

# REIMBURSEMENT POLICY STATEMENT

## Michigan Marketplace

Policy Name & Number	Date Effective
Neonatal Intensive Care Unit (NICU) Level of Care-MI MP-PY-1485	01/01/2025
Policy Type	
<b>REIMBURSEMENT</b>	

Reimbursement Policies prepared by CareSource and its affiliates are intended to provide a general reference regarding billing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design and other factors are considered in developing Reimbursement Policies.

In addition to this Policy, Reimbursement of services is subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreement, and applicable referral, authorization, notification and utilization management guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any federal or state coverage mandate, Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

This Policy does not ensure an authorization or Reimbursement of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced herein. If there is a conflict between this Policy and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

CareSource and its affiliates may use reasonable discretion in interpreting and applying this Policy to services provided in a particular case and may modify this Policy at any time.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

### Table of Contents

A.	Subject .....	2
B.	Background .....	2
C.	Definitions.....	2
D.	Policy .....	3
E.	Conditions of Coverage .....	6
F.	Related Policies/Rules .....	6
G.	Review/Revision History .....	6
H.	References .....	6

A. Subject

**Neonatal Intensive Care Unit (NICU) Level of Care**

B. Background

This policy aligns with guidance from the American Academy of Pediatrics (AAP) and the American College of Obstetricians and Gynecologists (ACOG) regarding NICU levels of care. This policy provides guidelines for determining the medically appropriate level of care for reimbursement based on available documentation. NICU admissions are reviewed to ensure that services are of an appropriate duration and level of care to promote optimal health outcomes in the most efficient manner. Clinical documentation of an ongoing NICU hospitalization will be reviewed concurrently to substantiate level of care with continued authorization based on the documentation submitted. Reimbursement for the NICU stay will be based on the authorized level of care and determined by the concurrent review process.

The American Academy of Pediatrics (AAP) and the American College of Obstetricians and Gynecologists (ACOG) have defined and specified the capabilities for each of 4 facility levels of care (ie, a specific unit located in the hospital). These facilities range from a Level I Newborn Observation Unit to a Level IV Regional Neonatal Intensive Care Unit. Facilities offering neonatal intensive care must meet healthcare standards through federal/state licensing or certification.

The Neonatal Intensive Care Unit (NICU) is a critical care area in a facility for newborn babies who need specialized care. The NICU designation requires a combination of advanced technology and a NICU team of licensed professionals.

NICU levels of care are based on the complexity of care that a newborn with specified diagnoses and symptoms requires. All four levels of care are represented by a unique revenue code. Any inpatient revenue codes not billed as levels II-IV will be recognized as a level I.

- Level I=0171
- Level II=0172
- Level III=0173
- Level IV=0174

While most infants admitted to the NICU are premature, others are born at term but suffer from medical conditions, such as infections or birth defects. A newborn also could be admitted to the NICU for associated maternal risk factors or complicated deliveries. Although the list of criteria used to determine the NICU levels of care in this policy is not all inclusive, it does provide an overview of the guidelines that are used.

C. Definitions

- **Intensity of Care (IOC)** – Care based on the complexity of care that a newborn with specified diagnoses and symptoms requires.

The REIMBURSEMENT Policy Statement detailed above has received due consideration as defined in the REIMBURSEMENT Policy Statement Policy and is approved.

- **Newborn Care Services** – Services performed from birth to 4 weeks.
- **Neonatal Intensive Care Services (NICU)** – Critical care services for a newborn.
- **Well baby care services** - A basic level of care to neonates who are low risk.

