



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
HEALTH AFFAIRS

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TRICARE  
MANAGEMENT ACTIVITY

**MB&RB**

**CHANGE 109  
6010.55-M  
JANUARY 12, 2010**

**PUBLICATIONS SYSTEM CHANGE TRANSMITTAL  
FOR  
TRICARE REIMBURSEMENT MANUAL (TRM), AUGUST 2002**

The TRICARE Management Activity has authorized the following addition(s)/revision(s).

**CHANGE TITLE: PARTIAL HOSPITALIZATION POLICIES**

**CONREQ: 14773**

**PAGE CHANGE(S): See page 2.**

**SUMMARY OF CHANGE(S):** This change provides that TRICARE's approval of a hospital as an authorized provider is sufficient for its psychiatric Partial Hospitalization Program (PHP) to also be considered an authorized TRICARE provider. Separate TRICARE certification of hospital-based psychiatric PHPs is no longer required; however, freestanding PHPs must continue to obtain separate TRICARE certification to be considered authorized providers.

**EFFECTIVE DATE: November 30, 2009.**

**IMPLEMENTATION DATE: Upon direction of the Contracting Officer.**

**This change is made in conjunction with Aug 2002 TPM, Change No. 116.**



**John A. D'Alessandro  
Chief, Medical Benefits and  
Reimbursement Branch**

**ATTACHMENT(S): 34 PAGE(S)  
DISTRIBUTION: 6010.55-M**

WHEN PRESCRIBED ACTION HAS BEEN TAKEN, FILE THIS TRANSMITTAL WITH BASIC DOCUMENT.

**CHANGE 109**  
**6010.55-M**  
**JANUARY 12, 2010**

**REMOVE PAGE(S)**

**CHAPTER 7**

Table of Contents, pages i and ii  
Addendum I TOC, pages i through iii  
Addendum I, 2 form pages and 1 through 16  
Addendum J TOC, pages 1 through iii  
Addendum J, 2 form pages and 1 through 16

**CHAPTER 13**

Section 2, pages 15 through 20

**INDEX**

pages 13 through 16

**INSERT PAGE(S)**

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Addendum I TOC, pages i through iii  
Addendum I, pages 1 through 20  
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Section 2, pages 15 through 20

pages 13 through 16

## MENTAL HEALTH

SECTION	SUBJECT
1	Hospital Reimbursement - TRICARE/CHAMPUS Inpatient Mental Health Per Diem Payment System
2	Psychiatric Partial Hospitalization Program (PHP) Reimbursement
3	Substance Use Disorder Rehabilitation Facilities (SUDRFs) Reimbursement
4	Residential Treatment Center (RTC) Reimbursement
ADDENDUM A	Table Of Regional Specific Rates For Psychiatric Hospitals And Units With Low TRICARE Volume (FY 2008 - FY 2010)
ADDENDUM B	Table Of Maximum Rates For Partial Hospitalization Programs (PHPs) Before May 1, 2009 (Implementation Of OPPS), And Thereafter, Freestanding Psychiatric PHP Reimbursement (FY 2008 - FY 2010)
ADDENDUM C	Participation Agreement For Substance Use Disorder Rehabilitation Facility (SUDRF) Services For TRICARE/CHAMPUS Beneficiaries
ADDENDUM D	TRICARE/CHAMPUS Standards For Inpatient Rehabilitation And Partial Hospitalization For The Treatment Of Substance Use Disorders (SUDRFs)
ADDENDUM E	Participation Agreement For Residential Treatment Center (RTC)
ADDENDUM F	Guidelines For The Calculation Of Individual Residential Treatment Center (RTC) Per Diem Rates
ADDENDUM G	(FY 2008) - TRICARE-Authorized Residential Treatment Centers - For Payment Of Services Provided On Or After 10/01/2007
ADDENDUM G	(FY 2009) - TRICARE-Authorized Residential Treatment Centers - For Payment Of Services Provided On Or After 10/01/2008
ADDENDUM G	(FY 2010) - TRICARE-Authorized Residential Treatment Centers - For Payment Of Services Provided On Or After 10/01/2009
ADDENDUM H	TRICARE/CHAMPUS Standards For Residential Treatment Centers (RTCs) Serving Children And Adolescents
ADDENDUM I	Participation Agreement For Freestanding Psychiatric Partial Hospitalization Program Services



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**CORPORATE NAME:** \_\_\_\_\_

**DBA:** \_\_\_\_\_  
(If different from corporate name)

**LOCATION:** \_\_\_\_\_  
\_\_\_\_\_

**MAILING ADDRESS:** \_\_\_\_\_  
(If different from location)

**TELEPHONE:** \_\_\_\_\_

**PROVIDER EIN No.:** \_\_\_\_\_

U. S. Department of Defense  
TRICARE Management Activity  
16401 East Centertech Parkway  
Aurora, Colorado 80011-9066



## PARTICIPATION AGREEMENT FOR FREESTANDING PSYCHIATRIC PARTIAL HOSPITALIZATION PROGRAM

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**FACILITY NAME:** \_\_\_\_\_

**LOCATION:** \_\_\_\_\_

\_\_\_\_\_

**TELEPHONE:** \_\_\_\_\_

**PROVIDER EIN:** \_\_\_\_\_

U. S. Department of Defense  
TRICARE Management Activity  
16401 East Centertech Parkway  
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**ARTICLE 1**

**RECITALS**

1.1 IDENTIFICATION OF PARTIES

This Participation Agreement is between the United States of America through the Department of Defense, TRICARE Management Activity (hereinafter TMA), a field activity of the Office of the Secretary of Defense, the administering activity for the TRICARE Management Activity (hereinafter TMA) and \_\_\_\_\_ (hereinafter designated the PHP).

1.2 AUTHORITY FOR PARTIAL HOSPITAL CARE

The implementing regulations for TMA, 32 Code of Federal Regulations (CFR), Part 199, provides for cost-sharing of partial hospital care under certain conditions.

