

## Chapter 7

## Section 2

# Partial Hospitalization Program (PHP) And Intensive Outpatient Program (IOP) Reimbursement: Mental Health And Substance Use Disorder (SUD) Treatment

Issue Date: July 14, 1993

Authority: [32 CFR 199.14\(a\)\(2\)\(ix\)](#)

Revision: C-10, November 15, 2017

### 1.0 APPLICABILITY

**1.1** This policy is mandatory for reimbursement of services provided by either network or non-network providers. However, alternative network reimbursement methodologies are permitted when approved by the Defense Health Agency (DHA) and specifically included in the network provider agreement.

**1.2** Reimbursement of PHPs prior to implementation of the reasonable cost method for Critical Access Hospitals (CAHs) and implementation of Outpatient Prospective Payment System (OPPS), and thereafter, freestanding PHPs and other providers who are exempt from the TRICARE OPPS and provider PHP services.

**1.3** Effective for dates of service on or after October 3, 2016, this reimbursement system applies to IOPs for mental health and SUD treatment, authorized under [32 CFR 199.6\(b\)\(4\)\(xviii\)](#).

### 2.0 POLICY

#### 2.1 Per Diem Payment For **PHPs Or IOPs**

**PHPs** authorized and provided under [32 CFR 199.4\(b\)\(10\)](#) and provided by psychiatric PHPs authorized under [32 CFR 199.6\(b\)\(4\)\(xii\)](#) are reimbursed on the basis of prospectively determined, all-inclusive per diem rates. The per diem payment amount must be accepted as payment in full for all PHP services provided. Effective on May 1, 2009 (implementation of OPPS), hospital-based PHP services are reimbursed under the hospital OPPS as described in [Chapter 13, Section 2, paragraph 3.7](#). **Effective for dates of service on or after October 3, 2016, per diem payment for IOP services provided by PHPs or IOPs authorized under [32 CFR 199.4\(b\)\(9\)](#) and [\(b\)\(10\)](#), and provided by PHPs and IOPs authorized under [32 CFR 199.6\(b\)\(4\)\(xii\)](#) and [\(b\)\(4\)\(xviii\)](#) are reimbursed on the basis of prospectively-determined, all-inclusive per diem rates. The per diem payment amount must be accepted as payment in full for all PHP or IOP services provided. The following services and supplies are included in the per diem rate approved for authorized PHPs and IOPs and are not covered even if separately billed by an individual provider.**

Partial Hospitalization Program (PHP) **And Intensive Outpatient Program (IOP) Reimbursement: Mental Health And Substance Use Disorder (SUD) Treatment**

---

**2.1.1** Board. Includes use of the partial hospital facilities such as food service, supervised therapeutically constructed recreational and social activities, etc.

**2.1.2** Patient assessment. Includes the assessment of each individual accepted by the facility, and must, at a minimum, consist of a physical examination; psychiatric examination; psychological assessment; assessment of physiological, biological and cognitive processes; developmental assessment; family history and assessment; social history and assessment; educational or vocational history and assessment; environmental assessment; and recreational/activities assessment. Assessments conducted within 30 days prior to admission to a partial program may be used if approved and deemed adequate to permit treatment planning by the PHP.

**2.1.3** Psychological testing and assessment.

**2.1.4** Treatment services. All services including routine nursing services, group therapy, supplies, equipment and space necessary to fulfill the requirements of each patient's individualized diagnosis and treatment plan (with the exception of the psychotherapy as indicated in [paragraph 2.2.1](#)). All mental health services must be provided by an authorized individual professional provider of mental health services. [Exception: PHPs **or IOPs** that employ individuals with master's or doctoral level degrees in a mental health discipline who do not meet the licensure, certification and experience requirements for a qualified mental health provider but are actively working toward licensure or certification, may provide services within the all-inclusive per diem rate but the individual must work under the clinical supervision of a fully qualified mental health provider employed by the PHP **or IOP**.]

**2.1.5** Ancillary therapies. Includes art, music, dance, occupational, and other such therapies.

**2.1.6** Overhead and any other services for which the customary practice among similar providers is included as part of the institutional charges.

## **2.2 Services Which May Be Billed Separately**

The following services are not considered as included within the per diem payment amount and may be separately billed when provided by an authorized individual professional provider:

### **2.2.1 Psychotherapy Sessions**

Professional services provided by an authorized individual professional provider (who is not employed by or under contract with the PHP **or IOP**) for purposes of providing clinical patient care to a patient in the PHP **or IOP** may be cost-shared when billed by the individual professional provider. Any obligation of a professional provider to provide services through employment or contract in a facility or distinct program of a facility would preclude that professional provider from receiving separate TRICARE reimbursement on a fee-for-service basis to the extent that those services are covered by the employment or contract arrangement. Psychotherapy services provided outside of the employment/contract arrangement can be reimbursed separately from the PHPs **or IOPs** per diem.

