Reimbursement Policy

Inpatient Acuity Level

REIMBURSEMENT POLICY NUMBER: 19

Effective Date: 7/1/2025

Last Review Date: 6/2025

Next Annual Review: 6/2026

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INSTRUCTIONS FOR USE: Company reimbursement policies serve as guidance for the administration of plan benefits. Reimbursement policies do not constitute medical advice nor a guarantee of coverage. Company reimbursement policies are reviewed annually. The Companies reserve the right to determine the application of reimbursement policies and make revisions to reimbursement policies at any time. The scope and availability of all plan benefits are determined in accordance with the applicable coverage agreement. Any conflict or variance between the terms of the coverage agreement and Company Reimbursement Policy will be resolved in favor of the coverage agreement.

SCOPE AND APPLICATION

Provider Type:

☐ Professional Claims

☐ DMEPOS Suppliers

☐ All health care services billed on CMS 1500 forms

☐ All health care services billed on CMS 1500 forms, and when specified to those billed on UB04 forms

☒ Facilities

☒ All health care services billed on UB04 forms (CMS 1450)

Plan participating and contracted facilities reimbursed on any of the following payment methodologies:

Plan Product:

☒ Commercial

☒ Medicare

☐ Medicaid/Oregon Health Plan (OHP)

SCOPE: Providence Health Plan, Providence Health Assurance, and Providence Plan Partners as applicable (referred to individually as "Company" and collectively as "Companies").

☒ DRG

☒ Modified DRG

☒ Percentage of billed charges/per diem

POLICY STATEMENT

I. Claims for inpatient stays may be subject to clinical review to determine if the appropriate acuity level was used throughout the duration of the stay.

II. If clinical review determines an acuity level is not supported by the documentation, **room and board reimbursement will be reduced using** one of the following methods:

A. If the lower acuity level is already reported on the itemized statement for the inpatient stay, the reimbursement for each day of the unsupported high-acuity level will be reduced to this amount; **or**
B. If the lower acuity level is not already reported on the itemized statement for the inpatient stay, the reimbursement for each day of the unsupported high-acuity level will be reduced by a percentage based on average revenue code reimbursement rates for that facility.

III. The following guidelines[1,2] will be applied in determination of the appropriate acuity for all levels except NICU (see criterion IV. for NICU guidelines):

Level	Type of Patient	Examples of Interventions
Intensive Care Unit *(Rev code examples include, but are not limited to, 0200, 0201, 0202, 0203, 0208)*	Critically ill patients who require treatment, assessment, or intervention every 1-2 hours.	Invasive interventions not provided anywhere else in the institution, such as: • cerebrospinal fluid drainage for elevated intracranial pressure management, • invasive mechanical ventilation, • vasopressors, • extracorporeal membrane oxygenation, • intra-aortic balloon pump, • left ventricular assist device, or • continuous renal replacement therapy,

		• intra-cranial pressure monitoring • acute ventilator management • hemodynamic monitoring • major trauma.
Intermediate Medical Unit *(Rev code examples include, but are not limited to, 0206)*	Patients who require nursing interventions, laboratory workup, and/or monitoring every 2–4 hours.	▪ noninvasive ventilation, ▪ IV infusions of vasodilators or antiarrhythmic substances OR titration of vasodilators or antiarrhythmic substances
Telemetry Unit *(Rev code examples include, but are not limited to, 012X, 013X, 015X billed with revenue code 0732 for telemetry. Of note, telemetry is considered incidental to the daily room and board charge.)*	Stable patients who need close electrocardiographic monitoring for nonmalignant arrhythmia.	▪ IV infusions of vasodilators or antiarrhythmic substances OR titration of vasodilators or antiarrhythmic substances
Acute *(Revenue code examples include, but are not limited to, 012X, 013X, 015X)*	Hemodynamically stable patients who require treatment, assessment, or intervention every 4-8 hours.	▪ Blood product transfusion ▪ NG tube to suction ▪ Neurovascular assessment at least 6x/24h
Observation *(Revenue code examples include, but are not limited to, 0762)*	Hemodynamically stable patients who require at least 6 hours and, for certain conditions, up to 48 hours of treatment or assessment pending a decision regarding the need for additional care.	▪ Electrocardiogram monitoring ▪ Oximetry requiring supplemental oxygen ▪ Failed outpatient anti-infective treatment ▪ IV fluids

Neonatal Intensive Care Unit (NICU)

IV. The National Uniform Billing Committee (NUBC) has defined descriptions for the revenue codes used for NICU Room and Board Charges.[3] The Company applies the NUBC guidelines for determination of the appropriate acuity levels for NICU.