1.3 PURPOSE OF PARTICIPATION AGREEMENT

It is the purpose of this participation agreement to recognize the undersigned PHP as an authorized provider of partial hospital care, subject to the terms and conditions of this agreement, and applicable federal law and regulation.

**ARTICLE 2**

**DEFINITIONS**

2.1 AUTHORIZED TMA REPRESENTATIVES

The authorized representative(s) of the Executive Director, TMA, may include, but are not limited to, TMA staff, Department of Defense personnel, and contractors, such as private sector accounting/audit firm(s) and/or utilization review and survey firm(s). Authorized representatives will be specifically designated as such.

2.2 BILLING NUMBER

The billing number for all partial hospitalization services is the PHP's employer's identification number (EIN). This number must be used until the provider is officially notified by TMA or a designee of a change. The PHP's billing number is shown on the face sheet of this agreement.

2.3 ADMISSION AND DISCHARGE

(a) An admission occurs upon the formal acceptance by the PHP of a beneficiary for the purpose of participating in the therapeutic program with the registration and assignment of a patient number or designation.

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(b) A discharge occurs at the time that the PHP formally releases the patient from partial hospitalization status; or when the patient is admitted to another level of care.

2.4 MENTAL DISORDER

As defined in the 32 CFR 199.2, for the purposes of the payment of benefits, a mental disorder is a nervous or mental condition that involves a clinically significant behavioral or psychological syndrome or pattern that is associated with a painful symptom, such as distress, and that impairs a patient's ability to function in one or more major life activities. Additionally, the mental disorder must be one of those conditions listed in the current edition of the Diagnostic and Statistical Manual of Mental Disorders of the American Psychiatric Association.

2.5 PARTIAL HOSPITALIZATION

As defined by 32 CFR 199.2(b), partial hospitalization is a treatment setting capable of providing an interdisciplinary program of medical therapeutic services at least three hours per day, five days per week, which may embrace day, evening, night, and weekend treatment programs which employ an integrated, comprehensive and complementary schedule of recognized treatment approaches. Partial hospitalization is a time-limited, ambulatory, active treatment program that offers therapeutically intensive, coordinated, and structured clinical services within a stable therapeutic environment. Psychiatric partial hospitalization is an appropriate setting for crisis stabilization, treatment of partially stabilized mental health disorders, and transition from an inpatient program when medically necessary. Such programs must enter into a participation agreement with TRICARE/CHAMPUS, and be accredited and in substantial compliance with the Comprehensive Accreditation Manual for Behavioral Health Care (CAMBHC) of the Joint Commission (JC).

**ARTICLE 3**

**PERFORMANCE PROVISIONS**

3.1 GENERAL AGREEMENT

(a) The PHP agrees to render partial hospitalization services to eligible beneficiaries in need of such services, in accordance with this participation agreement and the 32 CFR 199. These services shall include board, patient assessment, psychological testing, treatment services, social services, educational services, family therapy, and such other services as are required by the 32 CFR 199.

(b) The PHP agrees that all certifications and information provided to the Executive Director, TMA incident to the process of obtaining and retaining authorized provider status is accurate and that it has no material errors or omissions. In the case of any misrepresentations, whether by inaccurate information being provided or material facts withheld, authorized provider status will be denied or terminated, and the PHP will be

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ineligible for consideration for authorized provider status for a two year period. Termination of authorized PHP status will be pursuant to Article 13 of this agreement.

(c) The PHP shall not be considered an authorized provider nor may any benefits be paid to the PHP for any services provided prior to the date the PHP is approved by the Executive Director, TMA, or a designee as evidenced by signature on the participation agreement.

### 3.2 LIMIT ON RATE BILLED

(a) The PHP agrees to limit charges for services to beneficiaries to the rate set forth in this agreement.

(b) The PHP agrees to charge only for services to beneficiaries that qualify within the limits of law, regulation, and this agreement.

### 3.3 ACCREDITATION AND STANDARDS

The PHP hereby agrees to:

(a) Comply with the Standards for Psychiatric Partial Hospitalization Programs, as promulgated by the Executive Director, TMA.

(b) Be licensed to provide PHP services within the applicable jurisdiction in which it operates.

(c) Be specifically accredited by and remain in compliance with standards issued by the JC under the Accreditation Manual for Mental Health, Chemical Dependency, and Mental Retardation/Developmental Disabilities Services (formerly the Consolidated Standards Manual).

(d) Accept the allowable partial hospitalization program rate, as provided in 32 CFR 199.14(a)(2)(ix), as payment in full for services provided.

(e) Comply with all requirements of 32 CFR 199.4 applicable to institutional providers generally concerning preauthorization, concurrent care review, claims processing, beneficiary liability, double coverage, utilization and quality review, and other matters.

(f) Be fully operational and treating patients for a period of at least six months (with at least 30 percent minimum patient census) before an application for approval may be submitted.

(g) Ensure that all mental health services are provided by qualified mental health providers who meet the requirements for individual professional providers. (Exception: PHPs 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,

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may provide mental health services within the per diem rate but the individual must work under the direct clinical supervision of a fully qualified mental health provider employed by the PHP.) All other program services will be provided by trained, licensed staff.

(h) Ensure the provision of an active family therapy component which ensures that each patient and family participate at least weekly in family therapy provided by the institution and rendered by an authorized mental health provider.

(i) Have a written agreement with at least one backup authorized hospital which specifies that the hospital will accept any and all beneficiaries transferred for emergency mental health or medical/surgical care. The PHP must have a written emergency transport agreement with at least one ambulance company which specifies the estimated transport time to each backup hospital.

(j) Not bill the beneficiary for services in excess of the cost-share or services for which payment is disallowed for failure to comply with requirements for preauthorization.

(k) Not bill the beneficiary for services excluded on the basis of 32 CFR 199.4(g)(1) (not medically necessary), (g)(3) (inappropriate level of care) or (g)(7) (custodial care), unless the beneficiary has agreed in writing to pay for the care, knowing the specific care in question has been determined as noncovered. (A general statement signed at admission as to financial liability does not fill this requirement.)

