

Commercial Reimbursement Policy	
Subject: Partial Hospitalization Program and Intensive Outpatient Program Services – Facility	
Policy Number: C-19002	Policy Section: Facilities
Last Approval Date: 07/23/2025	Effective Date: 07/23/2025

Disclaimer

These reimbursement policies serve as a guide to assist you in accurate claims submissions and to outline the basis for reimbursement if the service is covered by a member’s benefit plan. The determination that a service, procedure, or item is covered under a member's benefit plan is not a determination that you will be reimbursed. Services must also meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis, as well as to the member’s state of residence.

Ensure that you use proper billing and submission guidelines, including industry-standard, compliant codes on all claim submissions. Services should be billed with Current Procedure Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes and/or revenue codes. These codes denote the services and/or procedures performed and when billed, must be fully supported in the medical record and/or office notes. Unless otherwise noted within the policy, our reimbursement policies apply to both participating and non-participating professional providers and facilities.

If appropriate coding/billing guidelines or current reimbursement policies are not followed, we may:

- Reject or deny the claim.
- Recover and/or recoup claim payment.

These reimbursement policies may be superseded by mandates in provider, state, federal, or Centers for Medicare & Medicaid Services (CMS) contracts and/or requirements. We strive to minimize delays in policy implementation. If there is a delay, we reserve the right to recoup and/or recover claims payment to the effective date, in accordance with the policy. We reserve the right to review and revise these policies when necessary. When there is an update, we will publish the most current policy to the website.

Policy

The health plan allows reimbursement for one (1) unit per date of service for Partial Hospitalization Program (PHP) or Intensive Outpatient Program (IOP) services for facilities under Per Diem, Per Unit, Per Visit, or Percentage Rate methodologies, all other units billed will be denied unless provider, state, federal contracts and/or requirements indicate otherwise.

Facilities should report the appropriate PHP or IOP specific revenue code and HCPCS code for reimbursement on a UB-04.

Reimbursement for PHP or IOP are all inclusive of the following:

- Room and board (which includes all services rendered by Facility employees)
- Laboratory
- Equipment
- Pharmaceuticals
- Other services incidental to the inpatient or outpatient stay

Separate reimbursement is not allowed for ancillary services including:

- Laboratory
- Pathology testing
- Specimen collection
- Related supplies provided by an external laboratory

The health plan allows reimbursement per date of service for either PHP or IOP services, not both.

Related Coding

Standard correct coding applies

Policy History

07/23/2025	Review approved and effective: added all-inclusive and ancillary language from retired policy Expenses Included in Facility Charges (C-17001); updated Definitions section for IOP
09/27/2023	Review approved: no changes
10/27/2021	Review approved: Partial Hospitalization definition updated
04/12/2021	Review approved: no changes
03/15/2019	Initial approval 03/15/2019 and effective 07/01/2019

References and Research Materials

This policy has been developed through consideration of the following:

- CMS
- Optum EncoderPro 2025

Definitions

Intensive Outpatient Program (IOP)	Structured, short-term treatment modality that provides a combination of individual, group and family therapy. Intensive outpatient treatment is an alternative to inpatient or partial hospital care for patients with an active psychiatric or substance related illness. Treatment is more intensive than outpatient day treatment and less intense than a partial hospitalization program (PHP). Intensive outpatient services are intended for patients who require a minimum of 9 hours of service per week of therapeutic services.
Partial Hospitalization Program (PHP)	Structured, short-term treatment modality and an alternative to acute inpatient care that offers intensive, coordinated multidisciplinary clinical and diagnostic services for patients under the direction of a physician. Partial hospitalization services are intended for patients who require a minimum of 20 hours per week of therapeutic services. Multiple therapeutic services are expected for each date of member

	participation. These services include physicians or other qualified health care professionals, nursing services, as well as individual, group, family therapies and educational services.
General Reimbursement Policy Definitions	

Related Policies and Materials

Bundled Services and Supplies - Facility
Non-Patient Laboratory Services - Facility
Outpatient Facility Revenue Code Billing Requirements - Facility

Use of Reimbursement Policy

State and federal law, as well as contract language, including definitions and specific inclusions/exclusions, take precedence over Reimbursement Policy and must be considered first in determining eligibility for coverage. The member’s contract benefits in effect on the date that services are rendered must be used. Reimbursement Policy is constantly evolving and we reserve the right to review and update these policies periodically.

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