#### D. Policy

- I. As per federal mandate, newborn members are covered at an inpatient facility for a 2-day stay for vaginal deliveries and a 4-day stay for cesarean sections. These stays will be covered without clinical review (notification may be required) if they are submitted with revenue codes 0170/0171 and a “normal newborn” DRG.
- II. For any newborn diagnoses/revenue codes/procedures that may be associated with care/treatment outside of routine newborn care (any revenue code 0172, 0173, 0174), preauthorization is required regardless of the length of stay and is subject to medical necessity review. The provider must be able to provide documentation establishing the criteria are met for the level of care, revenue code, and/or DRG submitted on the claim.
- III. When a newborn requires a NICU admission or a higher LOC service, a prior authorization is required.
- IV. If a complication develops with the mother or baby that necessitates additional hospital days, NICU admission, or non-well-baby service, a prior authorization should be submitted along with clinical information to support the stay.
- V. If the newborn is admitted to the NICU during an initial transition period, defined as 4 hours or less, then discharged back to Newborn Nursery or pediatric level of care, NICU level of care will not be assigned regardless of interventions completed during transitional time.
- VI. Clinical review will determine appropriate LOC utilizing MCG standards. CareSource will adjust LOC reimbursement if clinical documentation does not support the LOC billed.
- VII. Inpatient admissions may be reviewed to ensure that all services are of an appropriate duration and level of care to promote optimal health outcomes. Clinical documentation of an ongoing neonatal hospitalization will be reviewed concurrently to substantiate the level of care and length of stay. A continued authorization will be based on the documentation submitted and alignment with MCG Neonatal Facility Levels of Care and Neonatal Intensity of Care Criteria, as well as CareSource policy.
- VIII. In order to avoid reimbursement delay or adjustments, providers are encouraged to follow MCG guidelines along with the criteria below.

NICU Level	Revenue Code Description	MCG NICU Intensity of Care
<b>Level 1</b>	<b>0171: Newborn Level I</b>	For NICU Intensity of Care Criteria 1 (See MCG Care Guidelines LOC: LOC-010 (ISC, GRG))
<p><b>Level 1</b> - Neonatal care may be indicated for a newborn or neonate with <b>ALL</b> of the following:</p> <ul style="list-style-type: none"> <li>• Physiologically stable (eg, no apnea, bradycardia, or unstable temperature) In need of care consisting of one or more of the following:               <ul style="list-style-type: none"> <li>○ Routine newborn care</li> <li>○ Evaluation and care of neonates with conditions that require inpatient services available at Level I</li> <li>○ Continued inpatient care during convalescence from condition(s) treated in Level II, III or IV while awaiting resolution of specific issues, (eg: Sustained weight gain, poor PO feeding) Establishment of safe discharge destination and plan</li> <li>○ Uncomplicated jaundice treated only with phototherapy and requiring bilirubin checks while inpatient at intervals of greater than 6 hours</li> <li>○ Absence of parenteral medications</li> <li>○ Evaluation and management of glucose levels without IV fluids, diagnostic work-up/surveillance, on an otherwise stable neonate where no therapy is initiated</li> </ul> </li> </ul>		
<b>Level 2</b>	<b>0172: Newborn Level II</b>	For NICU Intensity of Care Criteria 2 (See MCG Care Guidelines LOC: LOC-011 (ISC, GRG))
<p><b>Level 2</b> - Neonatal care may be indicated for one or more of the following:</p> <ul style="list-style-type: none"> <li>• Use of oxygen via hood (<math>\leq 40\%</math>), nasal cannula oxygen, (<math>\leq 2L/min</math>), with other co-morbidities stable</li> <li>• Administration of intravenous (IV) medications</li> <li>• IV Therapy; peripheral or PICC               <ul style="list-style-type: none"> <li>○ IV fluids inclusive of hyperalimentation</li> <li>○ IV heparin lock medications; or</li> <li>○ IV medications in a physiologically/clinically stable infant; or</li> <li>○ IV treatment of hypoglycemia</li> </ul> </li> <li>• Weaning from nasogastric (NG) or naso-jejunal (NJ) tube feedings while attempting to increase oral intake</li> <li>• Apnea, bradycardia, or desaturation, but with rare episodes requiring stimulation, or only self-limited episodes; or               <ul style="list-style-type: none"> <li>○ apnea “countdown” or</li> <li>○ weaning caffeine</li> </ul> </li> <li>• Services for neonatal abstinence syndrome (NAS) requiring medication (weaning) when the Finnegan score is 8 or less or Eat Sleep Console (ESC) scores are improving</li> <li>• Monitoring of jaundice during phototherapy with bilirubin levels at intervals of less than 6 hours</li> <li>• Temperature control system, eg, incubator, radiant warmer, in otherwise stable infant.</li> <li>• Evaluation for sepsis NOT toxic appearing but on antibiotics</li> </ul>		

