Reimbursement/Billing Policy

Pre-Episode, Same Day, and Post Episode Services
Policy Number: RM044
Last Review: 12/15/2025

GUIDELINES:

- Paramount Reimbursement Policies have been developed to assist in administering proper payment under benefit contracts.
- Reimbursement policies may be superseded by mandates in provider, state, federal, or CMS contracts and/or requirements.
- Paramount utilizes industry standard coding methodology and claims editing in the development of reimbursement policies. Industry standard resources include, but are not limited to, CMS National Correct Coding Initiative (NCCI), Medically Unlikely Edits (MUEs), Integrated Outpatient Code Editor (I/OCE) Clinical edits, Medical Policies, Reimbursement Policies, and Administrative/Provider Manuals. Paramount will not reimburse services determined to be Incidental, Mutually Exclusive, or Unbundled.
- All health care services, devices, and pharmaceuticals must be billed with Current Procedure Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes and/or revenue codes and modifiers, which most accurately represent the services rendered, unless otherwise directed by the Paramount. All billed codes must be fully supported in the member's legal medical record.
- Paramount utilizes CMS pricing algorithms where appropriate based on, National Physician Fee Schedule Relative Value File (NPFSRVF) pricing rules, Inpatient Prospective Payment Systems (MS-DRG, LTC, IPF, IRF & IPSNF) and Outpatient Prospective Payment Systems (OPPS, HHA, ASC, ESRD & OPSNF).
- Paramount liability will be determined after coordination of benefits (COB) and third-party liability (TPL) is applied to the claim. Member liability may include, but is not limited to, co-payments, deductibles, and coinsurance. Members' costs depend on member benefits.
- Paramount routinely reviews reimbursement policies. Updates are published on Paramount's website https://www.paramounthealthcare.com. The information presented in this reimbursement policy is accurate and current as of the date of publication. Paramount communicates policy updates to providers via Paramount's monthly bulletin.

SCOPE:

☐ Professional
☒ Facility

Applicability:

☒ Commercial and Marketplace (Fully Insured and Self-Funded)
☒ Medicare Advantage

Background:

Pre-episode and same day services refer to diagnostic and non-diagnostic services that are performed before a member is admitted to a hospital for an inpatient admission and are related to the admission or that are rendered in advance of an outpatient procedure and are related to the outpatient procedure. Pre-episode and same day services also include emergency room services that result in admission or transfer, or observation room services that result in an admission.

Post-episode services refer to any service that is performed after discharge from an inpatient admission, including post-discharge testing that is related to the inpatient admission, or performed after an outpatient procedure that are related to the outpatient procedure.

This policy establishes Paramount reimbursement guidelines for pre-episode, same day, and post-episode services.

Reimbursement Policy:

Inpatient Admission Pre-Episode, Same Day, and Post-Episode Services

Paramount considers reimbursement for pre-episode and same day services to be included in the reimbursement for inpatient services when provided by a provider or any of the provider's affiliated providers on or prior to the date of admission. Paramount does **NOT** consider pre-episode and same day services on or prior to the date of admission to be eligible for reimbursement when billed on a separate outpatient claim.

All charges for inpatient admission, pre-episode services and same day services must be included on one claim.

If the Centers for Medicare & Medicaid Services (CMS) considers reimbursement for any post-episode services to be included in the reimbursement for inpatient services, Paramount will consider reimbursement for such post-episode services to be included in the reimbursement for inpatient services when provided by a provider or any of the provider's affiliated providers.

For the following types of facilities, Paramount considers reimbursement for pre-episode and same day services to be included in the reimbursement for inpatient services when provided by a provider or any of the provider's affiliated providers on or within one day prior to the date of admission. Paramount does **NOT** consider pre-episode and same day services provided on or within one day prior to the date of admission to be eligible for reimbursement when billed on a separate claim. All charges for inpatient admission, pre-episode services and same day services must be included on one claim.

