Polysomnography Studies and Home Sleep Testing

Purpose

This policy is intended to ensure correct provider reimbursement and serves only as a general resource regarding Molina Healthcare's reimbursement policy for the services described in this policy. It is not intended to address every aspect of a reimbursement situation, nor is it intended to impact care decisions. This policy was developed using nationally accepted industry standards and coding principles. In a conflict, federal and state guidelines, as applicable, and the member's benefit plan document supersede the information in this policy. Also, to the extent of conflicts between this policy and the provider contract language, the Provider contract language will prevail. Coverage may be mandated by applicable legal requirements of a State, the Federal government or the Centers for Medicare and Medicaid Services (CMS). References included were accurate at the time of policy approval. If there is a state exception, please refer to the state exception table listed below.

Policy Overview

Sleep Studies and Polysomnography (PSG) are diagnostic medical tests employed to identify various sleep disorders and evaluate a patient's response to treatments, such as continuous positive airway pressure (CPAP). PSG differs from standard sleep studies by incorporating sleep staging.

This document is derived from the coverage criteria, limitations, medical necessity, and documentation requirements specified in Local Coverage Determination (LCD) L36839 for Polysomnography and Other Sleep Studies.

1. Coverage for diagnostic testing is contingent upon patients exhibiting relevant symptoms or complaints as defined by state and federal guidelines.

2. Patients undergoing diagnostic testing are not categorized as inpatients. If an overnight stay is necessary, it is considered an essential part of the testing process, and appropriate documentation must justify the patient's admission.

3. In most cases, a single polysomnogram and electroencephalogram (EEG) are sufficient for diagnosing sleep apnea. If there is a claim for multiple sessions, compelling medical evidence, in line with Medicare Benefit Policy Manual, Chapter 15, Section 70, must be provided to explain the need for additional tests.

4. Typically, diagnosing narcolepsy requires three sleep naps. Claims for more than three naps will require compelling medical evidence to substantiate the need for additional tests.

5. Generally, no more than one Home Sleep Test (HST) is expected within a one-year period. If multiple HST sessions are conducted to diagnose suspected obstructive sleep apnea (OSA), compelling medical evidence will be necessary to justify the extra tests.

6. Normally, no more than two Polysomnography (PSG) sessions are expected within a one-year interval for sleep diagnosis or treatment adjustment. If more than two PSG sessions are performed, comprehensive medical evidence supporting their necessity will be required and subject to review.

7. Services performed beyond established parameters may be subject to review for medical necessity.

8. The routine use of more than one PSG for titrating CPAP therapy is not typically considered reasonable and necessary. Claims for multiple CPAP titration PSGs may require the submission of compelling medical evidence explaining their necessity.

9. Testing should encompass all naps conducted within a single day and is restricted to one (1) unit of service. (For the utilization of CPT (Current Procedural Terminology) code: 95805 MSLT (Multiple Sleep Latency Test), refer to CMS publication A56903).

Reimbursement Guidelines

Molina Healthcare requires strict compliance with all applicable coding and billing guidelines for Polysomnography and other sleep studies, in accordance with state, federal, and provider contract regulations. Failure to comply may result in claim payment delays, denials, or the necessity for claim payment recovery.

Supplemental Information

Definitions

Term	Definition
MAC	A Medicare Administrative Contractor (MAC) is a private health insurance company that processes Medicare Part A and Part B medical claims, as well as durable medical equipment (DME) claims, for Medicare Fee-for-Service (FFS) beneficiaries. They act as the main operational link between the Medicare program and healthcare providers. MACs are multi-state, regional contractors responsible for administering both Medicare Part A and Part B claims for a defined geographic area.
CMS	The Centers for Medicare & Medicaid Services. The Centers for Medicare & Medicaid Services (CMS) is a federal entity under the United States Department of Health and Human Services (HHS). It oversees the Medicare program and collaborates with state governments to manage Medicaid, the Children's Health Insurance Program (CHIP), as well as health insurance portability regulations.
CPAP	CPAP (Continuous Positive Airway Pressure) is a treatment that uses mild air pressure from a machine to keep the airways open, most often used for people with sleep apnea.
EEG	Electroencephalogram (EEG) is a test that measures and records the brain's electrical activity using small sensors attached to the scalp.
HST	A Home Sleep Test (HST) is a simplified sleep study done at home that uses portable monitoring equipment to record information like breathing, oxygen levels, and heart rate to help diagnose sleep disorders such as sleep apnea.
OSA	Obstructive sleep apnea is a sleep disorder where the airway becomes partly or completely blocked during sleep, causing pauses in breathing and disrupted rest.
PSG	Polysomnography is an overnight sleep study done in a sleep center or lab - often in a hospital or specialized clinic - that records brain activity, breathing, heart rate, oxygen levels, and body movements to diagnose sleep disorders.

State Exceptions

State	Exception
TX	Texas is exempt from this policy

Documentation History

Type	Date	Action
Initial Creation Date	09/08/2024	New Policy
Revised Date	12/17/2024	Updated Policy template
Revised Date	08/07/2025	Updated Policy Template; refreshed links; added Reimbursement Guidelines section.
Revised Date	08/19/2025	Fixed initial creation date

References

This policy was developed using.

- CMS
- State Medicaid Regulatory Guidance
- State Contracts

Reference	Link
CMS	Article - Billing and Coding: Polysomnography and Other Sleep Studies (A57697) (cms.gov) LCD - Polysomnography and Other Sleep Studies (L36902) (cms.gov) Medicare Benefit Policy Manual, Chapter 15, Section 70 Article - Response to Comments: Polysomnography and Other Sleep Studies (A55491) LCD - Polysomnography and Other Sleep Studies (L36861)
Texas	Texas Medicaid Provider Procedures Manual, Volume 2, pgs. 222 – 223

***CODING DISCLAIMER**. Codes listed in this policy are for reference purposes only and may not be all-inclusive. Deleted codes and codes which are not effective at the time the service is rendered may not be eligible for reimbursement. Listing of a service or device code in this policy does guarantee coverage. Coverage is determined by the benefit document. Molina adheres to Current Procedural Terminology (CPT®), a registered trademark of the American Medical Association (AMA). All CPT codes and descriptions are copyrighted by the AMA; this information is included for informational purposes only.*

Providers and facilities are expected to utilize industry standard coding practices for all submissions. When improper billing and coding is not followed, Molina has the right to reject/deny the claim and recover claim payment(s). Due to changing industry practices, Molina reserves the right to revise this policy as needed.