



Psychiatric Partial Hospitalization

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Introduction & Instructions for Use

Introduction

Medicare Coverage Summaries are a set of objective and evidence-based behavioral health criteria used by medical necessity plans to standardize coverage determinations, promote evidence-based practices, and support members’ recovery, resiliency, and wellbeing for Medicare behavioral health benefit plans managed by Optum®.

Instructions for Use

This guideline is used to make coverage determinations as well as to inform discussions about evidence-based practices and discharge planning for behavioral health benefit plans managed by Optum. When deciding coverage, the member’s specific benefits must be referenced.

All reviewers must first identify member eligibility, the member-specific benefit plan coverage, and any federal or state regulatory requirements that supersede the member’s benefits prior to using this guideline. In the event that the requested service or procedure is limited or excluded from the benefit, is defined differently or there is otherwise a conflict between this guideline and the member’s specific benefit, the member’s specific benefit supersedes this guideline. Other clinical criteria may apply. Optum reserves the right, in its sole discretion, to modify its clinical criteria as necessary using the process described in Clinical Criteria.

This guideline is provided for informational purposes. It does not constitute medical advice.

Optum may also use tools developed by third parties that are intended to be used in connection with the independent professional medical judgment of a qualified health care provider and do not constitute the practice of medicine or medical

advice. Optum may develop clinical criteria or adopt externally-developed clinical criteria that supersede this guideline when required to do so by contract or regulation.

If there is an absence of any applicable Medicare statutes, regulations, National or Local Coverage Determinations offering guidance, Optum utilizes adopted external criteria as follows:

- [Level of Care Utilization System \(LOCUS\):](#)
 - Standardized level of care assessment tool developed by the American Association of Community Psychiatrists used to make determinations and placement decisions for adults ages eighteen and older.
- [Child and Adolescent Level of Care/Service Intensity Utilization System \(CALOCUS-CASII\):](#)
 - Standardized assessment tool developed by the American Academy of Child and Adolescent Psychiatry and the American Association of Community Psychiatrists used to make determinations and to provide level of service intensity recommendations for children and adolescents ages 6-18.
- [Early Childhood Service Intensity Instrument \(ECSII\):](#)
 - Standardized assessment tool developed by the American Academy of Child and Adolescent Psychiatry used to make determinations and to provide level of service intensity recommendations for children ages 0-5.

Optum Supplemental Clinical Criteria: developed criteria based on “acceptable clinical literature”

- [Electroconvulsive Therapy \(ECT\)](#)
 - National criteria used to make clinical determinations for ECT.

National criteria that stem from evaluation of new services or treatments or new applications of existing services or treatments and are used to make coverage determinations regarding experimental and investigation services and treatments.

Optum Behavioral Clinical Policies:

- [Complementary and Alternative Medicine \(CAM\) Treatments](#)
- [Computer Based Treatment for Cognitive Behavioral Therapy \(CBTCBT\)](#)
- [Neurofeedback](#)
- [Transcranial Magnetic Stimulation](#)
- [Wilderness Therapy](#)

These criteria represent current, widely-used treatment guidelines developed by organizations representing clinical specialties, or Optum developed criteria based on “acceptable clinical literature” according to 422.101(b)(6)(i). Optum selects and uses clinical criteria that are consistent with generally accepted standards of care, including objective criteria that are based on sound clinical evidence. Optum uses the criteria to make standardized coverage determinations and to inform discussions about evidence-based practices and discharge planning. The use of such criteria is highly likely to outweigh any clinical harms from delayed or decreased access to care.

Psychiatric Partial Hospitalization

Psychiatric partial hospitalization is a distinct and organized intensive psychiatric outpatient treatment of less than 24 hours of daily care, designed to provide patients with profound or disabling mental health conditions an individualized, coordinated, intensive, comprehensive, and multidisciplinary treatment program not provided in a regular outpatient setting. Partial hospitalization services are furnished by a hospital or community mental health center (CMHC) to patients with acute mental illness in order to avoid inpatient care through this type of ambulatory care. The Medicare psychiatric partial hospitalization benefit was established and is intended to furnish services in lieu of inpatient psychiatric care. Partial Hospitalization requires admission and certification of need by a psychiatrist or physician (MD/DO) trained in the diagnosis and treatment of psychiatric illness. Partial hospitalization programs (PHPs) differ from inpatient hospitalization in the lack of 24-hour observation, and outpatient management in day programs in 1) the intensity of the treatment programs and frequency of participation by the patient and 2) the comprehensive structured program of services provided that are specified in an individualized treatment plan, formulated by a physician and the multidisciplinary team, with the patient’s involvement (CMS L33626; 2023, L34196; 2023).

Partial hospitalization programs (PHPs) are structured to provide intensive psychiatric care through active treatment that utilizes a combination of clinically recognized items and services. The treatment program of a PHP closely resembles that of a highly structured, short-term hospital program. It is treatment at a level more intense than outpatient day treatment or psychosocial

rehabilitation. Program providing primarily social, recreational, or diversionary activities are not considered partial hospitalization (CMS L37633; 2020).

Applicable States

NOTE: Medicare Part A services are typically inpatient. Medicare Part B services are typically outpatient.