- Psychiatric hospitals and units
- Inpatient rehabilitation hospitals and units
- Long-term care hospitals
- Children's hospitals

Outpatient Procedure Pre-Episode, Same Day, and Post-Episode Services

Paramount considers reimbursement for pre-episode and same day services to be included in the reimbursement for the outpatient procedure when provided by a provider or any of the provider's affiliated providers prior to the outpatient procedure. Paramount does **NOT** consider pre-episode and same day services prior to the outpatient procedure to be eligible for reimbursement when billed on a separate claim.

All charges for outpatient procedures, pre-episode services and same day services must be included on one claim.

If CMS considers reimbursement for any post-episode services to be included in the reimbursement for the outpatient procedure, Paramount will consider reimbursement for such post-episode services to be included in the reimbursement for the outpatient procedure when provided by a provider or any of the provider's affiliated providers.

For the following types of facilities, Paramount considers reimbursement for pre-episode and same day services to be included in the reimbursement for the outpatient procedure when provided by a provider or any of the provider's affiliated providers on or within one day prior to the outpatient procedure. Paramount does **NOT** consider pre-episode and same day services provided on or within one day prior to the outpatient procedure to be eligible

for reimbursement when billed on a separate claim. All charges for outpatient procedures, pre-episode services and same day services must be included on one claim.

- Psychiatric hospitals and units
- Inpatient rehabilitation hospitals and units
- Long-term care hospitals
- Children's hospitals

Exceptions to the Pre-Episode, Same Day, and Post-Episode Services Provisions of this Reimbursement Policy

The following exceptions apply to the Pre-Episode, Same Day, and Post-Episode Services provisions of this Reimbursement Policy:

- *Home Health Agency (HHA), Skilled Nursing Facility (SNF) or Hospice:* Services provided by HHA, SNF, or Hospice affiliated providers of the admitting facility do not need to be combined with the inpatient admission.
- *Ambulance transportation services:* Ambulance transportation services provided by affiliated providers of the admitting facility do not need to be combined with the inpatient admission.
- *Maintenance renal dialysis:* Maintenance renal dialysis provided by an affiliated provider of the admitting facility does not need to be combined with the inpatient admission.
- *Physician professional services:* The professional component of services personally furnished by physicians do not need to be combined with the inpatient admission.
- *Screening Mammograms:* Screening mammograms should not be combined with the inpatient claim.
- *Critical Access Hospitals (CAH)* services
- *Different Hospital System:* Services at a hospital system different from the inpatient admitting hospital system rendered on the date of admission or the date of discharge do not need to be combined with the inpatient admission.

Application of Reimbursement Policy to Medicare Advantage Plans

Claims billed under a plan offered by Paramount pursuant to 42 U.S. Code Part C ("Medicare Advantage") are subject to and reimbursable in accordance with the benefits coverage and claims processing requirements as set forth in the CMS Medicare Claims Processing Manual and Medicare Benefit Policy Manual.

Sources of Information:

1. Centers for Medicare & Medicaid Services (CMS), July 2011 Update of the Hospital Outpatient Prospective Payment System (OPPS), Transmittal 2234, Change Request 7443, May 27, 2011. Available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R2234CP.pdf. Accessed October 5, 2023.

2. Centers for Medicare & Medicaid Services (CMS), Medicare Claims Processing Manual, Pub 100-04, Chapter 4 - Part B Hospital (Including Inpatient Hospital Part B and OPPS), Section 10.12. Available at https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/clm104c04.pdf. Accessed October 5, 2023.

3. Department of Health & Human Services (HHS), Office of Inspector General (OIG), "Follow-up Audit of Improper Medicare Payments to Hospitals for Nonphysician Outpatient Services Under the Inpatient Prospective Payment

System (A-01-00-00506)", July 31, 2001. Available at: https://oig.hhs.gov/oas/reports/region1/10000506.pdf. Accessed October 5, 2023.

4. Centers for Medicare & Medicaid (CMS), Medicare Claims Processing Manual, Pub 100-04, Chapter 12 - Physicians/Nonphysician Practitioners, Section 90.7. Available at https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12.pdf. Accessed November 15, 2023.

REVISION HISTORY EXPLANATION: ORIGINAL EFFECTIVE DATE:

Date	Explanation & Changes
12/15/2025	• Policy Created
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