Clover

Clover Health Inpatient Psych Hospital Reimbursement Policy

Policy #RP-081

Policy Title	Inpatient Psych Hospital Reimbursement Policy
Policy Department	Payment Strategy & Optimization
Effective Date	10/1/2022
Revision Date(s)	9/18/2025
Next Review Date	9/1/2026

Disclaimer:
Clover Health applies The Center for Medicare and Medicaid Services (CMS) criteria and guidelines, National Coverage Determinations (NCD), Local Coverage Determinations (LCD), Clover Policies, and MCG for determining medical necessity. Clover Policies are intended to provide a standard guideline but are not used to preempt providers' judgment in rendering services. Providers are expected to provide care based on best practices and use their medical judgment for appropriate care.

Description:

This policy describes how Clover Health reimburses claims billed for members when they are admitted to an inpatient psychiatry hospital or inpatient psychiatry bed.

Definitions:

- **Claims that qualify:**
  - Service Category “Psychiatric Facility”
  - Supplier Classification “Psychiatric Hospital”
- **Appeals**
  - Responsibilities - Any appealed findings may be routed to appeals for review but will be forwarded to Clover coder as pricing issues should result in a payment dispute, not a medical necessity review.

- **Exclusions**
  - Claims billed by a facility that does not have a psych CCN on file with CMS

Policy:

It is the policy of Clover Health to reimburse inpatient hospital claims using the appropriate CMS pricer. For Inpatient Psychiatric claims, CMS supplies a pricer that results in per diem reimbursement.

Section 124 (c) of Public Law 106-113, the Balance Budget Requirement Act of 1999 (BBRA) required the implementation of a per diem prospective payment system (PPS) for Inpatient Psychiatric Facilities (IPF). The per diem prospective payment system was implemented for inpatient psychiatric services that are furnished in a psychiatric hospital, units in an acute care hospital or a critical access hospital.

To help improve the accuracy of claim payments, a prepayment review of certain inpatient claims will be performed.

Using the place of service and revenue code indicators provided on the billed claim, Clover staff will determine whether or not IP psych should price using the CMS pricer for psych claim on a per diem basis, or the IP DRG payment rate. Inpatient psych claims require an approved authorization for each paid day.

References
Inpatient Psych Facility PPS
Medicare Program Integrity Manual Chapter 3 - Verifying Potential Errors and Taking Corrective Actions

Version History
1/1/2022 - Policy document created 9/18/2025 - Policy was reviewed - no changes