(l) Prior to the initiation of this agreement, and annually thereafter, conduct a self-assessment of its compliance with the Standards for Psychiatric Partial Hospitalization Programs, and notify the Executive Director, TMA, of any matter regarding which the facility is not in compliance with such standards.

### 3.4 QUALITY OF CARE

(a) The PHP shall assure that any and all eligible beneficiaries receive partial hospitalization services which comply with standards in Article 3.3 and the Standards for Psychiatric Partial Hospitalization Programs.

(b) The PHP shall provide partial hospitalization services in the same manner to beneficiaries as it provides to all patients to whom it renders services.

(c) The PHP shall not discriminate against beneficiaries in any manner including admission practices or provisions of special or limited treatment.

### 3.5 BILLING FORM

The PHP shall use the CMS 1450 UB-04 billing form (or subsequent editions). PHPs shall identify PHP care on the billing form in the remarks block by stating "PHP care".

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3.6 COMPLIANCE WITH TMA UTILIZATION REVIEW ACTIVITIES

Under the terms of this agreement, the PHP shall:

(a) Appoint a single individual within the facility to serve as the point of contact for conducting utilization review activities with TMA or its designee. This individual must have a clinical background and be capable of directly responding to questions from professionally qualified reviewers. The PHP will inform TMA in writing of the designated individual.

(b) Obtain precertification for all care to be rendered to a beneficiary within the PHP.

(c) Promptly provide medical records and other documentation required in support of the utilization review process upon request by TMA or its designee. Confidentiality considerations are not valid reasons for refusal to submit medical records on any beneficiary. Failure to comply with documentation requirements will usually result in denial of certification of care.

(d) Maintain medical records, including progress notes, clinical formulation, and the master treatment plan in compliance with standards and regulations.

3.7 PROFESSIONAL STAFF ORGANIZATION

The PHP shall follow a medical model for all services and shall vest ultimate authority for planning, developing, implementing, and monitoring all clinical activities patient care in a psychiatrist or licensed doctoral-level psychologist. The management of medical care will be vested in a physician. Clinicians providing individual, group, and family therapy meet the requirements as qualified mental health providers as defined in 32 CFR 199.6, and operate within the scope of their licenses.

3.8 PROFESSIONAL STAFF QUALIFICATIONS

The PHP shall comply with requirements for professional staff qualifications stated in the Standards for Psychiatric Partial Hospitalization Programs.

(a) The Chief Executive Officer (CEO) shall have five years' administrative experience and, effective October 1, 1997, shall possess a master's degree in business administration, nursing, social work, or psychology, or meet similar educational requirements as prescribed by the Executive Director, TMA.

**ARTICLE 4**

**PAYMENT PROVISIONS**

4.1 RATE STRUCTURE: DETERMINATION OF RATE

The TRICARE/CHAMPUS rate is the per diem rate that TRICARE/CHAMPUS will authorize for all mental health services rendered to a patient and the patient's family as part of the total treatment plan submitted by a approved PHP, and approved by TMA or a designee. The per diem rate will be as specified in 32 CFR 199.14(a)(2)(ix)(C); for any full day partial hospitalization program (minimum of 6 hours), the maximum per diem payment is 40 percent of the average inpatient per diem amount per case paid to both high and low volume psychiatric hospitals and units (as defined in 32 CFR 199.14(a)(2)) by Federal census region during fiscal year 1990. A partial hospitalization program of less than 6 hours (with a minimum of 3 hours) will be paid a per diem rate of 75 percent of the rate for full-day program.

4.2 PHP SERVICES INCLUDED IN PER DIEM PAYMENT

The per diem payment amount must be accepted as payment in full for all institutional services provided, including board, patient assessment, treatment services (with the exception of the five psychotherapy sessions per week which may be allowed separately for individual or family psychotherapy when provided and billed by an authorized professional provider who is not employed by or under contract with the PHP), routine nursing services, educational services, ancillary services (including art, music, dance, occupational, recreational, and other such therapies), psychological testing and assessments, social services, overhead and any other services for which the customary practice among similar providers is included as part of institutional charges. Non-mental-health-related medical services may be separately allowed when provided and billed by an authorized independent professional provider not employed by or under contract with the PHP. This includes ambulance services when medically necessary for emergency transportation. Note: The PHP may not enforce or control separate billing for professional services.

4.3 OTHER PAYMENT REQUIREMENTS

No payment is due for leave days, for days in which treatment is not provided, for days on which the patient is absent from treatment (whether excused or unexcused), or for days in which the duration of the program services was less than three hours. Hours devoted to education do not count toward the therapeutic half or full day program and TRICARE/CHAMPUS will not separately reimburse educational services (see Article 5.2).

4.4 PREREQUISITES FOR PAYMENT

Provided that there shall first have been a submission of claims in accordance with procedures, the PHP shall be paid based upon the allowance of the rate determined in accordance with the prevailing 32 CFR 199.14 (see Article 4.1), and contingent upon certain conditions provided in the 32 CFR 199, the Standards for Psychiatric Partial Hospitalization

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Programs, and in particular the following:

(a) The patient seeking admission is suffering from a mental disorder which meets the diagnostic criteria of the current edition of the Diagnostic and Statistical Manual of the American Psychiatric Association and meets the TRICARE/CHAMPUS definition of a mental disorder.

(b) The patient meets the criteria for admission to a PHP issued by the Executive Director, TMA.

(c) A qualified mental health professional who meets requirements for individual professional providers and who is permitted by law and by the PHP recommends that the patient be admitted to the PHP.

(d) A qualified mental health professional with admitting privileges who meets the requirements for individual professional providers will be responsible for the development, supervision, implementation, and assessment of a written, individualized, interdisciplinary clinical formulation and plan of treatment.

(e) All services are provided by or under the supervision of an authorized mental health provider (see Article 3.3(g)).

(f) The Executive Director, TMA, or a designee has precertified all care rendered to the patient.

(g) The patient meets eligibility requirements for coverage.

