reached
  - Determine extent to which treatment goals reached and whether changes in direction or emphasis needed
  - Document each individual service provided and involvement in patient's medical record (physician and/or staff as applicable)
    - Include medical necessity as needed

Not Covered

- Services **not** covered include/not limited to those that are
  - General in nature (i.e., general health education)
  - Provided for chronically mentally ill/chronic condition with no current risk of relapse
  - Activity therapy/occupational therapy not specifically related to patient goals
  - Psychiatric education not specifically related to patient goals
  - Day care/custodial care/geriatric day care
  - Environmental intervention
  - Primarily social, recreational, or diversionary activities

Not Covered (2)

- Stable patient - only needs medication management
- Patient that cannot or refuses to participate, or unable to tolerate PHP intensity
- Rendered without certification for PHP or not part of treatment plan
- Services to hospital inpatients
- Meals
- Self-administered medications
- Transportation
- Vocational training; marriage or pastoral counseling

Covered Professional Services

- Provided in HOPD, CAH OP department or CMHC
  - May be separately covered when billed to Part B MAC (1500 claim or ASC X12 837 professional)
    - Physician services that meet criteria of 42 CFR 415.102, for payment on a fee schedule basis
    - PA services as defined in SSA Section 1861(s)(2)(K)(i) – billed by PAs employer
    - NP and CNS services, as defined in SSA Section 1861(s)(2)(K)(ii)
    - CP services as defined in SSA section 1861(ii)

- PHP services provided by other practitioners in HOPD, CAH OP department or CMHC are bundled – billed as PHP services to Part A MAC
  - Examples:
    - CSW
    - OT
    - CNS

Clarification: Hospital OP CSW Services

- Payment may be made for covered diagnostic/therapeutic services furnished by CSWs in hospital OP setting
  - CSW services furnished in PHP are included in PHP reimbursement rate
- Other CSW services must be billed to Pat B MAC on CMS-1500 claim form or electronic equivalent

Discharge Criteria

- Clinical condition improves and/or stabilizes
- No longer requires or benefits from intensive PHP program
- Unable or unwilling to participate in PHP program four days per week for minimum of 20 hours per week
  - Document absences from PHP program along with reason
- Step up to IP care
  - Needs 24-hour supervision due to probability of self-harm, harm to others, or inability to care for self

Discharge Criteria (2)

- Step down to less intensive OP care
  - No longer requires at least 20 hours per week of therapeutic services and supervision
  - No longer requires multidisciplinary/multimodal services as provided in PHP program
  - Able to benefit from less intensive structure of individual mental health services

Documentation Reminders

Suggested Documentation to Retain

- All services must support medical necessity and be
  - Documented
    - Note modalities and frequency of treatment rendered
  - Dated and signed with start/stop time as applicable
  - Retained in medical records
- Initial psychiatric evaluation
- Certification and recertification at prescribed intervals
- Physician orders, progress notes and clinic notes
  - Notes reflecting active treatment and patient progress
  - All services prescribed (written order) by physician
  - Provided as per written POC

Suggested Documentation to Retain (2)

- Individualized written POC (treatment) established by physician after any needed consultation with appropriate staff members
  - Treatment plan must include
    - Type, amount, frequency, and duration of services to be furnished
    - All diagnoses
    - Anticipated goals (measurable)
- Document discharge planning

Suggested Documentation to Retain (3)

- Progress/staffing notes for all services provided must be documented
  - Include modalities, far example: All group therapy, activity therapy, family therapy, individual therapy, education, MD visits and all other psychiatric services billed
  - Reflect/support medical necessity of each service provided
  - Dated and signed
  - Include start/stop time (or total time) for time-based services

Suggested Documentation to Retain (4)

- Diagnosis, functional status, symptoms, prognosis, and progress to date

- Medication administration record

- Attendance record
  - Absences from scheduled PHP services should be documented with reason for absence

- Itemization of pharmacy charges

- Laboratory, radiology, and any other diagnostic reports pertinent to services billed

Resources

NGS LCDs, Articles and Acronym Search

- L33626: LCD for Psychiatric Partial Hospitalization Programs

  - A56850: Billing and Coding: Psychiatric Partial Hospitalization Programs

- L33632: LCD for Psychiatry and Psychology Services

  - A56937: Billing and Coding: Psychiatry and Psychology Services

- NGS Tools & Calculators > Acronym search tool

CMS Internet-Only Manual (IOM)

- [Centers for Medicare & Medicaid Services (CMS), IOM Publication 100-02, *Medicare Benefit Policy Manual*, Chapter 6,](#) Hospital Services Covered Under Part B, Sections:
    - 70 – Outpatient Hospital Psychiatric Services
    - 70.1 – General
    - 70.2 – Coverage Criteria for Outpatient Hospital Psychiatric Services
    - 70.3 – Partial Hospitalization Services

CMS Internet-Only Manuals (IOMs)

- CMS IOM Publication 100-04, *Medicare Claims Processing Manual, Chapter 4 - Part B Hospital*, Sections:
  - 20.6.11 – Modifier PO
  - 20.6.12 – Modifier PN
  - 20.6.18 – Modifier ER
  - 170 - Hospital and CMHC Reporting Requirements for Services Performed on the Same Day
  - 260 - Outpatient Partial Hospitalization Services
  - 270 - Billing for Hospital Outpatient Services Furnished by Clinical Social Workers (CSWs)

