

Intensive Outpatient Program (IOP)

A new benefit that Medicare will cover at FQHCs starting Jan. 1, 2024

What are Intensive Outpatient Program (IOP) services?

- Congress created IOP as a new type of Medicare-covered service in the Consolidated Appropriations Act of 2023, and explicitly required Medicare to reimburse FQHCs and RHCs for IOP.
- IOP services are essentially a less intensive version of “partial hospitalization” services for behavioral health (BH) issues. Compared to partial hospitalization services, IOP is intended for patients with less acute needs and who require fewer weekly hours of service.
 - To be eligible for partial hospitalization, a patient must need at least 20 hours of care a week; the threshold for IOP is 9 hours per week.
- Each episode of IOP services will consist of a set of discrete services, such as: individual and group therapy; occupational therapy; drugs and biologicals for therapeutic purposes; individualized activity therapies; family counseling; patient training and education; diagnostic services; and related services.

Eligibility

- For a patient to be eligible for IOP, a physician¹ must determine that they:
 - need at least 9 hours of care each week.
 - are likely to benefit from a coordinated program of services, rather than isolated outpatient treatment;
 - do not require 24-hour care;
 - have an adequate support system while not actively engaged with the program;
 - have a mental health diagnosis;
 - are not judged to be a danger to themselves or others; and
 - have the cognitive and emotional ability to participate in the treatment;
- This determination must be revisited monthly.

Reimbursement

- Not billed under PPS: While IOP services will technically be considered an FQHC service as of 1/1/24, FQHCs will not bill for these services under the Medicare PPS. Instead, FQHCs & RHCs will bill for IOP on a per-diem basis under the Hospital Outpatient Payment System (OPPS) which will require a different type of code.
- Flat per-diem payment: The proposed per-diem rate for IOP for FY2024 is \$284, which corresponds to an anticipated 3 discrete services (e.g., individual or group therapy, family counseling) per day.
 - Actual payment to the FQHCs will be 80% of this \$284 rate, or the FQHCs’ actual charge, whichever is lower.
- No same-day billing for behavioral health services:
 - A FQHC cannot bill Medicare for an individual behavioral health visit under the PPS and an IOP per-diem payment on the same day.
 - However, a FQHC can bill under PPS for a medical visit on the same day that it bills for IOP services.
- Medicare Advantage patients: When FQHCs provide IOP services to Medicare Advantage patients, FQHC would be eligible for supplemental payments to bring their total payment up to the per-diem amount.

¹ Note that under current law, non-physician practitioners, such as PAs and NPs, are not eligible to fill this role.