

# Medicare Benefit Policy Manual

## Chapter 4 - Inpatient Psychiatric Benefit Days Reduction and Lifetime Limitation

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### **10 - Inpatient Psychiatric Benefit Days Reduction**

**(Rev. 1, 10-01-03)**

**A3-3104, HO-217**

If an individual is in a participating psychiatric hospital on the first day of the entitlement to hospital insurance, the number of inpatient benefit days in the first benefit period is subject to reduction. The days (not necessarily consecutive) on which an individual was an inpatient of a psychiatric hospital in the 150-day period immediately before the first day of entitlement must be subtracted from the 150 days of inpatient hospital services for which he/she would otherwise be eligible in the first benefit period. Days spent in a general hospital for diagnosis or treatment of a psychiatric condition prior to entitlement will not reduce the patient's 150 inpatient benefit days in the initial benefit period.

After entitlement, the reduction applies not only to inpatient hospital services received in a psychiatric hospital, but also to services received in a general hospital if the individual is an inpatient of the general hospital primarily for the diagnosis or treatment of mental illness. If a patient has no psychiatric benefit days remaining because of the reduction, Medicare payment may still be made for up to 150 days of inpatient hospital services that are not for the diagnosis and treatment of mental illness.

## **EXAMPLE 1**

John was admitted to a Medicare participating psychiatric hospital named Spring Psychiatric Hospital on January 20. John's Medicare entitlement was effective February 1 while John was still an inpatient of Spring Psychiatric Hospital. The 12 days of inpatient psychiatric care prior to entitlement are deducted from the 150 days available in the first benefit period. John has 138 days available in the first benefit period (150 minus 12 = 138).

## **EXAMPLE 2**

Mary was admitted to Spring Psychiatric Hospital on January 2 and discharged January 31. She was readmitted March 1 and discharged April 15. Mary's Medicare entitlement became effective April 1. Mary used a total of 60 psychiatric days in the 150 day period prior to her Medicare entitlement. Therefore, the days available to Mary in her first benefit period are 90 days. Pre-entitlement days used by Mary were 29 for her January admission and 31 used during her March admission prior to her entitlement April 1.

### **10.1 - Patient Status on Day of Entitlement**

**(Rev. 1, 10-01-03)**

#### **A3-3104.1, HO-217.1**

A patient in a participating psychiatric hospital on the first day of entitlement is subject to this reduction. The reduction applies to patients admitted to or discharged from such a hospital on their first day of entitlement, or who begin or end a leave of absence on that day. Where only a distinct part of an institution is participating as a psychiatric hospital, the provision applies only to patients who, on their first day of entitlement, are inpatients of that part.

### **10.2 - Institution's Status in Determining Days Deducted**

**(Rev. 1, 10-01-03)**

#### **A3-3104.2, HO-217.2**

The status of a psychiatric hospital (or a distinct part of such a hospital) as of the individual's first day of entitlement is controlling in determining whether days spent there during the preceding 150 days are to be deducted. Thus, deductions would be made for days spent in a hospital (or distinct part) that was participating as of the individual's first day of entitlement even though it was not participating during all or part of the preceding 150 days. However, where an institution is not participating as of the individual's first day of entitlement, deductions would not be made for days spent in that institution during the preceding 150 days, even though the institution is later certified for participation as a psychiatric hospital.

Where a participating psychiatric hospital is a distinct part of an institution, deductions are made only for days spent in the wards, floors, wings, etc., included in the participating distinct part as of the individual's first day of entitlement, even though it was not participating during all or part of the preceding 150 days. Deductions are not made for days spent in a part of the institution not included in the participating distinct part as of the individual's first day of entitlement, e.g., days spent in a custodial section of the institution or days spent in a general medical-surgical facility participating as a general hospital.

#### **EXAMPLE 1**

Alice was admitted to Spring Psychiatric Hospital which is a participating hospital on January 2 and discharged January 31. She was admitted to General Mental Health Hospital which is not a Medicare participating hospital on March 1 through March 30. On March 31, Alice was admitted to Spring Psychiatric Hospital. Alice's Medicare became effective April 1. The pre-entitlement days deducted from Mary's first benefit period are those used during her stay in Spring Psychiatric Hospital which is a Medicare participating hospital. The pre-entitlement days used are 29 in January and 1 in March for a total of 30. Therefore, Alice has 120 days remaining in her first benefit period.

### **20 - Days of Admission, Discharge, and Leave**

**(Rev. 1, 10-01-03)**

See the Medicare Benefit Policy Manual, Chapter 3, Duration of Covered Inpatient Services, for counting Medicare admission, discharge, and leave of absence days.

