



Billing Requirements for Intensive Outpatient Program Services for Federally Qualified Health Centers and Rural Health Clinics

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Related CR Title: Enforcing Billing Requirements for Intensive Outpatient Program (IOP) Services with Revenue Code 0905 for Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC)

Affected Providers

- FQHCs
- RHCs

Action Needed

Make sure your billing staff knows about IOP:

- Scope of benefits
- Certification and plan of care requirements
- Payment policies
- Coding and billing requirements

Background

Starting January 1, 2024, Section 4124(c) of the [Consolidated Appropriations Act of 2023 \(CAA, 2023\)](#) establishes Medicare coverage and payment for IOP services that FQHCs and RHCs provide for people with mental health needs.

An IOP is a distinct and organized outpatient program of psychiatric services you provide for patients who have an acute mental illness, which includes, but isn't limited to, conditions such as depression, schizophrenia, and substance use disorders.

CMS will pay for IOP services you provide at the same payment rate as if it were provided by a hospital. Also, costs associated with IOP services you provide won't be used to determine payment amounts under the RHC all-inclusive rate (AIR) methodology or the FQHC prospective payment system (PPS).

Section 1833(a)(3)(B)(i)(II) of the [Social Security Act \(the Act\)](#) requires FQHCs that contract with Medicare Advantage (MA) organizations be paid at least the same amount they would have gotten for the same service under the FQHC PPS. This provision makes sure FQHCs are paid at least the Medicare amount for FQHC services. If the MA organization contract rate is lower than the amount Medicare would otherwise pay for FQHC services, FQHCs contracting with MA organizations will get a wrap-around payment from Medicare to cover the difference.

Grandfathered tribal FQHCs must meet all FQHC certification and payment requirements. The grandfathered PPS rate equals the Medicare outpatient per visit payment rate paid to them as a provider-based department, as set annually by the Indian Health Service (IHS).

We're implementing the following for RHCs and FQHCs, for services provided starting January 1, 2024:

IOP Scope of Benefits

Items and services available under the IOP benefit includes:

- Individual and group therapy with physicians or psychologists or other mental health professionals to the extent authorized under state law
- Occupational therapy by a qualified occupational therapist or under appropriate supervision of a qualified occupational therapist by an occupational therapy assistant
- Services of social workers, trained psychiatric nurses, and other staff trained to work with psychiatric patients
- Drugs and biologicals provided for therapeutic purposes, which can't be self-administered
- Individualized activity therapies that aren't primarily recreational or diversionary
- Family counseling, the primary purpose of which is treatment of the patient's condition
- Patient training and education to the extent that training and educational activities are closely and clearly related to the patient's care and treatment
- Diagnostic services

See the list of IOP codes and services in [Attachment A of CR 13264](#).

Note: Certain IOP services aren't payable as RHC or FQHC services. For example, group therapy is considered an IOP service and payable via the IOP payment amount but wouldn't be paid if billed as a RHC or FQHC service.

IOP Certification and Plan of Care Requirements

You must provide IOP services as part of an individualized, written plan of treatment established and periodically reviewed by a physician in consultation with appropriate staff participating in such program, which includes:

- The physician's diagnosis, the type, amount, frequency, and duration of the items and services provided under the plan, and the goals for treatment under the plan
- Physician certification that an individual needs IOP services for a minimum of 9 hours per week of therapeutic services as written in their plan of care
- Review done no less than every other month

IOP Payment Rate

- The RHCs IOP services payment rate is \$259.13. We base the IOP payment rate on the 3-services-per-day hospital-based per diem payment amount.
- For FQHCs IOP services, we base the payment on the lesser of an FQHC's actual charges or the 3-services-per-day payment amount.
- For grandfathered tribal FQHCs IOP services, payment will be the Medicare outpatient per visit rate as established by the IHS. We base payment on the lesser of a grandfathered tribal FQHC's actual charges or the Medicare outpatient per visit rate.

IOP Coding and Billing Requirements

- Report condition code 92 to identify intensive outpatient claims and revenue code 0905 when billing for IOP services.
- Submit the appropriate HCPCS or CPT codes describing IOP services from the attachment to CR 13264.
- At least 1 IOP service from List A Primary Services of the CR 13264 attachment must be on the claim for payment. IOP services from List B Services of the CR 13264 attachment you send on the claim will be bundled for that specific day.
- RHCs must report the CG modifier on the line for payment along with the charges so coinsurance is calculated.
- FQHCs must report charges on the primary service line for all IOP services provided that day to be included in the calculation for coinsurance.

FQHC Supplemental Payments

To get the wrap-around payment, FQHCs that contract with MA organizations must report condition code 92, revenue code 0519, and a HCPCS code from the Primary List A and any services from List B, if applicable.

Multiple Visits

Currently, encounters with more than 1 health professional and multiple encounters with the same health professional that take place on the same day and a single location constitute a single visit, except when a patient has:

- A medical visit and a mental health visit on the same day
- An initial preventive physical exam and a separate medical or mental health visit on the same day

When you provide IOP services on the same day as a mental health visit or on the same day as a medical visit, all services are covered under Medicare Part B.

- If you provide IOP services on the same day as a mental health visit, we'll make 1 payment at the IOP rate. We include payment for the mental health visit under the IOP rate.
- If you provide IOP services as a medical visit, we'll make 1 payment for the medical visit under the FQHC PPS and 1 payment for IOP services at the IOP rate.

Note: Continue to report mental health services with revenue code 0900. Don't report IOP services with revenue code 0900.

Costs Associated with IOP Services

We don't use costs associated with IOP services to determine the amount of payment for FQHC services under the FQHC PPS or to determine the amount of payment for RHC services under the AIR method. We'll issue revisions to the cost reporting instructions in future guidance.

More Information

We issued CR 13264 to your MAC as the official instruction for this change.

For more information, [find your MAC's website](#).

Document History

Date of Change	Description
January 16, 2024	Initial article released.

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