Partial Hospitalization Program and Intensive Outpatient Program Billing Requirements

Quick Reference Guide
For VA CCN Providers

Key Points

- Changes apply to dates of service on or after December 16, 2025.
- Claims must reflect services provided and comply with Medicare billing requirements.
- Incorrect or incomplete claims may be denied or returned for correction.

Overview

This guide provides an overview of the billing requirements for providers submitting claims for Partial Hospitalization Program (PHP) and Intensive Outpatient Program (IOP) claims. These changes align with Medicare reimbursement rules and are date of service driven. Providers should review this information carefully to ensure their claims are submitted accurately and processed without delay.

Billing Requirements

The billing requirements for PHP and IOP claims are described below:

- PHP and IOP claims require:
  - Submission of proper claim form (UB-04)
  - Inclusion of HCPCS procedure code, except for Critical Access Hospitals (CAHs)
  - Inclusion of an International Classification of Diseases (ICD) mental health diagnosis code (F01-F99)
  - Inclusion of date for each service rendered
  - Adherence to the following based on facility type:
    - Proper revenue code use
    - Revenue codes must be billed separately for each date of service
    - Bill type consistent with taxonomy
  - Inclusion of applicable Condition Code – 41 (PHP) or 92 (IOP)

Facility Type	Facility Definition	Bill Type	Condition Code	Revenue Codes
Hospital	A facility that provides inpatient medical care and other services for patients with acute medical conditions, injuries, or surgery. An organization, including a physical plant and personnel, that provides multidisciplinary diagnostic and treatment mental health services to patients requiring the safety, security, and shelter of the inpatient or partial hospitalization settings.	13X	41 (PHP) 92 (IOP)	0250 – Drugs and Biologicals 043X – Occupational Therapy 0900 – Behavioral Health Treatment/Services 0904 – Activity Therapy 0910 – Psychiatric/Psychological Services (Dates of Service prior to October 16, 2003) 0914 – Individual Therapy 0915 – Group Therapy 0916 – Family Therapy 0918 – Behavioral Health/Testing 0942 – Education/Training
Critical Access Hospital (CAH)	A CAH designation is given to eligible rural hospitals by CMS. For a complete list of conditions hospitals must meet to receive CAH status, see the CMS Critical Access Hospitals website.	85X		
Community Mental Health Center (CMHC)	CMHCs can be single facilities or a combination of services that are administratively linked, but not physically connected. CMHCs have specialized services for serving children; the elderly; patients with serious mental health diseases; and people who have recently been discharged from an inpatient psychiatric hospital, drug treatment program, or mental health program.	76X		
Residential Treatment Center (RTC)	A RTC is a home-like residential facility providing psychiatric treatment and psycho/social rehabilitative services to individuals diagnosed with mental illness	86X	41 (PHP) 92 (IOP)	

Claim denials will be issued for:

1. Missing procedure code/HCPCS (except CAHs).
2. Procedure codes and/or bill type that does not represent registered taxonomy.
3. Missing revenue code(s) when billing for PHP/IOP services.
4. The revenue code(s) does not represent registered taxonomy.
5. The claim lines were submitted with more than one unit per day of service.
6. Claims were submitted without an active referral that aligns with the services rendered and covers the service dates.
7. Professional claims were billed for the same patient, for the same date(s) of service, and includes procedure code(s) that are included in the PHP/IOP per diem reimbursement rate.
8. Any items that were billed for services excluded from the all-inclusive per diem payment for PHP/IOP referenced in the Included and Excluded Services section of this document.

Reimbursement Rates

PHP/IOP claims are reimbursed on a per diem basis based on the following hierarchy:

1. Centers for Medicare and Medicaid Services (CMS) reimbursement rates by applying the appropriate Ambulatory Payment Classification (APC) code from the Medicare Outpatient Prospective Payment System (OPPS) as described in the table below:

Facility Type	PHP / IOP	Number of Services Rendered	APC
Hospital	PHP	3 or Fewer Services	5863
CMHCs and RTCs	PHP	3 or Fewer Services	5853
Hospital	PHP	4 or More Services	5864
CMHCs and RTCs	PHP	4 or More Services	5854
Hospital	IOP	3 or Fewer Services	5861
CMHCs and RTCs	IOP	3 or Fewer Services	5851
Hospital	IOP	4 or More Services	5862
CMHCs and RTCs	IOP	4 or More Services	5852
CAHs	PHP/IOP	101% of reasonable cost for CAHs using TOB 85x	

2. The lesser of:
   a. VA Fee Schedule, or
   b. Billed charges.

Note: The applicable Medicare OPPS rates will apply to VA-authorized PHP/IOP community providers regardless of their Medicare certification status.

Included and Excluded Services
The language below describes the industry standard PHP/IOP services that may be included, and those that should be excluded in a PHP/IOP claim to qualify for the per diem reimbursement rate described above. **1. Included PHP/IOP Services** The services as described in Table 2 and Table 3 below are included in the all-inclusive per diem payment for PHP/IOP claims. Services marked with an asterisk (*) denote a PHP and/or IOP primary service. To qualify for payment for a PHP/IOP APC, at least one primary service must be included on the claim. CAHs are not required to include HCPCS procedure codes on PHP/IOP claims. **2. Excluded PHP/IOP Services** The following services are excluded in the all-inclusive per diem payment for PHP/IOP claims. a. Room and board/accommodations. b. No payment is due for the cost of educational services separately from the per diem rate. The hours devoted to education do not count toward the therapeutic program. c. 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. d. Meals and transportation. e. Activity therapies, group activities, or other services and programs which are primarily recreational or diversional in nature. Outpatient psychiatric day treatment programs that consist entirely of activity therapies are not covered.

Additional Resources

For more information visit the Medicare Benefit Policy Manual Chapter 6 – Hospital Services Covered Under Part B, 70.3, Medicare Benefit Policy Manual Chapter 6 – Hospital Services Covered Under Part B, 70.4, or the Medicare Claims Processing Manual Chapter 4 – Part B Hospital.