#### 4.5 DETERMINED RATE AS PAYMENT IN FULL

(a) The PHP agrees to accept the rate determined pursuant to the 32 CFR 199.14 (see Article 4.1) as the total charge for services furnished by the PHP to beneficiaries. The PHP agrees to accept the rate even if it is less than the billed amount, and also agrees to accept the amount paid, combined with the cost-share amount and deductible, if any, paid by or on behalf of the beneficiary, as full payment for the PHP services. The PHP agrees to make no attempt to collect from the beneficiary or beneficiary's family, except as provided in Article 4.6(a), amounts for PHP services in excess of the rate.

(b) The PHP agrees to submit all claims as a participating provider. TMA agrees to make payment of the determined rate directly to the PHP for any care authorized under this agreement.

(c) The PHP agrees to submit claims for services provided to beneficiaries at least every 30 days (except to the extent delay is necessitated by efforts to first collect from other health insurance). If claims are not submitted at least every 30 days, the PHP agrees not to bill the beneficiary or the beneficiary's family for any amounts disallowed.

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4.6 TRICARE/CHAMPUS AS SECONDARY PAYOR

(a) The PHP is subject to the provisions of 10 U.S.C. Section 1079 (j)(1). The PHP must submit claims first to all other insurance plans and/or medical service or health plans under which the beneficiary has coverage prior to submitting a claim to TRICARE/CHAMPUS.

(b) Failure to collect first from primary health insurers and/or sponsoring agencies is a violation of this agreement, may result in denial or reduction of payment, and may result in a false claim against the United States. It may also result in termination of this agreement by TMA pursuant to Article 8.

4.7 COLLECTION OF COST SHARE

(a) The PHP agrees to collect from the beneficiary or the parents or guardian of the beneficiary only those amounts applicable to the patient's cost-share (co-payment) as defined in 32 CFR 199.4, and services and supplies which are not a benefit.

(b) The PHP's failure to collect or to make diligent effort to collect the beneficiary's cost-share (co-payment) as determined by policy is a violation of this agreement, may result in denial or reduction of payment, and may result in a false claim against the United States. It may also result in termination by TMA of this agreement pursuant to Article 13.

4.8 BENEFICIARY RIGHTS

If the PHP fails to abide by the terms of this participation agreement and TMA or its designee either denies the claim or claims and/or terminates the agreement as a result, the PHP agrees to forego its rights, if any, to pursue the amounts not paid by TRICARE/CHAMPUS from the beneficiary or the beneficiary's family.

**ARTICLE 5**

**EDUCATIONAL SERVICES**

5.1 EDUCATIONAL SERVICES REQUIRED

Programs treating children and adolescents must ensure the provision of a state certified educational component which assures that the patients do not fall behind in educational placement while receiving partial hospital treatment.

5.2 REIMBURSEMENT OF EDUCATIONAL SERVICES

Any charges for educational services are included in the per diem payment. TRICARE/CHAMPUS will not separately reimburse educational services. The hours devoted to education do not count toward the therapeutic half or full day program.

**ARTICLE 6**

**RECORDS AND AUDIT PROVISIONS**

6.1 ON-SITE AND OFF-SITE REVIEWS/AUDITS

The PHP grants the Executive Director, TMA [or authorized representative(s)], the right to conduct on-site or off-site reviews or accounting audits with full access to patients and records. The audits may be conducted on a scheduled or unscheduled (unannounced) basis. This right to audit/review includes, but is not limited to, the right to:

(a) Examine fiscal and all other records of the PHP which would confirm compliance with this agreement and designation as an authorized PHP provider.

(b) Conduct audits of PHP records including clinical, financial, and census records to determine the nature of the services being provided, and the basis for charges and claims against the United States for services provided to beneficiaries. The Executive Director, TMA, or a designee shall have full access to records of both TRICARE/CHAMPUS and non-TRICARE/CHAMPUS patients.

(c) Examine reports of evaluations and inspections conducted by federal, state, local government, and private agencies and organizations.

(d) Conduct on-site inspections of the facilities of the PHP and interview employees, members of the staff, contractors, board members, volunteers, and patients, as may be required.

(e) Release copies of final review reports (including reports of on-site reviews) under the Freedom of Information Act.

6.2 RIGHT TO UNANNOUNCED INSPECTION OF RECORDS

(a) TMA and its authorized agents shall have the authority to visit and inspect the PHP at all reasonable times on an unannounced basis.

(b) The PHP's records shall be available and open for review by TMA during normal working hours, from 8 a.m. to 5 p.m., Monday through Friday, on an unannounced basis.

6.3 CERTIFIED COST REPORTS

Upon request, the PHP shall furnish TMA or a designee the audited cost reports certified by an independent auditing agency.

6.4 RECORDS REQUESTED BY TMA

Upon request, the PHP shall furnish TMA or a designee such records, including

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medical records and patient census records, that would allow TMA or a designee to determine the quality and cost-effectiveness of care rendered.

6.5 FAILURE TO COMPLY

Failure to allow audits/reviews and/or to provide records constitutes a material breach of this agreement. It may result in denial or reduction of payment, termination of this agreement pursuant to Article 13, and any other appropriate action by TMA.

**ARTICLE 7**

**NONDISCRIMINATION**

7.1 COMPLIANCE

The PHP agrees to comply with provisions of section 504 of the Rehabilitation Act of 1973 (Public Law 93-112; as amended) regarding nondiscrimination on basis of handicap, Title VI of the Civil Rights Act of 1964 (Public Law 88-352), and with the Americans With Disabilities Act of 1990 (Public Law 101-336), as well as all regulations implementing these Acts.

**ARTICLE 8**

**AMENDMENT**

8.1 AMENDMENT BY TMA

(a) The Executive Director, TMA, or designee may amend the terms of this participation agreement by giving 120 days' notice in writing of the amendment(s) except amendments to the 32 CFR 199, which shall be considered effective as of the effective date of the regulation change and do not require a formal amendment of this agreement to be effective. When changes or modifications to this agreement result from amendments to the 32 CFR 199 through rulemaking procedures, the Executive Director, TMA, or designee, is not required to give 120 days' written notice. Amendments to this agreement resulting from amendments to the 32 CFR 199 shall become effective on the date the regulation amendment is effective or the date this agreement is amended, whichever date is earlier.