CMS L33626/A56850: Part A and Part B services

- Connecticut
- Illinois
- Maine
- Massachusetts
- Minnesota
- New Hampshire
- New York
- Rhode Island
- Vermont
- Wisconsin

CMS L34196/A57073: Part A and Part B services

- Kentucky
- Ohio

CMS L37633/A56685: Part A and Part B services

- Alabama
- Georgia
- North Carolina
- South Carolina
- Tennessee
- Virginia
- West Virginia

CMS Medicare Benefit Policy Manual

If services are delivered in a state without an applicable LCD, please apply the CMS Medicare Benefit Policy Manual information (see below). [Medicare Benefit Policy Manual Chapter 6 - Hospital Services Covered Under Part B, section 70.3 Partial Hospitalization Services](#):

- Partial hospitalization programs (PHPs) are structured to provide intensive psychiatric care through active treatment that utilizes a combination of the clinically recognized items and services described in §1861(ff) of the Social Security Act (the Act). The treatment program of a PHP closely resembles that of a highly structured, short-term hospital inpatient program. It is treatment at a level more intense than outpatient day treatment or psychosocial rehabilitation. Programs providing primarily social, recreational, or diversionary activities are not considered partial hospitalization.
 - Program Criteria
 - PHPs work best as part of a community continuum of mental health services (including SUD services) which range from the most restrictive inpatient hospital setting to less restrictive outpatient care and support. Program objectives should focus on ensuring important community ties and closely resemble the real-life experiences of the patients served. PHPs may be covered under Medicare when they are provided by a hospital outpatient department or a Medicare-certified CMHC.
 - Partial hospitalization is active treatment that incorporates an individualized treatment plan which describes a coordination of services wrapped around the particular needs of the patient and includes a multidisciplinary team approach to patient care under the direction of a physician. The program reflects a high degree of structure and

scheduling. According to current practice guidelines, the treatment goals should be measurable, functional, time-framed, medically necessary, and directly related to the reason for admission.

- A program comprised primarily of diversionary activity, social, or recreational therapy does not constitute a PHP. Psychosocial programs which provide only a structured environment, socialization, and/or vocational rehabilitation are not covered by Medicare. A program that only monitors the management of medication for patients whose psychiatric condition is otherwise stable, is not the combination, structure, and intensity of services which make up active treatment in a PHP.
- Patient Eligibility Criteria
 - Patients must meet benefit requirements for receiving the partial hospitalization services as defined in §1861(ff) and §1835(a)(2)(F) of the Act. Patients admitted to a PHP must be under the care of a physician who certifies the need for partial hospitalization, including the need for a minimum of 20 hours per week of therapeutic services, as evidenced by their plan of care. The patients also require a comprehensive, structured, multimodal treatment requiring medical supervision and coordination, provided under an individualized plan of care, because of a mental disorder (including SUD) which severely interferes with multiple areas of daily life, including social, vocational, and/or educational functioning. Such dysfunction generally is of an acute nature. In addition, PHP patients must be able to participate in the active treatment process cognitively and emotionally and be capable of tolerating the intensity of a PHP program.
 - Patients meeting benefit category requirements for Medicare coverage of a PHP comprise two groups: those patients who are discharged from an inpatient hospital treatment program, and the PHP is in lieu of continued inpatient treatment; or those patients who, in the absence of partial hospitalization, would be at reasonable risk of requiring inpatient hospitalization. Where partial hospitalization is used to shorten an inpatient stay and transition the patient to a less intense level of care, there must be evidence of the need for the acute, intense, structured combination of services provided by a PHP. Recertification must address the continuing serious nature of the patients' psychiatric condition requiring active treatment in a PHP.
 - Discharge planning from a PHP may reflect the types of best practices recognized by professional and advocacy organizations that ensure coordination of needed services and follow-up care. These activities include linkages with community resources, supports, and providers in order to promote a patient's return to a higher level of functioning in the least restrictive environment.
- Covered Services
 - Items and services that can be included as part of the structured, multimodal active treatment program include:
 - Individual or group psychotherapy with physicians, psychologists, or other mental health professionals authorized or licensed by the State in which they practice (e.g., licensed clinical social workers, mental health counselors, marriage and family therapists, clinical nurse specialists, certified alcohol and drug counselors);
 - Occupational therapy requiring the skills of a qualified occupational therapist. Occupational therapy, if required, must be a component of the physician's treatment plan for the individual;
 - Services of other staff (social workers, psychiatric nurses, and others) trained to work with psychiatric patients (including patients with SUD). These include principal illness navigation services provided by auxiliary staff, including peer support specialist;
 - Drugs and biologicals that cannot be self-administered and are furnished for therapeutic purposes (subject to limitations specified in 42 CFR 410.29);
 - Individualized activity therapies that are not primarily recreational or diversionary. These activities must be individualized and essential for the treatment of the patient's diagnosed condition and for progress toward treatment goals;
 - Family counseling services for which the primary purpose is the treatment of the patient's condition. These include services for caregivers;
 - Patient training and education, to the extent the training and educational activities are closely and clearly related to the individuals care and treatment of his/her diagnosed psychiatric condition. These services include caregiver training services furnished for the benefit of the patient; and
 - Medically necessary diagnostic services related to mental health treatment (including SUD).
- Partial hospitalization services that make up a program of active treatment must be vigorous and proactive (as evidenced in the individual treatment plan and progress notes) as opposed to passive and custodial. It is not enough that a patient qualify under the benefit category requirements in or of §1835(a)(2)(F) unless the patient also has the need for active treatment provided by the program of services defined in §1861(ff). It is the need for at least 20 hours

per week of intensive, active treatment of the patient's condition to maintain a functional level and to prevent relapse or hospitalization, which qualifies the patient to receive the services identified in §1861(ff).

