

The New IOP Benefit Under Medicare: Considerations for Community Mental Health Providers

This document aims to provide information to National Council members on recent changes regarding the newly established Intensive Outpatient Program (IOP) benefit under Medicare and the related Community Mental Health Center (CMHC) Conditions of Participation (CoPs) for members considering this reimbursement strategy.

New IOP benefit under Medicare. Effective January 2024, CMS issued [final rule](#) establishing IOP services under Medicare furnished in hospital outpatient departments, [CMHCs](#), Federally Qualified Health Centers (FQHCs), and Rural Health Centers (RHCs), and in [Opioid Treatment Programs \(OTPs\)](#). More details on this final rule can be found in National Council's brief [here](#).

Provider entities can bill as both an outpatient physician group and as a CMHC for Medicare services. Many outpatient provider groups bill Medicare for outpatient behavioral health Part B services, using a [CMS-855B form](#) for enrollment. To participate in the new IOP benefit under Medicare, providers can also enroll as a CMHC and would enroll through a [CMS-855A form](#), adhere to CMHC CoPs, and meet applicable licensing or certification requirements for the state in which it is located.

CMHCs are considered participating with both PHP and IOP but are not required to provide both types of services. Whether providing one or both of these services, the [CMHC](#) must meet requirements specified under [42 CFR 424.24\(e\)](#) and [42 CFR 485.918\(f\)](#) for PHP services and [42 CFR 424.24\(d\)](#) and [42 CFR 485.918\(g\)](#) for IOP services.

CMHC CoPs apply to all patients receiving care at the CMHC, regardless of whether the professional services are paid under a different statutory benefit category. In entities enrolled in Medicare as both a CMHC and outpatient provider, CMHC CoPs ([42 CFR Part 485 Subpart J](#)) apply to all clients, even if served only by the outpatient entity provider type. However, the CoP requirements specific to PHP and IOP only apply to individuals enrolled in PHP or IOP programs.

Notable requirements in CMHC CoPs include:

- Treatment plans, comprehensive assessments, and recertification updates and requirements such as:
 - [42 CFR 485.916\(d\)](#) requires the CMHC interdisciplinary treatment team to review, revise, and document individualized active treatment plans at least every 30-calendar days.
 - [42 CFR 485.914\(d\)](#) requires a client's comprehensive assessment to be updated when changes occur, and no less frequently than every 30 days for clients that receive PHP or IOP.
 - [42 CFR 424.24\(e\)](#) requires PHP recertification by the 18th day of treatment initially and at least every 30 days after that. [42 CFR 424.24\(d\)](#) requires IOP recertification no less than every 60 days.
- 24-hour-a-day emergency care services are also required under CMHC CoPs:
 - [42 CFR 485.918\(b\)\(1\)\(ii\)](#) states that providing 24 emergency care services is required. [CMS' interpretive guidance](#) on emergency services states, "The clients of the CMHC must be able to make live contact with a clinician any time (day or night) who has the

qualifications to evaluate and address the client's clinical needs either over the phone and, if necessary, by a face to face clinical evaluation in an agreed upon safe setting. On-call clinical personnel should have access to client records they need to provide 24 hour emergency services. A recorded message in lieu of a live person for the emergency care services does not meet this requirement."

- Provision of outpatient services that includes specialized services for children and elderly individuals, and at least 40 percent of services must be provided to individuals not eligible for Medicare ([42 CFR 485.918\(b\)](#)).

There are several considerations for CMHCs billing Medicare. [42 CFR 419.21](#) provides for the outpatient prospective payment system (OPPS) for PHP and IOP services furnished by CMHCs. A CMHC can enter into a Medicare provider agreement for PHP and IOP services and will bill for payment under OPPS PHP or IOP per diem rates. When billing for PHP or IOP, the CMHC would submit a facility bill for payment under the OPPS at the applicable PHP or IOP per diem rate. Both IOP and PHP have established Ambulatory Payment Classifications (APCs) for each provider type, one for days with three services per day and one for days with four or more services per day. CY2024 PHP and IOP APC Geometric Mean Per Diem Costs are shown in Table 101 of the final rule ([88 FR 81834](#)). While the methodology is the same, outpatient hospital departments have different payment rates.

For facility claims, [CMHCs are required](#) to include a condition code (designating PHP or IOP services), a revenue code, and specific HCPCS codes ([Medicare Claims Processing Manual](#)). For professional claims, the practitioner should bill and use the place of service (POS) code for where they furnished the service, and the payment would reflect if the service was furnished in a facility or non-facility setting. Notably, several services for PHP and IOP participants are excluded under [42 CFR 410.43\(b\)](#) and [42 CFR 410.44\(b\)](#) and paid separately. The professional services of physicians, clinical psychologists (CPs), nurse practitioners (NPs), clinical nurse specialists (CNSs), certified nurse-midwives (CNMs), and physician assistants (PAs) are excluded from payment via the OPPS PHP and IOP per diem rates for services furnished at CMHCs. These professionals are authorized to bill under the Physician Fee Schedule (PFS) for their professional services under the PFS for the CMHC setting at the amount authorized under their statutory benefit category. CMHCs billing for services under the PFS are subject to all applicable billing requirements under the PFS, with practitioner payment typically reassigned to the CMHC's Part B practitioner group number.

In sum, an entity enrolled in Medicare as a CMHC may bill under the PFS for any of the following:

- (1) services furnished to PHP or IOP participants by CMHC physicians, physician assistants, nurse practitioners, clinical nurse specialists, and psychologists, which are included within the statutory PHP or IOP benefit, but are excluded from payment via the OPPS PHP and IOP per diem rates by regulation;
- (2) other Part B PFS-covered outpatient behavioral health services (i.e., outside the PHP and IOP benefits) furnished to PHP or IOP participants; and
- (3) outpatient behavioral health services delivered to patients who are not enrolled in PHP and IOP programs.

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