

## Payment Policy 32 NICU and Newborn

### 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.

### Policy Overview

The Neonatal Intensive Care Unit (NICU) is a critical care area in a facility for newborn infants who need specialized care. The NICU is a combination of advanced technology and a NICU team of licensed professional providers. Newborn members are covered at an inpatient facility for 5 days without clinical review (notification may be required). All NICU admissions, regardless of length of stay, require authorization. Authorization must be requested within 2 business days following the admission date.

Newborn levels of care are based on the complexity of care provided for an infant with specified diagnoses and symptoms. All levels of care are represented by a unique revenue code:

- Level I/0170, 0171
- Level II (Special Care Nursery)/0172
- Level III/0173
- Level IV/0174

Any inpatient newborn revenue codes not billed as levels II-IV will be recognized as a level I.

Under this Payment Policy, reviews focus on whether the submitted documentation supports the codes billed. These reviews do not assess or determine medical necessity.

### Reimbursement Guidelines

Passport by Molina Healthcare or designee conducts both pre-payment and post-payment clinical validation reviews to ensure claims are billed in compliance with federal and state regulations as well as applicable industry billings standards, rules, laws, policies, and contract provisions.

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 may be reviewed concurrently to substantiate the level of care and length of stay, with continued authorization based on the documentation submitted and aligning with MCG Neonatal Facility Levels of Care and Neonatal Intensity of Care Criteria.

Reimbursement is administered in accordance with the level of care authorized by Molina's Utilization Management teams. If alternate levels of care are contested, the provider may submit medical records to the appropriate Appeals and Grievances team through the established appeal process.

Reimbursement is independent of the location of care and corresponds to medical treatment and services the



neonate requires. To ensure accurate reimbursement, submitted claims may be reviewed and the following may occur:

- Issue a base DRG payment
- Adjust claim diagnoses/procedures that are not substantiated in the medical information provided and apply DRG regrouping when appropriate.
- Request complete medical records and/or itemized statements to support the services billed on the claim

If a provider disagrees with a reimbursement decision, the provider will need to appeal with medical records and/or documentation that supports the provider’s expected reimbursement and services billed.

**Audit and Recovery Process:**

- **Review:** Claims will be meticulously examined against Passport by Molina Healthcare’s standards.
- **Discrepancy Identification:** Any inconsistencies or errors identified will be documented.
- **Recovery:** Overpayments due to inaccuracies will be recovered either by offsetting from future payments or through direct refund requests.
- **Appeals:** Providers reserve the right to contest any claim adjustments or denials. Details of the appeal process will accompany the notification if the review results in recovery. However, if the appeal is related to a pre-payment review, the provider will need to follow the appeal process as listed within the provider manual.

**Policy Monitoring, Review, and Updates:**

- The policy will undergo annual reviews or as required, ensuring its alignment with industry best practices, regulatory mandates, and Passport by Molina Healthcare’s operational necessities. Any updates will be promptly communicated to providers.

**Supplemental Information**

**Definitions**

| Term | Definition  |
|------|---|
| CMS  | The Centers for Medicare & Medicaid Services. It is a federal agency within the United States Department of Health and Human Services that administers the Medicare program and works in partnership with state governments to administer Medicaid, the Children’s Health Insurance Program (CHIP), and health insurance portability standards. |
| NICU | Neonatal Intensive Care Unit  |

**Documentation History**

| Type           | Date       | Action                                      |
|----------------|------------|---|
| Effective Date | 08/25/2023 | New Policy                                  |
| Revised Date   | 05/01/2026 | Newborn and NICU authorization days updated |

**References**

1. CMS. “ICD-10-CM Official Guidelines for Coding and Reporting. FY 2021.” Centers for Medicare and Medicaid Services  
Link: [ICD-10-CM Guidelines FY25 October 1 2024](#)
2. Kentucky Revised Statutes – Chapter 304, Subtitle 17A, Provision .17A-145



Link: [Kentucky Revised Statutes](#)

3. MCG Care Guidelines 25th Edition Copyright © 2021 MCG Health, LLC  
Link: [MCG Health Releases 25th Edition of Care Guidelines with Enhancements for Health Equity and Acute Viral Illness - MCG Health](#)
4. Passport by Molina Healthcare Authorization Review Guide  
[AUTHORIZATION REVIEW GUIDE](#)
5. The Newborns' and Mothers' Health Protection Act of 1996 (NMHPA)  
Link: [Newborns' and Mothers' Health Protection Act \(NMHPA\) | CMS](#)

This policy is designed to provide guidance and is not a guarantee of payment. Healthcare providers should make medical necessity determinations based on the individual clinical circumstances of each patient.

## Coding

**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. Passport by Molina Healthcare 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, Passport by Molina Healthcare has the right to reject/deny the claim and recover claim payment(s). Due to changing industry practices, Passport reserves the right to revise this policy as needed.