- Reasonable and Necessary Services
 - This program of services provides for the diagnosis and active, intensive treatment of the individual's serious psychiatric condition (including SUD) and, in combination, are reasonably expected to improve or maintain the individual's condition and functional level and prevent relapse or hospitalization. A particular individual covered service (described above) as intervention, expected to maintain or improve the individual's condition and prevent relapse, may also be included within the plan of care, but the overall intent of the partial program admission is to treat the serious presenting psychiatric symptoms (including SUD). Continued treatment in order to maintain a stable psychiatric condition or functional level requires evidence that less intensive treatment options (e.g., intensive outpatient, psychosocial, day treatment, and/or other community supports) cannot provide the level of support necessary to maintain the patient and to prevent hospitalization.
 - Patients admitted to a PHP do not require 24 hour per day supervision as provided in an inpatient setting, must have an adequate support system to sustain/maintain themselves outside the PHP and must not be an imminent danger to themselves or others. Patients admitted to a PHP generally have an acute onset or decompensation of a covered Axis I mental disorder, as defined by the current edition of the Diagnostic and Statistical Manual published by the American Psychiatric Association or listed in Chapter 5, of the version of the International Classification of Diseases (ICD) applicable to the service date, which severely interferes with multiple areas of daily life. Examples include eating disorders, mood disorders, psychotic disorders, and substance use disorders. The degree of impairment will be severe enough to require a multidisciplinary intensive, structured program, but not so limiting that patients cannot benefit from participating in an active treatment program. It is the need, as certified by the treating physician, for the intensive, structured combination of services provided by the program that constitute active treatment, that are necessary to appropriately treat the patient's presenting psychiatric condition.
 - For patients who do not meet this degree of severity of illness, and for whom partial hospitalization services are not necessary for the treatment of a psychiatric condition (including SUD), professional services billed to Medicare Part B (e.g., services of psychiatrists and psychologists) may be medically necessary, even though partial hospitalization services are not.
 - Patients in PHP may be discharged by either stepping up to an inpatient level of care which would be required for patients needing 24-hour supervision, or stepping down to a less intensive level of outpatient care when the patient's clinical condition improves or stabilizes, and the patient no longer requires structured, intensive, multimodal treatment.
- Reasons for Denial
 - Benefit category denials made under §1861(ff) or §1835(a)(2)(F) are not appealable by the provider and the limitation on liability provision does not apply (HCFA Ruling 97-1). Examples of benefit category based in §1861(ff) or §1835(a)(2)(F) of the Act, for partial hospitalization services generally include the following:
 - Day care programs, which provide primarily social, recreational, or diversionary activities, custodial or respite care;
 - Programs attempting to maintain psychiatric wellness, where there is no risk of relapse or hospitalization, e.g., day care programs for the chronically mentally ill; or
 - Patients who are otherwise psychiatrically stable or require medication management only.
 - Coverage denials made under §1861(ff) of the Act are not appealable by the provider and the Limitation on Liability provision does not apply (HCFA Ruling 97-1). The following services are excluded from the scope of partial hospitalization services defined in §1861(ff) of the Social Security Act:
 - Services to hospital inpatients;
 - Meals, self-administered medications, transportation; and
 - Vocational training.
 - Reasonable and necessary denials based on §1862(a)(1)(A) are appealable and the Limitation on Liability provision does apply. The following examples represent reasonable and necessary denials for partial hospitalization services and coverage is excluded under §1862(a)(1)(A) of the Social Security Act:
 - Patients who cannot, or refuse, to participate (due to their behavioral or cognitive status) with active treatment of their mental disorder (except for a brief admission necessary for diagnostic purposes), or who cannot tolerate the intensity of a PHP; or
 - Treatment of chronic conditions without acute exacerbation of symptoms that place the individual at risk of relapse or hospitalization.
- Documentation Requirements and Physician Supervision

- Initial Psychiatric Evaluation/Certification—Upon admission, a certification by the physician must be made that the patient admitted to the PHP would require inpatient psychiatric hospitalization if the partial hospitalization services were not provided and that the patient requires at least 20 hours of service per week. The certification should identify the diagnosis and clinical need for the partial hospitalization. Partial hospitalization services must be furnished under an individualized written plan of care, established by the physician, which includes the active treatment provided through the combination of structured, intensive services identified in §1861 that are reasonable and necessary to treat the presentation of serious psychiatric symptoms (including SUD) and to prevent relapse or hospitalization.
- Physician Recertification Requirements:
 - Signature – The physician recertification must be signed by a physician who is treating the patient and has knowledge of the patient’s response to treatment.
 - Timing – The first recertification is required as of the 18th calendar day following admission to the PHP. Subsequent recertifications are required at intervals established by the provider, but no less frequently than every 30 days.
 - Content – The recertification must specify that the patient would otherwise require inpatient psychiatric care in the absence of continued stay in the PHP and describe the following:
 - The patient’s response to the therapeutic interventions provided by the PHP;
 - The patient’s psychiatric symptoms (including SUD) that continue to place the patient at risk of hospitalization; and
 - Treatment goals for coordination of services to facilitate discharge from the PHP.
- Treatment Plan: Partial hospitalization is active treatment pursuant to an individualized treatment plan, prescribed and signed by a physician, which identifies treatment goals, describes a coordination of services, is structured to meet the particular needs of the patient, and includes a multidisciplinary team approach to patient care. The treatment goals described in the treatment plan should directly address the presenting symptoms and are the basis for evaluating the patient’s response to treatment. Treatment goals should be designed to measure the patient’s response to active treatment. The plan should document ongoing efforts to restore the individual patient to a higher level of functioning that would permit discharge from the program or reflect the continued need for the intensity of the active therapy to maintain the individual’s condition and functional level and to prevent relapse or hospitalization. Activities that are primarily recreational and diversionary or provide only a level of functional support that does not treat the serious presenting psychiatric symptoms (including SUD) placing the patient at risk, do not qualify as partial hospitalization services.
- Progress Notes: Section 1833(e) of the Social Security Act prevents Medicare from paying for services unless necessary and sufficient information is submitted that shows that services were provided and to determine the amounts due. A provider may submit progress notes to document the services that have been provided. The progress note should include a description of the nature of the treatment service, the patient’s response to the therapeutic intervention and its relation to the goals indicated in the treatment plan.