### **30 - Reduction for Psychiatric Services in General Hospitals**

**(Rev. 1, 10-01-03)**

#### **A3-3104.4, HO-217.4**

When an individual subject to a reduction in days is an inpatient in a general hospital the intermediary will apply the reduction only if it has determined that the individual was an inpatient primarily for the diagnosis or treatment of mental illness.

The intermediary normally will make a decision based on the principle diagnosis shown on the claim. The reduction will not be applied where the principle diagnosis is not related to mental illness, even though other diagnoses may relate to mental illness.

If the intermediary needs more information than the principle diagnosis to make the required determination, it should obtain it from the hospital, the attending physician, or other appropriate source. Any case in which a reasonable question persists about whether the individual was an inpatient "primarily for the diagnosis or treatment of mental illness" should be resolved in favor of not applying the reduction.

The term “mental illness” is defined as the specific psychiatric conditions described in the “American Psychiatric Association's Diagnostic and Statistical Manual - Mental Disorders.”

## **40 - Determining Days Available**

**(Rev. 1, 10-01-03)**

**A3-3104.5, HO-217.5, 42 CFR 409.63**

Since payment can be made only for the number of days remaining after the reduction is applied, the following steps should be taken to determine the number of days available in the first benefit period for which payment can be made for inpatient psychiatric hospital services and inpatient services in a general hospital for the treatment of mental illness:

1. Determine how many days in the 150-day pre-entitlement period the patient spent in a psychiatric hospital;
2. Subtract these from 150.

Payment is made for the remaining days in the following order of priority:

1. The 60 full benefit days;
2. The 30 regular coinsurance days;
3. The 60 lifetime reserve coinsurance days.

Benefit days not available to the patient because of the psychiatric reduction (including lifetime reserve days) nevertheless, remain available for use in hospitalization not subject to the reduction; i.e., a general hospital stay for a nonpsychiatric condition. The lifetime days not previously used also remain available for any inpatient stays (including psychiatric hospital stays) in subsequent benefit periods.

### **EXAMPLE 1**

The patient was an inpatient of a participating psychiatric hospital on his first day of entitlement. He had been in such a hospital in the pre-entitlement period for 20 days. Therefore, 130 days are payable. Payment would be made in the following order: 60 full benefit days, 30 coinsurance (61st thru 90th) days, then 40 coinsurance (lifetime) days.

### **EXAMPLE 2**

During the 150-day period preceding Medicare entitlement, an individual had been a patient of a general hospital for 60 days of inpatient psychiatric care and had spent 90 days in a psychiatric hospital, ending with the first day of entitlement. During the initial benefit period, the beneficiary spent 90 days in a general hospital and received psychiatric care there. The 60 days spent in the general hospital for psychiatric treatment

before entitlement does not reduce the benefits available in the first benefit period. Only the 90 days spent in the psychiatric hospital before entitlement reduce such benefits, leaving a total of 60 available psychiatric days. However, after entitlement, the reduction applies not only to days spent in a psychiatric hospital, but also to days of psychiatric treatment in a general hospital. Thus, Medicare payment could be made only for 60 of the 90 days spent in the general hospital.

### **EXAMPLE 3**

An individual was admitted to a general hospital for a mental condition and, after 10 days, transferred to a participating psychiatric hospital. The individual remained in the psychiatric hospital for 78 days before becoming entitled to hospital insurance benefits and for 130 days after entitlement. The beneficiary was then transferred to a general hospital and received treatment of a medical condition for 20 days. The 10 days spent in the general hospital during the 150-day preentitlement period have no effect on the inpatient hospital benefit days available to the individual for psychiatric care in the first benefit period, even though the general hospital stay was for a mental condition. Only the 78 days spent in the psychiatric hospital during the pre-entitlement period are subtracted from the 150 benefit days. Accordingly, the individual has 72 days of psychiatric care (150 days less 78 days) available in the first benefit period. Benefits could be paid for the individual's hospitalization during the first benefit period in the following manner. For the 130-day psychiatric hospital stay, 72 days (60 full benefit days and 12 coinsurance days), and for the general hospital stay, 20 days (18 coinsurance and 2 lifetime reserve days).

## **50 - Inpatient Psychiatric Hospital Services - Lifetime Limitation**

**(Rev. 1, 10-01-03)**

### **A3-3105, HO-218**

Payment may not be made for more than a total of 190 days of inpatient psychiatric hospital services during the patient's lifetime. The limitation applies only to services furnished in a psychiatric hospital. The period spent in a psychiatric hospital prior to entitlement does not count against the patient's lifetime limitation, even though pre-entitlement days may have been counted against the 150 days of eligibility in the first benefit period.

The CWF keeps track of days paid for inpatient psychiatric services and informs the intermediary on claims where the 190-day limit is reached.