(b) The PHP, if it concludes it does not wish to accept the proposed amendment(s), including any amendment resulting from amendment(s) to the 32 CFR 199 accomplished through rulemaking procedures, may terminate its participation as provided for in Article 13.3. However, if the PHP's notice of intent to terminate its participation is not given at least 60 days prior to the effective date of the proposed amendment(s), then the proposed amendment(s) shall be incorporated into this agreement for PHP care furnished between the effective date of the amendment(s) and the effective date of termination of this agreement.

**ARTICLE 9**

**TRANSFER OF OWNERSHIP**

9.1 ASSIGNMENT BARRED

This agreement is nonassignable.

9.2 AGREEMENT ENDS

(a) Unless otherwise extended as specified in Article 9.3(c), this agreement ends as of 12:01 am on the date that transfer of ownership occurs.

(b) Change of Ownership is defined as follows:

(1) The change in an owner(s) that has/have 50 percent or more ownership constitutes change of ownership.

(2) The merger of the PHP corporation (for-profit or not-for-profit) into another corporation, or the consolidation of two or more corporations, resulting in the creation of a new corporation, constitutes change of ownership. The transfer of corporate stock or the merger of another corporation into the PHP corporation, however, does not constitute change of ownership. The transfer of title to property of the PHP corporation to another corporation(s), and the use of that property for the rendering of partial hospital care by the corporation(s) receiving it is essential for a change of ownership.

(3) The lease of all or part of an PHP or a change in the PHP's lessee constitutes change of ownership.

9.3 NEW AGREEMENT REQUIRED

(a) If there is a change of ownership of a PHP as specified in Article 9.2(b), then the new owner, in order to be an authorized partial hospital program, must enter into a new agreement with TMA. The new owner is subject to any existing plan of correction, expiration date, applicable health and safety standards, ownership and financial interest disclosure requirements and any other provisions and requirements of this agreement.

(b) A PHP contemplating or negotiating a change in ownership must notify TMA in writing at least 30 days prior to the effective date of the change. At the discretion of the Executive Director, TMA, or a designee, this agreement may remain in effect until a new participation agreement can be signed to provide continuity of coverage for beneficiaries. A PHP that has provided the required 30 days' advance notification of a change of ownership may seek an extension of this agreement's effect for a period not to exceed 180 days from the date of the transfer of ownership. Failure to provide 30 days' advance notification of a change of ownership will result in a denial of a request for an extension of this agreement and termination of this agreement upon transfer of ownership as specified in Article 9.2(a).

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(c) Prior to a transfer of ownership of a PHP, the new owners may petition TMA in writing for a new participation agreement. The new owners must document that all required licenses and accreditations have been maintained, and must provide documentation regarding any program changes. Before a new participation agreement is executed, the Executive Director, TMA, or a designee will review the PHP to ensure that it is in compliance with 32 CFR 199.

**ARTICLE 10**

**REPORTS**

10.1 INCIDENT REPORTS

Any serious occurrence involving a beneficiary, outside the normal routine of the partial hospitalization program, shall be reported to TMA, Benefits Management Division, and/or a designee, as follows:

(a) An incident of a life-threatening accident, patient death, patient disappearance, suicide attempt, incident of cruel or abusive treatment, or any equally dangerous situation involving a beneficiary, shall be reported by telephone on the next business day with a full written report within seven days.

(b) The incident and the following report shall be documented in the patient's clinical record.

(c) Notification shall be provided, if appropriate, to the parents, legal guardian, or legal authorities.

(d) When a beneficiary is absent without leave and is not located within 24 hours, the incident shall be reported by telephone to TMA, on the next business day. If the patient is not located within three days, a written report of the incident is made to TMA within seven days.

10.2 DISASTER OR EMERGENCY REPORTS

Any disaster or emergency situation, natural or man-made, such as fire or severe weather, shall be reported telephonically within 72 hours, followed by a comprehensive written report within seven days to TMA.

10.3 REPORTS OF PHP CHANGES

The governing body or the administrator of the PHP shall submit in writing to TMA any proposed significant changes within the PHP no later than 30 days prior to the actual date of change; failure to report such changes may lead to termination of this agreement. A

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report shall be made concerning the following items:

- (a) Any change in administrator or primary professional staff.
- (b) Any change in purpose, philosophy or any addition or deletion of services or programs. This includes capacity or hours of operation.
- (c) Any licensure, certification, accreditation or approval status change by a state agency or national organization.
- (d) Any anticipated change in location or anticipated closure.
- (e) Any suspension of operations for 24 hours or more.

**ARTICLE 11**

**GENERAL ACCOUNTING OFFICE**

11.1 RIGHT TO CONDUCT AUDIT

The PHP grants the United States General Accounting Office the right to conduct audits.

**ARTICLE 12**

**APPEALS**

12.1 APPEAL ACTIONS

Appeals of TMA actions under this agreement, to the extent they are allowable, will be pursuant to the 32 CFR 199.10., and 32 CFR 199.15.

**ARTICLE 13**

**TERMINATION AND AMENDMENT**

13.1 TERMINATION OF AGREEMENT BY TMA

The Executive Director, TMA, or a designee, may terminate this agreement in accordance with procedures for termination of institutional providers as specified in 32 CFR 199.9.

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13.2 BASIS FOR TERMINATION OF AGREEMENT BY TMA

(a) In addition to any authority under the 32 CFR 199.9 to terminate or exclude a provider, the Executive Director, TMA or a designee may terminate this agreement upon 30 days' written notice, for cause, if the PHP:

(1) Is not in compliance with the requirements of the Dependents Medical Care Act, as amended (10 U.S.C. 1071 *et seq*), the 32 CFR 199, the Standards for Psychiatric Partial Hospitalization Programs, or with performance provisions stated in Article 3 of this participation agreement.

