Payment Policy: Inpatient Only Procedures

Reference Number: CC.PP.018
Product Types: Medicaid & Medicare
Last Review Date: 03/04/2024

Coding Implications
Revision Log

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.

Reimbursement
Code auditing software denies procedures that CMS determines should be performed in an inpatient only setting when billed in the outpatient setting.

State-specific rules, health plan contracts or health plan policies, may supersede this edit.

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.

References
1. *Current Procedural Terminology (CPT®), 2024*
2. *Medicare Claims Processing Manual Chapter 4 – Section 180.7 - Inpatient-only Services https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c04.pdf*

Revision History	
Pending	Notice Period
02/27/2017	Converted to new template and annual review conducted.
12/9/2017	Corrected line of business to Medicare and Medicaid
03/10/208	Reviewed and revised policy
03/20/2019	Conducted Review, verified, updated policy.
06/30/2020	Conducted Review, verified, updated policy.
11/01/2020	Annual review completed
11/30/2021	Annual review completed; links updated
12/01/2022	Annual review completed; no major updates required
11/07/2023	Annual review completed
03/04/2024	Annual review completed; dates updated, references reviewed, and I added the link for the reference.

Important Reminder

For the purposes of this payment policy, "Health Plan" means a health plan that has adopted this payment policy and that is operated or administered, in whole or in part, by Centene Management Company, LLC, or any other of such health plan's affiliates, as applicable.

The purpose of this payment policy is to provide a guide to payment, which is a component of the guidelines used to assist in making coverage and payment determinations and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage and payment determinations 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 plan-level administrative policies and procedures.

This payment policy is effective as of the date determined by Health Plan. 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. Health Plan retains the right to change, amend or withdraw this payment policy, and additional payment 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. This payment policy is not intended to recommend treatment for members. Members should consult with their treating physician in connection with diagnosis and treatment decisions.

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

This payment policy is the property of Centene Corporation. Unauthorized copying, use, and distribution of this payment policy or any information contained herein are strictly prohibited. Providers, members, 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 and their representatives agree to be bound by such terms and conditions by providing services to members and/or submitting claims for payment for such services.

Note: For Medicaid members, when state Medicaid coverage provisions conflict with the coverage provisions in this payment policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this payment policy.

Note: For Medicare members, to ensure consistency with the Medicare National Coverage Determinations (NCD) and Local Coverage Determinations (LCD), all applicable NCDs and LCDs should be reviewed prior to applying the criteria set forth in this payment policy. Refer to the CMS website at http://www.cms.gov for additional information.