- CMS IOM Publication 100-08, *Medicare Program Integrity Manual, Chapter 3*, Sections:
  - 3.3.2.4 - Signature Requirements
  - 3.3.2.6 - Psychotherapy Notes

CRs & MLN Matters® (MM) Articles

- CR 8048 and MLN Matters® MM8048: Enforcing Interim Billing for Partial Hospitalization Services

- CR 9880 and MLN Matters® MM9880: Implementing the Remittance Advice Messaging for the 20 Hour Weekly Minimum for Partial Hospitalization Program Services

- CR 11066 and MLN Matters® MM11066: Revising the Remittance Advice Messaging for the 20-Hour Weekly Minimum for Partial Hospitalization Program Services

- CR 13908: January 2025 Integrated Outpatient Code Editor (I/OCE) Specifications Version 26.0

- CR 13933: January 2025 Update of the Hospital Outpatient Prospective Payment System (OPPS)

CMS Resources

- [MLN® Booklet: Medicare & Mental Health Coverage](#)
- [MLN® Booklet: Information for Critical Access Hospitals](#)
- [MLN® Fact Sheet: Telehealth Services](#)
- CMS Quality, Safety & Oversight - Certification & Compliance: [Community Mental Health Centers](#)
- Community Mental Health Centers Conditions of Participation: [42 CFR Part 485 Subpart J](#)
- CMS MLN®
  - Educational Tool: [Medicare Provider Compliance Tips](#)
    - Approximately 60 different topics included
  - Fact Sheet: [Complying with Medical Record Documentation Requirements](#)
  - Educational Tool: [Medicare Preventive Services](#)
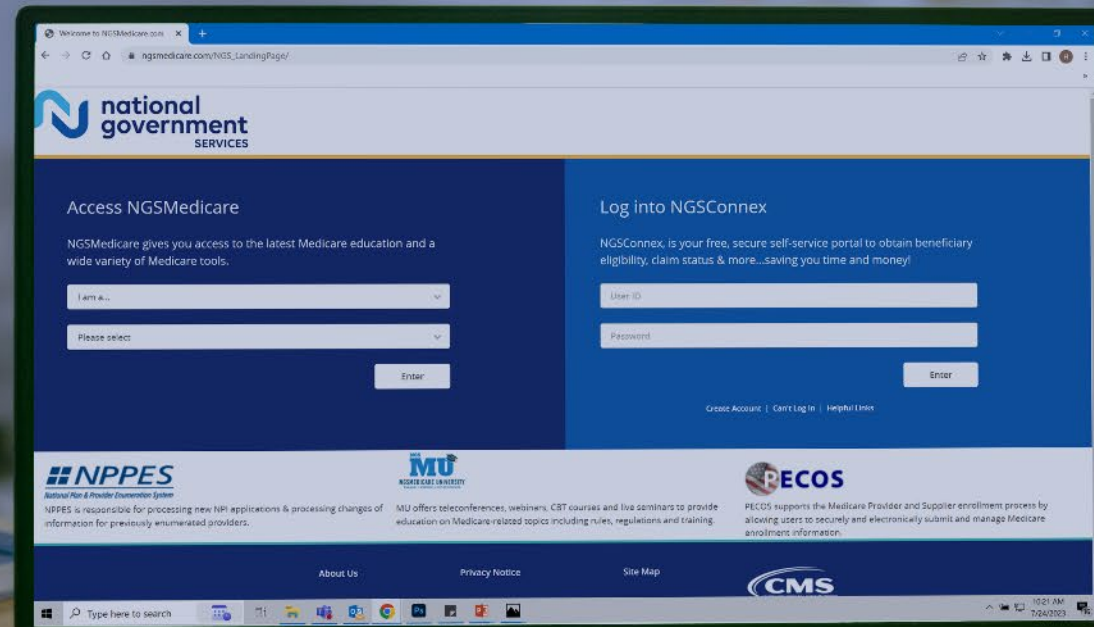
Questions?

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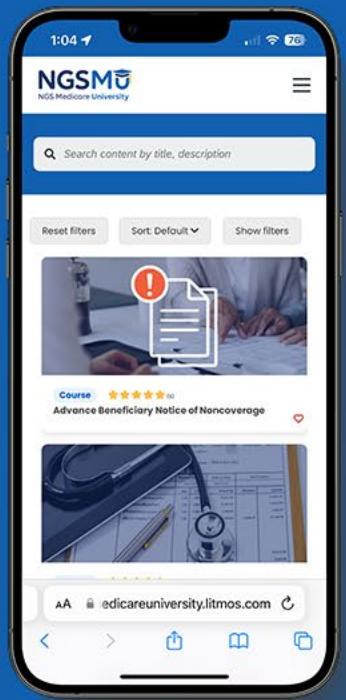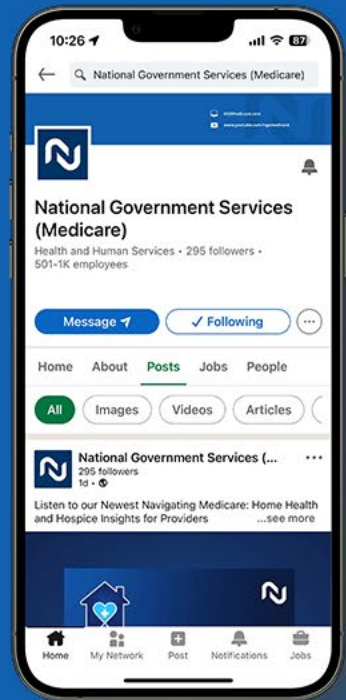
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