(2) Fails to comply with payment provisions set forth in Article 4 of this participation agreement.

(3) Fails to allow audits/reviews and/or to provide records as required by Article 6 of this participation agreement.

(4) Fails to comply with nondiscrimination provisions of Article 7 of this participation agreement.

(5) Changes ownership as set forth in Article 9 of this participation agreement.

(6) Fails to provide incident reports, disaster or emergency reports, or reports of PHP changes as set forth in Article 10 of this participation agreement.

(7) Initiates a program change without written approval by TMA or a designee; program changes include but are not limited to: changes in the physical location; population served; number of beds; type of license; expansion of program(s); or development of new program(s).

(8) Does not admit a beneficiary during any period of 24 months.

(9) Suspends operations for a period of 120 days or more.

(10) Is determined to be involved in provider fraud or abuse, as established by 32 CFR 199.9. This includes the submission of falsified or altered claims or medical records which misrepresent the type, frequency, or duration of services or supplies.

(b) The Executive Director of TMA may terminate this agreement without prior notice in the event that the PHP's failure to comply with the Standards for Psychiatric Partial Hospital Programs presents an immediate danger to life, health or safety.

13.3 TERMINATION OF AGREEMENT BY THE PHP

The PHP may terminate this agreement by giving the Executive Director, TMA, or designee, written notice of such intent to terminate. The effective date of a voluntary

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termination under this article shall be 60 days from the date of notification of intent to terminate or, upon written request, as agreed between the PHP and TMA.

**ARTICLE 14**

**RECOUPMENT**

14.1 RECOUPMENT

TMA shall have the authority to suspend claims processing or seek recoupment of claims previously paid as specified under the provisions of the Federal Claims Collection Act (31 U.S.C. 3701 et seq), the Federal Medical Care recovery act (42 U.S.C. 2651-2653) and 32 CFR 199.14.

**ARTICLE 15**

**ORDER OF PRECEDENCE**

15.1 ORDER OF PRECEDENCE

If there is any conflict between this agreement and any Federal statute or regulation including the 32 CFR 199, the statute or regulation controls.

**ARTICLE 16**

**DURATION**

16.1 DURATION

This agreement shall remain in effect until the expiration date specified in Article 18.1 unless terminated earlier by TMA or the PHP under Article 13. TMA may extend this agreement for 60 days beyond the established date if necessary to facilitate a new agreement.

16.2 REAPPLICATION

The PHP must reapply to TMA at least 90 days prior to the expiration date of this agreement if it wishes to continue as an authorized PHP. Failure to reapply will result in the automatic termination of this agreement on the date specified in Article 18.1.

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**ARTICLE 17**

**EFFECTIVE DATE**

17.1 EFFECTIVE DATE

(a) This participation agreement will be effective on the date signed by the Executive Director, TMA, or a designee.

(b) This agreement must be signed by the President or Chief Executive Officer of the PHP.

**ARTICLE 18**

**AUTHORIZED PROVIDER**

18.1 PROVIDER STATUS

On the effective date of the agreement, TMA recognizes the PHP as an authorized provider for the purpose of providing psychiatric partial hospitalization care to eligible beneficiaries within the framework of the program(s) identified below.

PSYCHIATRIC PARTIAL HOSPITALIZATION PROGRAM NAME(S)	CAPACITY	AGE RANGE	DAYS OF OPERATION	HALF-DAY (HD) FULL-DAY (FD)

\_\_\_\_\_ **Partial Hospitalization Facility Name**

\_\_\_\_\_ Expiration Date

**TRICARE Management Activity**

\_\_\_\_\_ By: Signature

\_\_\_\_\_ By: Signature

\_\_\_\_\_ Name and Title

\_\_\_\_\_ Name and Title

Executed on: \_\_\_\_\_

Executed on: \_\_\_\_\_

C. Additional Payments Under The OPSS.

1. Clinical diagnostic testing (labwork).
2. Administration of infused drugs.
3. Therapeutic procedures including resuscitation that are furnished during the course of an emergency visit.
4. Certain high-cost drugs, such as the expensive "clotbuster" drugs that must be given within a short period of time following a heart attack or stroke.
5. Cases that fall far outside the normal range of costs. These cases will be eligible for an outlier adjustment.

D. Payment For Patients Who Die In The ED.

1. If the patient dies in the ED, and the patient's status is outpatient, the hospital should bill for payment under the OPSS for the services furnished.
2. If the ED or other physician orders the patient to the operating room for a surgical procedure, and the patient dies in surgery, payment will be made based on the status of the patient.
  - a. If the patient had been admitted as an inpatient, pay under the hospital DRG-based payment system.
  - b. If the patient was not admitted as an inpatient, pay under the OPSS (an APC-based payment) for the services that were furnished.
  - c. If the patient was not admitted as an inpatient and the procedure designated as an inpatient-only procedure (by OPSS payment SI of C) is performed, the hospital should bill for payment under the OPSS for the services that were furnished on that date and should include modifier -CA on the line with the HCPCS code for the inpatient procedure. Payment for all services other than the inpatient procedure designated under OPSS by the SI of C, furnished on the same date, is bundled into a single payment under APC 0375.
3. Billing and Payment Rules for Using New Modifier -CA. Procedure payable only in the inpatient setting when performed emergently on an outpatient who dies prior to admission.
  - a. All the following conditions must be met in order to receive payment for services billed with modifier -CA:
    - (1) The status of the patient is outpatient;
    - (2) The patient has an emergent, life-threatening condition;

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(3) A procedure on the inpatient list (designated by payment SI of C) is performed on an emergency basis to resuscitate or stabilize the patient; and

(4) The patient dies without being admitted as an inpatient.

b. If all of the conditions for payment are met, the claim should be submitted using a 013X bill type for all services that were furnished, including the inpatient procedure (e.g., a procedure designated by OPPTS payment SI of C). The hospital should include modifier -CA on the line with the HCPCS code for the inpatient procedure.