Coverage, Indications, Limitations and/or Medical Necessity

Indications (CMS L33626, 2023; L34196, 2023)

- Patients admitted to a PHP must be under the care of a physician who is knowledgeable about the patient and certifies the need for partial hospitalization. The patient or legal guardian must provide written informed consent for partial hospitalization treatment. The patient must require comprehensive, multimodal treatment requiring medical supervision and coordination because of a mental disorder which severely interferes with multiple areas of daily life, including social, vocational, and/or educational functioning. Such dysfunction must be of an acute nature and not a chronic circumstance.
- Patients eligible for Medicare coverage of a PHP comprise two groups: those patients who are discharged from an inpatient hospital treatment program and the PHP is in lieu of continued inpatient treatment; or those patients who, in the absence of partial hospitalization, would require inpatient hospitalization. There must be reasonable expectation of improvement in the patient’s disorder and level of functioning as a result of active treatment. Active treatment directly addresses the presenting problems requiring admission to the PHP. Active treatment consists of clinically recognized therapeutic interventions including individual, group, and family psychotherapies, occupational, activity, and psycho-educational groups pertinent to the patient’s illness. Medical and psychiatric diagnostic evaluation and medication management are also integral to active treatment. The patient must have the capacity for active participation in all phases of the multidisciplinary and multimodal program. If a substance abuse disorder is also present, the program must be

prepared to appropriately treat the co-morbid substance abuse disorder (dual diagnosis patients). A program primarily comprised of activity, social, or recreational therapy does not constitute a PHP. Psychosocial programs which provide only a structured environment, socialization, and/or vocational rehabilitation are not covered by Medicare.

(CMS L37633, 2020)

- Partial hospitalization programs (PHPs) are structured to provide intensive psychiatric care through active treatment that utilizes a combination of the clinically recognized items and services. The treatment program of a PHP closely resembles that of a highly structured, short-term hospital inpatient program. It is treatment at a level more intense than outpatient day treatment or psychosocial rehabilitation. Programs providing primarily social, recreational, or diversionary activities are not considered partial hospitalization.
- Partial hospitalization is active treatment that incorporates an individualized treatment plan which describes a coordination of services wrapped around the particular needs of the patient and includes a multidisciplinary team approach to patient care under the direction of a physician. The program reflects a high degree of structure and scheduling. According to current practice guidelines, the treatment goals should be measurable, functional, time-framed, medically necessary, and directly related to the reason for admission.
- Eligibility for Medicare coverage of a PHP comprise 1 of 2 groups:
 - Patients who are discharged from an inpatient hospital treatment program and the PHP are in lieu of continued inpatient treatment. Where partial hospitalization is used to shorten an inpatient stay and transition the patient to a less intense level of care, there must be evidence of the need for the acute, intense, structured combination of services provided by a PHP.
 - Patients who in the absence of partial hospitalization would be at reasonable risk of requiring inpatient hospitalization.
- Partial hospitalization services that make up a program of active treatment must be vigorous and proactive (as evidenced in the individual treatment plan and progress notes) as opposed to passive and custodial. Patients must also have the need for the active treatment provided by the program of services. It is the need for intensive, active treatment of his/her condition to maintain a functional level and to prevent relapse or hospitalization, which qualifies the patient to receive the services.
- This program of services provides for the diagnosis and active, intensive treatment of the individual's serious psychiatric condition and in combination, are reasonably expected to improve or maintain the individual's condition and functional level and prevent relapse or hospitalization. A particular individual covered service (described below) as intervention, expected to maintain or improve the individual's condition and prevent relapse, may also be included within the plan of care (POC), but the overall intent of the partial program admission is to treat the serious presenting psychiatric symptoms. Continued treatment in order to maintain a stable psychiatric condition or functional level requires evidence that less intensive treatment options (e.g., intensive outpatient, psychosocial, day treatment, and/or other community supports) cannot provide the level of support necessary to maintain the patient and to prevent hospitalization.
- Patients admitted to a PHP do not require 24 hour per day supervision as provided in an inpatient setting and must have an adequate support system to sustain/maintain themselves outside the PHP. Patients admitted to a PHP generally have an acute onset or decompensation of a covered Axis I mental disorder, as defined by the current edition of the Diagnostic and Statistical Manual (DSM) published by the American Psychiatric Association (APA) or listed in Chapter 5 of the most current edition of the International Classification of Diseases (ICD). The disorder severely interferes with multiple areas of daily life. The degree of impairment will be severe enough to require a multidisciplinary intensive, structured program, but not so limiting that patients cannot benefit from participating in an active treatment program. The treating physician must certify the need for the structured combination of services provided by the program. This active treatment is required to appropriately treat the patient's presenting psychiatric condition.