**Note:** For dates of service prior to October 3, 2016, professional mental health benefits are limited to a maximum of one session (60 minutes individual, 90 minutes family, etc.) per authorized treatment day not to exceed five sessions in any calendar week in any combination of individual and family

Partial Hospitalization Program (PHP) And Intensive Outpatient Program (IOP) Reimbursement: Mental Health And Substance Use Disorder (SUD) Treatment

---

therapy. For dates of service prior to October 3, 2016, five sessions per week is an absolute limit, and additional sessions are not covered.

**Note:** Group therapy is strictly included in the per diem and cannot be paid separately even if billed by an individual professional provider.

## 2.2.2 Primary/Attending Provider

When a patient is approved for admission to a PHP or IOP, the primary or attending provider (if not contracted or employed by the partial program) may provide psychotherapy only when the care is part of the treatment environment which is the therapeutic partial program. That is why the patient is there--because that level of care and that program have been determined as medically necessary. The therapy must be adapted toward the events and interactions outlined in the treatment plan and be part of the overall partial treatment plan. Involvement as the primary or attending is allowed and covered only if he is part of the coherent and specific plan of treatment arranged in the partial setting. The treatment program must be under the general direction of the psychiatrist employed by the program to ensure medication and physical needs of the patients are met and the therapist must be part of the treatment team and treatment plan. An attending provider must come to the treatment plan meetings and his/her care must be coordinated with the treatment team and as part of the treatment plan. Care given independent of this is not covered.

## 2.2.3 Non-Mental Health Related Medical Services

Those services not normally included in the evaluation and assessment of a partial hospitalization patient and not related to care in the PHP or IOP. These medical services are those services medically necessary to treat a broken leg, appendicitis, heart attack, etc., which may necessitate emergency transport to a nearby hospital for medical attention. Ambulance services may be cost-shared when billed for by an authorized provider if determined medically necessary for emergency transport.

## 2.3 Per Diem Rate

**2.3.1** For any full-day PHP (minimum of six hours), the maximum per diem payment amount is 40% of the average inpatient per diem amount per case paid to both high and low volume psychiatric hospitals and units established under the mental health per diem reimbursement system. The rates shall be updated to the current year using the same factors as used under the TRICARE mental health per diem reimbursement system.

**2.3.2** A PHP of less than six hours (with a minimum of three hours) will be paid a per diem rate of 75% of the rate for full-day PHP.

**2.3.3** For dates of services on or after October 3, 2016, IOP services, lasting less than six hours, with a minimum of two hours, shall be reimbursed a per diem rate of 75% of the rate for full-day PHP.

**Note:** PHPs that provide services that are less than six hours, with a minimum of two hours, are reimbursed in accordance with the provisions of paragraph 2.3.3.

Partial Hospitalization Program (PHP) And Intensive Outpatient Program (IOP) Reimbursement: Mental Health And Substance Use Disorder (SUD) Treatment

---

**2.3.4** TRICARE will not fund the cost of educational services separately from the per diem rate. The hours devoted to education do not count toward the therapeutic half- or full-day program. See the DHA web site at <http://health.mil/Military-Health-Topics/Business-Support/Rates-and-Reimbursement>, for the current maximum rate limits which are to be used as is for PHP and IOP care.

**2.4 Other Requirements**

No payment is due for leave days, for days in which treatment is not provided, for days in which the patient does not keep an appointment, or for days in which the duration of the program services was less than three hours.

**2.5 CAHs**

Effective December 1, 2009, PHPs in CAHs shall be reimbursed under the reasonable cost method, (see Chapter 15, Section 1).

**2.6 IOPs Prior To October 3, 2016**

For dates of service prior to October 3, 2016, PHPs may provide services they call "Intensive Outpatient Program", or IOP. PHPs may provide partial hospitalization services, also referred to as IOP, provided less than five days per week, but at least three hours per day but less than six hours per day. Freestanding PHPs providing IOP services may submit reimbursement for Healthcare Common Procedure Coding System (HCPCS) codes S9480 or H0015 to represent these services; the contractor shall reimburse the provider the half-day PHP rate (i.e., three to five hours), in accordance with this section. See the TRICARE Policy Manual (TPM), Chapter 7, Sections 3.4 and 3.5; and Chapter 13, Section 2, paragraph 3.7.3.2 for reimbursement in hospital-based PHPs.

**2.7 Cost-Sharing**

For dates of service prior to October 3, 2016, cost-sharing for PHP services is made on an inpatient basis. For dates of service on or after October 3, 2016, outpatient cost-sharing is applied to PHP and IOP services. See Chapter 2, Addendum A.

- END -