NOTE: When a line with a procedure code that has a SI of C assigned and has a patient status of "20" (deceased) and one of the modifiers is "CA" (patient dies). The OCE software will change the SI of the procedure to S and price the line using the adjusted APC rate formula.

c. Payment for all services on a claim that have the same date of service as the HCPCS billed with modifier -CA is made under APC 0375. Separate payment is not allowed for other services furnished on the same date.

E. Medical Screening Examinations.

1. Appropriate ED codes will be used for medical screening examinations including ancillary services routinely available to the ED in determining whether or not an emergency condition exists.

2. If no treatment is furnished, medical screening examinations would be billed with a low-level ED code.

F. HCPCS/Revenue Coding Required Under OPPTS. Hospital outpatient departments should use the CMS 1450 UB-04 Editor as a guide for reporting HCPCS and revenue codes under the OPPTS.

G. Treatment of Partial Hospitalization Services. Effective on May 1, 2009 (implementation of OPPTS), hospital-based Partial Hospitalization Programs (PHPs) (psych and Substance Use Disorder Rehabilitation Facilities (SUDRFs)) will be reimbursed a national per diem APC payment under the OPPTS. Freestanding PHPs (psych and SUDRFs) will continue to be reimbursed under the existing PHP per diem payment. **Effective November 30, 2009, separate TRICARE certification of hospital-based psychiatric PHPs shall no longer be required, making all hospital-based PHPs eligible for payment under TRICARE's OPPTS.**

1. The National Quality Monitoring Contractor (NQMC) shall include in their authorized provider reports to the contractors additional data elements indicating whether the facility is a freestanding PHP (psych or SUDRF) or a hospital-based PHP (psych). The contractors shall identify hospital-based PHPs (SUDRFs) that are subject to the per diem payment under the OPPTS.

2. Services of physicians, clinical psychologists, Clinical Nurse Specialists (CNSs), Nurse Practitioners (NPs), and Physician Assistants (PAs) furnished to partial hospitalization

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patients will continue to be billed separately as professional services and are not considered to be partial hospitalization services.

3. Payment for PHP (psych) services represents the provider's overhead costs, support staff, and the services of Clinical Social Workers (CSWs) and Occupational Therapists (OTs), whose professional services are considered to be included in the PHP per diem rate. For SUDRFs, the costs of alcohol and addiction counselor services would also be included in the per diem.

a. Hospitals will not bill the contractor for the professional services furnished by CSWs, OTs, and alcohol and addiction counselors.

b. Rather, the hospital's costs associated with the services of CSWs, OTs, and alcohol and addiction counselors will continue to be billed to the contractor and paid through the PHP per diem rate.

4. PHP should be a highly structured and clinically-intensive program, usually lasting most of the day. Since a day of care is the unit that defines the structure and scheduling of partial hospitalization services, a two-tiered payment approach has been retained, one for days with three services (APC 0172) and one for days with four or more services (APC 0173) to provide PHPs scheduling flexibility and to reflect the lower costs of a less intensive day.

a. However, it was never the intention of this two-tiered per diem system that only three units of service should represent the number of services provided in a typical day. The intention of the two-tiered system was to cover days that consisted of three units of service only in certain limited circumstances; e.g., three-service days may be appropriated when a patient is transitioning towards discharge or days when a patient who is transitioning at the beginning of his or her PHP stay.

b. Programs that provide four or more units of service should be paid an amount that recognizes that they have provided a more intensive day of care. A higher rate for more intensive days is consistent with the goal that hospitals provide a highly structured and clinically-intensive program.

c. The OCE logic will require that hospital-based PHPs provide a minimum of three units of service per day in order to receive PHP payment. For CY 2009, payment will be denied for days when fewer than three units of therapeutic services are provided. The three units of service are a minimum threshold that permits unforeseen circumstances, such as medical appointments, while allowing payment, but still maintains the integrity of a comprehensive program.

d. The following are billing instructions for submission of partial hospitalization claims/services:

(1) Hospitals are required to use HCPCS codes and report line item dates for their partial hospitalization services. This means that each service (revenue code) provided must be repeated on a separate line item along with the specific date the service

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was provided for every occurrence. Line item dates of services are reported in Form Locator (FL) 45 "Services Date" (MMDDYY) of the CMS 1450 UB-04.

(2) The following is a complete listing of the revenue codes and HCPCS codes that may be billed as partial hospitalization services or other mental health services outside partial hospitalization:

**FIGURE 13-2-5 REVENUE AND HCPCS LEVEL I AND II CODES USED IN BILLING FOR PARTIAL HOSPITALIZATION SERVICES AND OTHER MENTAL HEALTH SERVICES OUTSIDE PARTIAL HOSPITALIZATION FOR CY 2009<sup>1</sup>**

REVENUE CODE	DESCRIPTION	HCPCS LEVEL I <sup>5</sup> AND II CODES
0250	Pharmacy	HCPCS code not required.
043X	Occupational Therapy	G0129 <sup>2</sup>
0900	Behavioral Health Treatment/Services	90801 or 90802
0904	Activity Therapy (Partial Hospitalization)	G0176 <sup>3</sup>
0911	Psychiatric General Services	90801, 90802, 90804, 90806, 90808, 90810, 90812, 90814, 90845 - 90853, 90857, 90862, 90865, 90870 - 90874, 90877 - 90879, and 90899
0914	Individual Psychotherapy	90816- 90819, 90821- 90824, 90826-90829, 90845, or 90865
0915	Group Therapy	G0410 or G0411
0916	Family Psychotherapy	90846 or 90847
0918	Psychiatric Testing	96101, 96102, 96103, 96116, 96118, 96119, or 96120
0942	Education Training	G0177 <sup>4</sup>

<sup>1</sup> The contractor will edit to assure that HCPCS are present when the above revenue codes are billed and that they are valid HCPCS codes. The contractor will not edit for matching the revenue code to HCPCS.