A. NICU levels should be clinically evaluated on a daily basis and based on the resources provided to the infant.
B. The assigned revenue codes should correspond to the level of care determined during this daily evaluation.

Rev Code	Newborn Level	Description

Revenue Code 174	Newborn Level IV	This level reflects newborns that need constant nursing and continuous cardiopulmonary and other support for severely ill infants (considered to be intensive care).
Revenue Code 173	Newborn Level III	This level reflects sick neonates who do not require intensive care but require 6 to 12 hours of nursing each day (considered to be intermediate care).
Revenue Code 172	Newborn Level II	This level reflects low birth-weight neonates who are not sick but require frequent feeding, and neonates who require more hours of nursing than do normal neonates (considered to be continuing care).
Revenue Code 171	Newborn Level I	This level reflects routine care of normal full-term or pre-term neonates (considered to be newborn nursery).

POLICY GUIDELINES

DEFINITIONS

Intensive Care Unit (ICU)/Critical Care Unit (CCU)

Critical care is defined as the direct delivery by a physician(s) of medical care for a critically ill or critically injured patient.[4] A critical illness or injury acutely impairs one or more vital organ systems such that there is a high probability of imminent or life-threatening deterioration in the patient's condition.

Step-Down Unit (SDU)

A post critical care unit for patients that are hemodynamically stable who can benefit from close supervision and monitoring such as frequent pulmonary toilet, vital signs, and/or neurological and neurovascular checks.[5] This unit may go by other names such as Intermediate Care Unit (IMC), Progressive Care Unit (PCU), etc.

Neonatal Intensive Care Unit (NICU)

A specialized hospital unit that provides intensive care for premature, critically ill, or otherwise at-risk newborn babies.[6] NICUs have advanced technology, highly trained healthcare professionals, and specialized equipment to meet the unique needs of newborn infants.

CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

APPROPRIATE LEVEL OF CARE (SETTING)

In order to be considered medically reasonable and necessary, Medicare expects services to be rendered at the appropriate level of care based on the individual's clinical needs.[7] Medicare's reasonable and necessary criteria includes, but is not limited to, services being "furnished in a setting appropriate to the beneficiary's medical needs and condition," that the services are "ordered and furnished by qualified personnel," and that the service "meets, but does not exceed, the beneficiary's medical need." In other words, lower-level services are expected to be rendered in a lower-level setting.

"As with all services approved by Medicare, critical care must be reasonable and necessary, based on the provider's assessment of a clinical crisis and/or imminent deterioration requiring immediate intervention."[8]

BILLING AND CODING GUIDELINES

CROSS REFERENCES

None

The full Company portfolio of current Reimbursement Policies is available online and can be accessed here.

REFERENCES

1. Nates, J. L., Nunnally, M., Kleinpell, R., Blosser, S., Goldner, J., Birriel, B., Fowler, C. S., Byrum, D., Miles, W. S., Bailey, H., & Sprung, C. L. (2016). ICU Admission, Discharge, and Triage Guidelines: A framework to enhance clinical operations, development of institutional policies, and further research. *Critical Care Medicine*, *44*(8), 1553–1602. https://doi.org/10.1097/ccm.0000000000001856; Accessed 3/19/2025.
2. InterQual® 2024 Level of Care Criteria - Acute Adult.
3. National Uniform Billing Committee (NUBC) Official UB-04 Data Specifications Manual; 2025 e-book; https://www.nubc.org/subscription-information; Accessed 3/10/2025.
4. Centers for Medicare & Medicaid Services (CMS). Medicare Claims Processing Manual, Chapter 12—Physicians/Nonphysician Practitioners. 2020; https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf. Accessed 3/10/2025.
5. The Joint Commission. Specifications Manual for Joint Commission National Quality Measures. 2015; https://manual.jointcommission.org/releases/TJC2015A/DataElem0078.html. Accessed 3/19/2025.
6. What is a NICU? | Texas Children's Hospital; https://www.texaschildrens.org/departments/neonatology. Accessed 3/19/2025.
7. Centers for Medicare & Medicaid Services (CMS). Medicare Program Integrity Manual, Chapter 3 - Verifying Potential Errors and Taking Corrective Actions, 3.6.2.2 - Reasonable and Necessary Criteria. https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/pim83c03.pdf. Accessed 3/10/2025.
8. Noridian Healthcare Solutions (Noridian). Critical Care Services. Last Updated: 12/9/2023. https://med.noridianmedicare.com/web/jfb/specialties/em/critical-care-services. Accessed 3/19/2025.

POLICY REVISION HISTORY

Date	Revision Summary
4/2025	New policy