Covered Services (CMS L33626, 2023; L34196, 2023)

- Medically necessary diagnostic services related to mental illness.
- Individual or group psychotherapy with physicians, psychologists, or other mental health professionals authorized or licensed by the state in which they practice (e.g., licensed clinical social worker, certified alcohol and drug counselor). Group therapy size should be limited to ten or fewer individuals participating.
- Occupational therapy requiring the skills of a qualified occupational therapist. Occupational therapy, if required, must be a component of the physician's treatment plan for the individual. While occupational therapy may include prevocational and vocational assessment and training, when the services are related primarily to specific employment opportunities, work skills, or work settings, they are not covered.

- Services of other staff (social workers, psychiatric nurses, and others) trained to work with psychiatric patients. Individual, family and group psychotherapy must be performed by individuals authorized or licensed by the state in which they practice to provide these services. With the exception of hospitals receiving payments under the Graduate Medical Education (GME) program, Medicare does not pay for the professional services of individuals who are in training and have not yet obtained licensure.
- Drugs and biologicals that cannot be self-administered and are furnished for therapeutic purposes. For example, oral medications that can be self-administered are not covered. Note: medication must be safe and effective, and approved by the Food and Drug Administration. It cannot be experimental or administered under an investigational protocol.
- Individualized activity therapies that are individualized to the patient's goals and not primarily recreational or diversionary. These activities must be individualized and essential for the treatment of the patient's diagnosed condition and for progress toward treatment goals. The physician's treatment plan must clearly justify the need for each particular activity therapy modality utilized and define its role in the treatment of the patient's illness and functional deficits. Providers should not bill activity therapies as individual or group psychotherapy services.
- Family counseling services for which the primary purpose is the treatment of the patient's condition. Such services include the need to observe the patient's interaction with the family for diagnostic purposes, or to assess the capability of and assist the family members in aiding in the management of the patient. Counseling the family to aid in the management of the patient may include attempts to modify the behavior of the family members. This may be covered if such services are related to the treatment of the patient's condition.
- Patient training and education, to the extent the training and educational activities are closely and clearly related to the individual's care and treatment of their diagnosed psychiatric condition.

Covered Services (CMS L37633, 2020)

- Items and services that can be included as part of the structured, multimodal active treatment program include:
 - Individual or group psychotherapy with physicians, psychologists or other mental health professionals authorized or licensed by the State in which they practice (e.g., licensed clinical social workers, clinical nurse specialists, certified alcohol and drug counselors);
 - Occupational therapy (OT) requiring the skills of a qualified occupational therapist. OT, if required, must be a component of the physician's treatment plan for the individual;
 - Services of other staff (social workers, psychiatric nurses, and others) trained to work with psychiatric patients;
 - Drugs and biologicals that cannot be self-administered and are furnished for therapeutic purposes;
 - Individualized activity therapies that are not primarily recreational or diversionary. These activities must be individualized and essential for the treatment of the patient's diagnosed condition and for progress toward treatment goals;
 - Family counseling services for which the primary purpose is the treatment of the patient's condition;
 - Patient training and education, to the extent the training and educational activities are closely and clearly related to the individuals care and treatment of his/her diagnosed psychiatric condition; and
 - Medically necessary diagnostic services related to mental health treatment.

Admission Criteria: Intensity of Services (CMS L33626, 2023; L34196, 2023)

- In general patients should be treated in the least intensive and restrictive setting which meets the needs of their illness. Patients admitted to a PHP do not require the 24-hour-per-day level of care provided in an inpatient setting and must have an adequate support system to sustain/maintain themselves outside the PHP and must not be a danger to themselves or others.
- At the same time, a PHP level of care must be necessary to prevent inpatient hospitalization, and there must be evidence of failure at or inability to benefit from a less intensive outpatient program.
- The acute psychiatric condition being treated by a PHP must require active treatment, including a combination of services such as intensive nursing and medical intervention, psychotherapy, occupational and activity therapy. Patient must require PHP services at levels of intensity and frequency comparable to patients in an inpatient setting for similar psychiatric illnesses.

Admission Criteria: Severity of Illness (CMS L33626, 2023; L34196, 2023)

- Patients admitted to a PHP generally must have an acute onset or decompensation of covered mental disorder, as defined by the DSM which severely interferes with multiple areas of daily life. The degree of impairment will be severe enough to require a multidisciplinary structured program, but not so severe that patients are incapable of participating in and benefitting from an active treatment program, and able to be maintained outside the program. For patients who do not meet this degree of severity of illness, and for whom PHP services are not necessary, professional services may be medically necessary, even though partial hospitalization services are not.
- Patients admitted for treatment to a PHP will not be in immediate/imminent danger to self, others, or property, but there may be a recent history of self-mutilation, serious risk taking, or other self-endangering behavior.