<sup>2</sup> The definition of code G0129 is as follows:

Occupational therapy services requiring skills of a qualified occupational therapist, furnished as a component of a partial hospitalization treatment program, per session (45 minutes or more).

<sup>3</sup> The definition of code G0176 is as follows:

Activity therapy, such as music, dance, art or play therapies not for recreation, related to care and treatment of patient's disabling mental problems, per session (45 minutes or more).

<sup>4</sup> The definition of code G0177 is as follows:

Training and educational services related to the care and treatment of patient's disabling mental problems, per session (45 minutes or more).

<sup>5</sup> HCPCS Level I/CPT only © 2006 American Medical Association (or such other date of publication of CPT). All Rights Reserved.

**NOTE:** Codes G0129 and G0176, are used only for PHPs. Code G0177 may be used in both PHPs and outpatient mental health setting. Revenue code 250 does not require HCPCS.

(3) To bill for partial hospitalization services under the hospital OPs, hospitals are to use the above HCPCS and revenue codes and are to report partial hospitalization services under bill type 013X, along with condition code 41 on the CMS 1450 UB-04 claim form.

(4) The claim must include a mental health diagnosis and an authorization on file for each day of service. Since there is no HCPCS code that specifies a partial hospitalization related service, partial hospitalizations are identified by means of a particular

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bill type and condition code (i.e., 13X TOB with Condition Code 41) along with HCPCS codes specifying the individual services that constitute PHPs. In order to be assigned payment under Level II Partial Hospitalization Payment APC (0173) there must be four or more codes from PHP List B of which at least one code must come from PHP List A. In order to be assigned payment under Level I Partial Hospitalization Payment APC (0172) there must be at least three codes from PHP List B of which at least one code must come from PHP List A. List A is a subset of List B and contains only psychotherapy codes, while List B includes all PHP codes. (Refer to PHP Lists A and B in [Figure 13-2-6](#)). All other PHP services rendered on the same day will be packaged into the PHP APCs (0172 and 0173). All PHP lines will be denied if there are less than three codes/service appearing on the claim.

**FIGURE 13-2-6 PHP FOR CY 2008**

PHP LIST A	PHP LIST B	
90818	90801	90846
90819	90902	90847
90821	90816	90865
90822	90817	96101
90826	90818	96102
90827	90819	96103
90828	90821	96116
90829	90822	96118
90845	90823	96119
90846	90824	96120
90847	90826	G0129
90865	90827	G0176
G0410	90828	G0177
G0411	90829	G0410
	90845	G0411

(5) In order to assign the partial hospitalization APC to one of the line items (i.e., one of listed services/codes in [Figure 13-2-5](#)) the payment APC for one of the line items that represent one of the services that comprise partial hospitalization is assigned the partial hospitalization APC. All other partial hospital services on the same day are packaged; (i.e., the SI is changed from **Q** to **N**.) Partial hospitalization services with SI **E** (items or services that are not covered by TRICARE) or **B** (more appropriate code required for TRICARE OPps) are not packaged and are ignored in the PHP processing.

(6) Each day of service will be assigned to a partial hospitalization APC, and the partial hospitalization per diem will be paid. Only one PHP APC will be paid per day.

(7) Non-mental health services submitted on the same day will be processed and paid separately.

(8) Hospitals must report the number of times the service or procedure was rendered, as defined by the HCPCS code.

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(9) Dates of service per revenue code line for partial hospitalization claims that span two or more dates. Each service (revenue code) provided must be repeated as a separate line item along with the specific date the service was provided for every occurrence. Line item dates of service are reported in "Service Date." Following are examples of reporting line item dates of service. These examples are for group therapy services provided twice during a billing period.

**FIGURE 13-2-7 REPORTING OF PARTIAL HOSPITALIZATION SERVICES SPANNING TWO OR MORE DATES - HIPAA 837 FORMAT**

RECORD TYPE	REVENUE CODE	HCPCS	DATES OF SERVICE	UNITS	TOTAL CHARGE
61	0915	90849	19980505	1	\$80
61	0915	90849	19980529	2	\$160

**FIGURE 13-2-8 REPORTING OF PARTIAL HOSPITALIZATION SERVICES SPANNING TWO OR MORE DATES - CMS 1450 FORMAT**

REVENUE CODE	HCPCS	DATES OF SERVICE	UNITS	TOTAL CHARGES
0915	90849	050598	1	\$80
0915	90849	052998	2	\$160

NOTE: All line items on the CMS 1450 UB-04 claim form must be submitted with a specific date of service. The header date of the CMS 1450 UB-04 claim form may span dates of services. However, each line item date of service must fall within the span date billed or the claim will be denied.

5. Reimbursement for a day of outpatient mental health services in a non-PHP program (i.e., those mental health services that are not accompanied with a condition code 41) will be capped at the partial hospital per diem rate. The payments for all of the designated Mental Health (MH) services will be totaled with the same date of service. If the sum of the payments for the individual MH services standard APC rules, for which there is an authorization on file, exceeds the Level II Partial Hospitalization APC (0173), a special MH services composite payment APC (APC 0034) will be assigned to one of the line items that represent MH services. All other MH services will be packaged. The MH services composite payment APC amount is the same as the Level II Partial Hospitalization APC per diem rate. MH services with SI E or B are not included in payments that are totaled and are not assigned the daily mental health composited APC amount.

6. Freestanding psychiatric partial hospitalization services will continue to be reimbursed under all-inclusive per diem rates established under [Chapter 7, Section 2](#).

H. Payment Policy For Observation Services.

1. Observations For Non-Maternity Conditions.

a. Effective for dates of service on or after January 1, 2008, no separate payment will be made for observation services reported with HCPCS code G0378. Instead these hourly observation services will be assigned the SI of N, signifying that payment is always packaged.

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Psychiatric Freestanding Partial Hospitalization Program (PHP)	7	2
Psychiatric Partial Hospitalization Program (PHP)	7	2
Residential Treatment Center (RTC)	7	4
Substance Use Disorder Rehabilitation Facilities (SUDRFs)	7	3