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	<ul style="list-style-type: none"> <li>• Clinically stable infections completing course of IV medications</li> <li>• Continued inpatient care during convalescence from condition(s) treated in Level III care</li> <li>• Withdrawal of Life support; end of life care; palliative care</li> </ul>
<b>Level 3</b>	<p><b>0173: Newborn Level III</b></p> <p>For NICU Intensity of Care Criteria 3 (See MCG Care Guidelines LOC: LOC012 (ISC, GRG))</p>
<p><b>Level 3</b> - Neonatal care includes Level 2 requirements and one or more of the following:</p> <ul style="list-style-type: none"> <li>• Respiratory support using one of the following: <ul style="list-style-type: none"> <li>○ HFNC with &gt; 2 L/minute of blended oxygen, continuous positive airway pressure (CPAP), NIPPV</li> <li>○ conventional ventilation (via endotracheal tube, nasotracheal tube or tracheostomy tube)</li> <li>○ high-frequency ventilation long-term (&gt; one week)</li> </ul> </li> <li>• Presence of chest tubes or UAC.</li> <li>• Active apnea/bradycardic episodes requiring PPV</li> <li>• Suspected or proven sepsis during acute phase or with toxic appearance</li> <li>• Persistent hypoglycemia (glucose &lt; 30 mg/dl)</li> <li>• Total parenteral nutrition or IV fluids to supplement inadequate oral intake (NG or PO)</li> <li>• NAS requiring medication or unable to wean</li> <li>• Hyperbilirubinemia with evidence of hemolysis requiring IVIG or blood transfusion</li> <li>• Acute encephalopathy that does not meet criteria for therapeutic hypothermia</li> <li>• Surgical conditions requiring general anesthesia up to two days post-op if indicated</li> <li>• Surgical/Therapies for retinopathy of prematurity (ROP)</li> <li>• Seizure activity requiring initiation, supplementation or changing of seizure medications</li> <li>• Transfusion of blood products in absence of severe acute etiology or manifestations (eg, transfusion needed for anemia of prematurity, iatrogenic anemia)</li> </ul>	
<b>Level 4</b>	<p><b>0174: Newborn Level IV</b></p> <p>For NICU Intensity of Care Criteria 4 (See MCG Care Guidelines LOC: LOC013 (ISC, GRG))</p>
<p><b>Level 4</b> - Neonatal care includes Level 3 requirements and one or more of the following clinical interventions:</p> <ul style="list-style-type: none"> <li>• Perioperative care following surgical repair of severe neonatal conditions, for example: <ul style="list-style-type: none"> <li>○ bowel resection for necrotizing enterocolitis (NEC)</li> <li>○ tracheoesophageal fistula or esophageal atresia repair</li> <li>○ cardiac surgery excluding PDA ligation</li> <li>○ myelomeningocele closure (up to 48 hours post-op)</li> <li>○ organ transplant</li> </ul> </li> <li>• Medically necessary inhaled nitric oxide (iNO)</li> <li>• Extracorporeal membrane oxygenation (ECMO)</li> <li>• High frequency oscillatory or jet ventilation (initial week)</li> <li>• Therapeutic cooling</li> <li>• Exchange transfusion (day of procedure)</li> <li>• Uncontrolled active seizures despite medications</li> <li>• Exchange transfusion</li> <li>• Ongoing cardiovascular support (inotropes, chronotropes, antiarrhythmics)</li> </ul>	

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- Severe hemodynamic instability requiring ongoing intravenous fluid/medication support
  - Dialysis
  - IV sedation that includes paralysis
  - Prostaglandin infusion
- CPR in the last 24 hours (not inclusive of delivery room resuscitation)
- Transfusion of blood products in setting of severe acute etiology or manifestation (eg, hemolytic anemia, disseminated intravascular coagulation, hemorrhage)

**E. Conditions of Coverage**

- I. Reimbursement is independent of the location of care and corresponds to the medical treatment provided and level of service the neonate requires. To ensure accurate reimbursement, submitted claims will be reviewed to align preauthorized levels of care and/or clinically validate diagnoses, procedures and other claim information that impact payment. Based on review, the following may occur:
  - Down-code revenue codes to authorized levels of care.
  - Issue a base DRG payment.
  - Adjust claim diagnoses/procedures that are not substantiated in the medical information provided and apply DRG regrouping.
  - Request for complete medical records and/or itemized statements to support the services on the claim may be made.
  
- II. In the event of any conflict between this policy and any written agreement between the provider and CareSource, that written agreement will be the governing document.

**F. Related Policies/Rules**  
NA

**G. Review/Revision History**

DATE		ACTION
<b>Date Issued</b>	09/11/2024	New policy. Approved at Committee.
<b>Date Revised</b>		
<b>Date Effective</b>	01/01/2025	
<b>Date Archived</b>		

**H. References**

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