Discharge Criteria: Intensity of Services (CMS L33626, 2023; L34196, 2023)

- Patients in PHPs may be discharged by either stepping up to an inpatient level of care or stepping down to a less intensive level of outpatient care. Inpatient admission would be required for patients need 24-hour supervision because of probability for self-harm, harm to others, or inability to care for self, outside the hospital. Stepping down to a less intensive level of service that partial hospitalization would be considered when patients no longer require a multidisciplinary and multimodal program as described above. These patients would become outpatients and individual mental health services could then be billed by appropriate providers. PHPs must have program availability of at least 20 hours per week. Patients admitted to a PHP must require a minimum of 20 hours per week of therapeutic services as evidenced by their plan of care. Although there may be occasions of unavoidable absences to a day of PHP participation, patient participation in the program four days per week, with a total of 20 hours per week of program services as specific in the plan of care, is the minimum level of active treatment at which it would be reasonable and necessary for a patient to participate in a PHP. Absences from the PHP and their cause must be documented in the medical record.

Discharge Criteria: Severity of Illness (CMS L33626, 2023; L34196, 2023)

- Patients whose clinical condition improves or stabilizes and who cannot benefit from or do not still require the intensive, multimodal treatment available in a PHP should be stepped down to outpatient care. Patients unwilling or unable to participate in a PHP would also be appropriate for discharge.

Limitations (CMS L33626, 2023; L34196, 2023)

- The following do not represent reasonable and necessary partial hospitalization services:
 - Day care programs, which provide primarily social, recreational, or diversional activities, custodial or respite care;
 - Programs attempting to maintain psychiatric wellness, e.g., day care programs for the chronically mentally ill;
 - Treatment of chronic conditions without acute exacerbation;
 - Services to a skilled nursing facility resident that should be expected to be provided by the nursing facility staff;
 - Vocational training.
- The following are excluded from the scope of partial hospitalization services:
 - Services to hospital inpatients;
 - Meals, self-administered medications, transportation;
 - Professional physician services, physician assistant services, and clinical psychologist services.
- It is not reasonable and necessary to provide partial hospitalization services to the following types of patients:
 - Patients who cannot or refuse to participate (due to their behavioral, cognitive, or emotional status, e.g., individuals with persistent substance abuse, moderate to severe mental retardation, or organic brain syndrome) with active treatment of their mental disorder, or who cannot tolerate the intensity of a PHP;
 - Patients who require 24-hour supervision because of the severity of their mental disorder or their safety or security risk;
 - Patients who require primarily social, custodial, recreational, or respite care;
 - Patients with multiple absences or who are persistently non-compliant;
 - Patients who do not participate in active treatment for a minimum of 3 hours per day, 4 days per week;
 - Patients whose plan of care does not support the need for active treatment for a minimum of four days per week, with a total of 20 hours per week of program services;

- Patients who have met the criteria for discharge from the PHP, or who require inpatient hospitalization.

Limitations (CMS L37633, 2020)

- Noncovered Services-Benefit category Denials:
 - Day care programs, which provide primarily social, recreational, or diversionary activities, custodial or respite care;
 - Programs attempting to maintain psychiatric wellness, where there is no risk of relapse or hospitalization, e.g., day care programs for the chronically mentally ill; or
 - Patients who are otherwise psychiatrically stable or require medication management only.
- Noncovered Services-Coverage Denials:
 - Services to hospital inpatients;
 - Meals, self-administered medications, transportation; and
 - Vocational training.
- Noncovered-Reasonable and Necessary Denials:
 - Patients who cannot, or refuse, to participate (due to their behavioral or cognitive status) with active treatment of their mental disorder (except for a brief admission necessary for diagnostic purposes), or who cannot tolerate the intensity of a PHP; or
 - Treatment of chronic conditions without acute exacerbation of symptoms that place the individual at risk of relapse or hospitalization.

Limitations (CMS A56685, 2023)

- Noncovered-Reasonable and Necessary Denials
 - CPT® codes 90875 and 90876

Documentation Requirements

(CMS A56850, 2021)

- The patient's medical record must contain documentation that fully supports the medical necessity for services included within the LCD. This documentation includes, but is not limited to, relevant medical history, physical examination, and results of pertinent diagnostic tests or procedures.
- Upon admission, a certification by the physician must be made that the patient admitted to the PHP would require psychiatric inpatient hospitalization if the partial hospitalization services were not provided and must include an attestation that the services are furnished while the individual is under the care of a physician, and that the services are furnished under an individualized written plan of care.
- Recertification must be signed by a physician who is treating the patient and has knowledge of the patient's response to treatment. The first physician recertification is required as of the 18th calendar day following admission to the PHP. Subsequent recertifications are required at intervals established by the provider, but no less frequently than every 30 days. The recertification must specify that the patient would otherwise require inpatient psychiatric care in the absence of continued stay in the PHP and describe the following:
 - The patient's response to the therapeutic interventions provided by the PHP;
 - The patient's psychiatric symptoms that continue to place the patient at risk of hospitalization; and
 - Treatment goals for coordination of services to facilitate discharge from the PHP.
- The initial psychiatric evaluation with medical history and physical examination must be performed and placed in the chart within 48 hours of admission in order to establish medical necessity for partial hospitalization services. If the patient is being discharged from an inpatient psychiatric admission to a PHP, the psychiatric evaluation, medical history, and physical examination from that admission with appropriate update is acceptable. In order to support the medical necessity of admission to the PHP, the documentation in the initial psychiatric evaluation should include the following items:
 - Patient's chief complaint;
 - Description of acute illness or exacerbation of chronic illness requiring admission;
 - Current medical history, including medications and evidence of failure at or inability to benefit from a less intensive outpatient program;
 - Past psychiatric and medical history;
 - History of substance abuse;

