Claims and Payment Policy: Neonatal Intensive Care Unit (NICU) Level of Care Authorization and Reimbursement Matching

Policy Number: CPP-163

BACKGROUND

A **neonatal intensive care unit** (**NICU**), also known as an **intensive care nursery** (**ICN**), is an intensive care unit (ICU) specializing in the care of ill or premature newborn infants. The concept of designations for hospital facilities that care for newborn infants according to the level of complexity of care provided was first proposed in the United States in 1976. Levels in the United States are designated by the guidelines published by the American Academy of Pediatrics.

The availability of neonatal intensive care has improved the outcomes of high-risk infants born either preterm or with serious medical or surgical conditions. Many of these improvements can be attributed to the concept and implementation of perinatal care which include criteria that stratified maternal and neonatal care into four levels of complexity and recommended referral of high-risk patients to higher-level centers with the appropriate resources and personnel to address the required increased complexity of care.

Levels of NICU Care

Level 1 NICU – Basic Newborn Care are nurseries for healthy, full term babies. They stabilize babies born near term to get them ready to transfer to facilities that provide advanced care.

Level 2 NICU – Advanced Newborn Care are for babies born at greater than 32 weeks gestation or who are recovering from more serious conditions.

Level 3 NICU – Subspecialty Newborn Care can provide intensive care for babies born at almost all gestational ages, from "very premature babies," babies born at 27 to 30 weeks, and above. The definition of a level 3 NICU may vary in different states or hospitals, but all level 3 NICUs can care for babies born at more than 28 weeks, are able to provide respiratory support for babies who are having trouble breathing and can deliver intravenous fluids to babies who cannot take milk feedings.

Level 4 NICU- Highest Level of Newborn Care is an intensive care unit that can care for babies as young as 22 to 24 weeks gestational age. The term "micro-preemies" is used to describe babies born between 22 and 26 weeks of gestation or smaller than 1 pound 13 ounces. Level 4 NICUs also offer a wide variety of neonatal surgeries, including heart surgeries for babies born with congenital heart disease. Level 4 NICUs can provide

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very sophisticated types of respiratory support for very sick babies, including extracorporeal mechanical oxygenation or ECMO.

The Uniform Billing Editor

The Uniform Billing Editor (UB-04) is a uniform institutional provider bill suitable for use in billing multiple third party payers. The National Uniform Billing Committee (NUBC) maintains lists of approved coding for the form.

Hospitals are expected to bill for newborn care, whether in the regular newborn nursery or in the neonatal intensive care nursery, using industry standard hospital revenue codes. There are a total of six possible hospital revenue codes noted in the Uniform Billing Editor (UB-04), which can be used to submit claims for inpatient services to neonates, both normal full term infants, and sick/premature neonates in the NICU.

POSITION STATEMENT

WellCare authorizes NICU Facility Levels by assignment of an authorized revenue code(s) to a provider for the NICU room and board stay. If a NICU Facility Level is submitted on the UB-04 claim form with a revenue code that is at a higher level of care than the revenue code authorized by WellCare, the reimbursement for the NICU claim will be at the NICU Facility Level authorized.

The revenue codes used in the authorization process are listed in Table 1 of the Coding & Billing section below.

CODING & BILLING

Table 1: NICU Levels of Service Revenue Codes

Revenue Code	Level
170	NURSERY Room and Board
171	NURSERY/ LEVEL 1 Room and Board
172	NURSERY/LEVEL II Room and Board
173	NURSERY/LEVEL III Room and Board
174	NURSERY/LEVEL IV Room and Board
179	NURSERY/OTHER Room and Board

Coding Implications

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included herein are not intended to be all-inclusive and are included for informational purposes only. Codes referenced in this clinical policy are for informational purposes only. Inclusion or exclusion of any codes does not guarantee coverage. Providers should reference the most up-to-date sources of professional coding guidance prior to the submission of claims for reimbursement of covered services.

Note: For Medicaid members, when state Medicaid coverage provisions conflict with the coverage provisions in this payment policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this payment policy. If State policies **do not specify coverage provisions**, then the State will follow National coverage guidelines as outlined in this policy

Note: For Medicare members, to ensure consistency with the Medicare National Coverage Determinations (NCD) and Local Coverage Determinations (LCD), all applicable NCDs and LCDs should be reviewed prior to applying the criteria set forth in this payment policy. Refer to the CMS website at http://www.cms.gov for additional information.

DEFINITIONS

Congenital Heart Disease	A term used to describe one or more problems with the heart's structure that exist since birth. Congenital means that you're born with the defect. Congenital heart disease, also called congenital heart defect, can change the way blood flows through your heart. Some congenital heart defects might not cause any problems. Complex defects, however, can cause life-threatening complications.
Extracorporeal mechanical oxygenation or ECMO.	Extracorporeal membrane oxygenation, also known as extracorporeal life support, is an extracorporeal technique of providing prolonged cardiac and respiratory support to persons whose heart and lungs are unable to provide an adequate amount of gas exchange or perfusion to sustain life.
"Micro-Preemies"	A term used to describe babies born between 22 and 26 weeks of gestation or smaller than 1 pound 13 ounces.
Neonatal intensive care unit (NICU)	An intensive care unit (ICU) specializing in the care of ill or premature newborn infants.
Uniform Billing Editor (UB-04)	A uniform institutional provider bill suitable for use in billing multiple third party payers. The National Uniform Billing Committee (NUBC) maintains lists of approved coding for the form.

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IMPORTANT INFORMATION ABOUT THIS DOCUMENT

Claims and Payment Policies (CPPs) are policies regarding claims or claim line processing and/or reimbursement related to the administration of health plan benefits. They are not recommendations for treatment, nor should they be used as treatment guidelines. Providers are responsible for diagnosing, treating, and making clinical recommendations to the member. CPPs are subject to, but not limited to, the following:

- State and federal laws and regulations;
- Policies and procedures promulgated by the Centers for Medicare and Medicaid Services, including National Coverage Determinations and Local Coverage Determinations;
- The health plan's contract with Medicare and/or a state's Medicaid agency, as applicable;
- Other CPPs and clinical policies as applicable.
- The provisions of the contract between the provider and the health plan; and
- The terms of a member's particular benefit plan, including those terms outlined in the member's Evidence of Coverage, Certificate of Coverage, and other policy documents.

In the event of a conflict between a CPP and a member's policy documents, the terms of a member's benefit plan will always supersede the CPP.
The use of this policy is neither a guarantee of payment, nor a prediction of how a specific claim will be adjudicated. Any coding information is for informational purposes only. No inference should be made regarding coverage or provider reimbursement as a result of the inclusion, or omission, in a CPP of a CPT, HCPCS, or ICD-10 code. Always consult the member's benefits that are in place at time of service to determine coverage or non-coverage. Claims processing is subject to a number of factors, including the member's eligibility and benefit coverage on the date of service, coordination of benefits, referral/authorization requirements, utilization management protocols, and the health plan's policies. Services must be medically necessary in order to be covered.
References to other sources and links provided are for general informational purposes only, and were accurate at the time of publication. CPPs are reviewed annually but may change at any time and without notice, including the lines of business for which they apply. CPPs are available at www.wellcare.com.

RULES, PRICING & PAYMENT COMMITTEE HISTORY AND REVISIONS

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05/18/2018	• Approved by RGC

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