- Family, vocational and social history including documentation of an adequate support system to sustain/maintain the patient outside the PHP;
- Mental status examination, including general appearance and behavior, orientation, affect, motor activity, thought content, long and short-term memory, estimate of intelligence, capacity for self-harm and harm to others, insight, judgment, capacity for activities of daily living (ADLs);
- Physical examination (if not done within the past 30 days and available for inclusion in the medical record);
- Formulation of the patient's status, including an assessment of the reasonable expectation that the patient will make timely and significant practical improvement in the presenting acute symptoms as a result of the PHP;
- ICD/DSM diagnosis;
- The treatment plan, including long and short-term goals related to active treatment of the reason for admission and types, amount, duration, and frequency of therapy services, including activity therapy, required to address the goals.
- A team approach may be used in developing the initial psychiatric evaluation, but the physician (MD/DO) must document the mental status examination, physical examination, formulation, diagnosis, treatment plan, and certification.
- Partial hospitalization is active treatment that incorporates an individualized treatment plan, which describes a coordination of services wrapped around the particular needs of the patient and includes a multidisciplinary team approach to patient care. The treatment plan is established by the physician, in consultation with appropriate staff members, and should be reviewed according to the changing needs of the patient's acute psychiatric illness, but never less than every 31 days.
- The treatment plan should be reviewed more frequently if the severity of the clinical condition or changes in the clinical condition of the patient (e.g., change of medication) make it reasonable to do so. The long- and short-term goals described in the treatment plan are the basis for evaluating the patient's response to treatment. Treatment goals should be designed to measure the response to treatment, for this relationship will be used in determining whether services are medically necessary. The treatment goals should be measurable, functional, time-framed, and directly related to the reason for admission. The treatment plan must include the specific treatments ordered, including reference to psychotropic medication management, the expected timeframes and outcomes for each treatment, and the discharge plan.
- Services must be documented in order for payment to be made. Therefore, a separate progress note is required for each service rendered (e.g., HCPCS or revenue code billed). The progress note should be written by the team member rendering the service and should include a description of the nature of the treatment service, the patient's status (behavior, verbalizations, mental status) during the course of the service, the patient's response to the therapeutic intervention and its relation to the long- or short-term goals in the treatment plan. Each progress note should be legible, dated and signed, and include the credentials of the rendering provider. Documentation of group therapy sessions must indicate the name of the group, group type, an indication of the material under discussion, and the patient's response to the treatment encounter.

(CMS A57053, 2022)

- The patient's medical record should include but is not limited to:
 - The assessment of the patient by the ordering provider as it relates to the complaint of the patient for that visit,
 - Relevant medical history
 - Results of pertinent tests/procedures
 - Signed and dated office visit record/operative report (Please note that all services ordered or rendered to Medicare beneficiaries must be signed.)
- The patient's medical record must contain documentation that fully supports the medical necessity for services included within the LCD. This documentation includes, but is not limited to, relevant medical history, physical examination, and results of pertinent diagnostic tests or procedures.
- Upon admission, a certification by the physician must be made that the patient admitted to the PHP would require psychiatric inpatient hospitalization if the partial hospitalization services were not provided and must include an attestation that the services are furnished while the individual is under the care of a physician, and that the services are furnished under an individualized written plan of care.
- Recertification must be signed by a physician who is treating the patient and has knowledge of the patient's response to treatment. The first physician recertification is required as of the 18th calendar day following admission to the PHP. Subsequent recertifications are required at intervals established by the provider, but no less frequently than every 30 days. The recertification must specify that the patient would otherwise require inpatient psychiatric care in the absence of continued stay in the PHP and describe the following:
 - The patient's response to the therapeutic interventions provided by the PHP;
 - The patient's psychiatric symptoms that continue to place the patient at risk of hospitalization; and
 - Treatment goals for coordination of services to facilitate discharge from the PHP.

- The initial psychiatric evaluation with medical history and physical examination must be performed and placed in the chart within 48 hours of admission in order to establish medical necessity for partial hospitalization services. If the patient is being discharged from an inpatient psychiatric admission to a PHP, the psychiatric evaluation, medical history, and physical examination from that admission with appropriate update is acceptable. In order to support the medical necessity of admission to the PHP, the documentation in the initial psychiatric evaluation should include the following items:
 - Patient's chief complaint;
 - Description of acute illness or exacerbation of chronic illness requiring admission;
 - Current medical history, including medications and evidence of failure at or inability to benefit from a less intensive outpatient program;
 - Past psychiatric and medical history;
 - History of substance abuse;
 - Family, vocational and social history including documentation of an adequate support system to sustain/maintain the patient outside the PHP;
 - Mental status examination, including general appearance and behavior, orientation, affect, motor activity, thought content, long and short term memory, estimate of intelligence, capacity for self harm and harm to others, insight, judgment, capacity for activities of daily living (ADLs);
 - Physical examination (if not done within the past 30 days and available for inclusion in the medical record);
 - Formulation of the patient's status, including an assessment of the reasonable expectation that the patient will make timely and significant practical improvement in the presenting acute symptoms as a result of the PHP;
 - ICD/DSM diagnosis;
 - The treatment plan, including long and short term goals related to active treatment of the reason for admission and types, amount, duration, and frequency of therapy services, including activity therapy, required to address the goals.
- A team approach may be used in developing the initial psychiatric evaluation, but the physician (MD/DO) must document the mental status examination, physical examination, formulation, diagnosis, treatment plan, and certification.
- Partial hospitalization is active treatment that incorporates an individualized treatment plan, which describes a coordination of services wrapped around the particular needs of the patient and includes a multidisciplinary team approach to patient care. The treatment plan is established by the physician, in consultation with appropriate staff members, and should be reviewed according to the changing needs of the patient's acute psychiatric illness, but never less than every 31 days.
- The treatment plan should be reviewed more frequently if the severity of the clinical condition or changes in the clinical condition of the patient (e.g., change of medication) make it reasonable to do so. The long- and short-term goals described in the treatment plan are the basis for evaluating the patient's response to treatment. Treatment goals should be designed to measure the response to treatment, for this relationship will be used in determining whether services are medically necessary. The treatment goals should be measurable, functional, time-framed, and directly related to the reason for admission. The treatment plan must include the specific treatments ordered, including reference to psychotropic medication management, the expected timeframes and outcomes for each treatment, and the discharge plan.
- Services must be documented in order for payment to be made. Therefore, a separate progress note is required for each service rendered (e.g., HCPCS or revenue code billed). The progress note should be written by the team member rendering the service and should include a description of the nature of the treatment service, the patient's status (behavior, verbalizations, mental status) during the course of the service, the patient's response to the therapeutic intervention and its relation to the long- or short-term goals in the treatment plan. Each progress note should be legible, dated and signed, and include the credentials of the rendering provider. Documentation of group therapy sessions must indicate the name of the group, group type, an indication of the material under discussion, and the patient's response to the treatment encounter.

(CMS L37633, 2020)

- Initial Psychiatric Evaluation/Certification:
 - Upon admission, a certification by the physician must be made that the patient admitted to the PHP would require inpatient psychiatric hospitalization if the partial hospitalization services were not provided. The certification should identify the diagnosis and psychiatric need for the partial hospitalization. Partial hospitalization services must be furnished under an individualized written POC, established by the physician, which includes the active treatment provided through the combination of structured, intensive services that are reasonable and necessary to treat the presentation of serious psychiatric symptoms and to prevent relapse or hospitalization.
- Physician Recertification Requirements:
 - Signature – The physician recertification must be signed by a physician who is treating the patient and has knowledge of the patient's response to treatment.

- Timing – The first recertification is required as of the 18th calendar day following admission to the PHP. Subsequent recertifications are required at intervals established by the provider, but no less frequently than every 30 days.
- Content – The recertification must specify that the patient would otherwise require inpatient psychiatric care in the absence of continued stay in the PHP and describe the following:
 - The patient’s response to the therapeutic interventions provided by the PHP;
 - The patient’s psychiatric symptoms that continue to place the patient at risk of hospitalization and;
 - Treatment goals for coordination of services to facilitate discharge from the PHP.
- The treatment plan is prescribed and signed by the physician, which:
 - identifies treatment goals
 - directly addresses the presenting symptoms
 - evaluates response to treatment
 - measures responses to treatment
 - describes coordination of services
 - meets particular needs of patient, including multidisciplinary team approach
 - documents ongoing efforts to restore the individual patient to a higher level of functioning that would permit discharge from the program, or reflect the continued need for the intensity of care required by PHP.
- Progress Notes should include:
 - A description of the nature of the treatment service
 - The patient’s response to the therapeutic intervention and its relation to the goals indicated in the treatment plan
 - Correlation with services billed

Site of Service

(CMS L33626, 2023; L34196, 2023)

- Partial hospitalization services may be covered under Medicare when they are provided in a hospital outpatient department or a Medicare-certified Community Mental Health Center (CMHC). Partial hospitalization services rendered within a hospital outpatient department are considered "incident to" a physician's (MD/DO) services and require physician supervision. The physician supervision requirement is presumed to be met when services are performed on hospital premises (i.e., certified as part of the hospital). If a hospital outpatient department operates a partial hospitalization program offsite, the services must be rendered under the direct supervision of a physician (MD/DO). Partial hospitalization services provided in a CMHC require general supervision by a physician (MD/DO). This means that a physician must be at least available by telephone but is not required to be on the premises of the CMHC at all times. CMHCs must meet applicable certification or licensure requirements of the state in which they operate, and additionally be certified by Medicare. A CMHC is a Medicare provider of services only with respect to the furnishing of partial hospitalization services.

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Revision History

Date	Summary of Changes
March, 2020	Annual Review
October, 2020	Interim Review: added Medicare Benefit Policy Manual information
June, 2021	Annual Review: removed Medicare Benefit Policy Manual information until further review.
September, 2021	Interim Review: added Medicare Benefit Policy Manual information
July, 2022	Annual Review
July 18, 2023	Annual Review
December 12, 2023	Interim Update: Added language to Introduction & Instructions for Use section per CMS Final Rule 2024 requirements; updated References section
February 20, 2024	Interim Update: Updates by CMS to the Medicare Benefit Policy Manual, Partial Hospitalization