



REIMBURSEMENT POLICY STATEMENT

Ohio Medicaid

Policy Name & Number	Date Effective
Newborn and Neonatal Intensive Care Unit (NICU) Level of Care- OH MCD-PY-1430	02/01/2026
Policy Type	
REIMBURSEMENT	

Reimbursement Policies prepared by CareSource and its affiliates are intended to provide a general reference regarding billing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design and other factors are considered in developing Reimbursement Policies.

In addition to this Policy, Reimbursement of services is subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreement, and applicable referral, authorization, notification and utilization management guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any federal or state coverage mandate, Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

This Policy does not ensure an authorization or Reimbursement of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced herein. If there is a conflict between this Policy and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination. CareSource and its affiliates may use reasonable discretion in interpreting and applying this Policy to services provided in a particular case and may modify this Policy at any time.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject**Newborn and Neonatal Intensive Care Unit (NICU) Level of Care****B. Background**

This policy aligns with guidance from the American Academy of Pediatrics (AAP) and the American College of Obstetricians and Gynecologists (ACOG) regarding NICU levels of care. This policy provides guidelines for determining the medically appropriate level of care for reimbursement based on available documentation. NICU admissions are reviewed to ensure that services are of an appropriate duration and level of care to promote optimal health outcomes in the most efficient manner. Clinical documentation of an ongoing NICU hospitalization will be reviewed concurrently to substantiate level of care with continued authorization based on the documentation submitted. Reimbursement for the NICU stay will be based on the authorized level of care and determined by the concurrent review process.

The American Academy of Pediatrics (AAP) and the American College of Obstetricians and Gynecologists (ACOG) have defined and specified the capabilities for each of 4 facility levels of care (ie, a specific unit located in the hospital). These facilities range from a Level I Newborn Observation Unit to a Level IV Regional Neonatal Intensive Care Unit. Facilities offering neonatal intensive care must meet healthcare standards through federal/state licensing or certification.

The Neonatal Intensive Care Unit (NICU) is a critical care area in a facility for newborn babies who need specialized care. The NICU designation requires a combination of advanced technology and a NICU team of licensed professionals.

Newborn and NICU levels of care are based on the complexity of care that a newborn with specified diagnoses and symptoms require. All four levels of care are represented by a unique revenue code. Any inpatient revenue codes not billed as levels 2-4 will be recognized as level 1.

- Newborn nursery=0170
- Level 1=0171
- Level 2=0172
- Level 3=0173
- Level 4=0174

While most infants admitted to the NICU are premature, others are born at term but suffer from medical conditions, such as infections or birth defects. A newborn also could be admitted to the NICU for associated maternal risk factors or complicated deliveries. Although the list of criteria used to determine the NICU levels of care in this policy are not all inclusive, it does provide an overview of the guidelines that are used.

C. Definitions

- **Intensity of Care (IOC)** – The complexity of care that a newborn with specified diagnoses and symptoms requires.
- **Newborn Care Services** – Services performed from birth to 4 weeks.
- **Neonatal Intensive Care Services (NICU)** – Critical care services for a newborn.
- **Well Baby Care Services** – A basic level of care to neonates who are low risk.

D. Policy

- I. Per federal mandate, newborn members are covered at an inpatient facility for a 2-day stay for vaginal deliveries and a 4-day stay for cesarean sections. These stays will be covered without clinical review (notification may be required) if they are submitted with revenue codes 0170/0171 and a “normal newborn” DRG.
- II. For any newborn diagnoses/revenue codes/procedures that may be associated with care/treatment outside of routine newborn care (any revenue code 0172, 0173, 0174), authorization is required regardless of the length of stay and is subject to medical necessity review. The provider must be able to submit documentation establishing the criteria are met for the level of care, revenue code, and/or DRG submitted on the claim.
- III. When a newborn requires a NICU admission or a higher IOC service, an authorization is required.
- IV. If a complication develops with the mother or baby that necessitates additional hospital days, NICU admission, or non-well-baby service, an authorization should be submitted along with clinical information to support the stay.
- V. If the newborn is admitted to the NICU during an initial transition period, defined as 4 hours or less, then discharged back to Newborn Nursery or pediatric level of care, NICU level of care will not be assigned regardless of interventions completed during transitional time.
- VI. Clinical review will determine appropriate IOC utilizing MCG standards. CareSource will adjust IOC reimbursement if clinical documentation does not support the IOC billed.
- VII. 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 will be reviewed concurrently to substantiate the level of care and length of stay. A continued authorization will be based on the documentation submitted and alignment with MCG Neonatal Facility Levels of Care and Neonatal Intensity of Care Criteria, as well as CareSource policy.

VIII. In order to avoid reimbursement delay or adjustments, providers are encouraged to reference MCG guidelines as well as the clarifications and specific details below.

Note: Newborn nursery babies that do not require advanced levels of care are billed using revenue code 0170.

NICU Level	Revenue Code Description	MCG NICU Intensity of Care
Level 1	0171: Newborn Level I	Intensity of Care Criteria 1 – Routine Care (LOC-010)
Neonatal care may be indicated for the physiologically stable infant (eg, no apnea, bradycardia, or unstable temperature) requiring care consisting of 1 or more of the following: • Routine newborn care • Evaluation and care of neonates with conditions that require inpatient services available at Level I • Continued inpatient care during convalescence from condition(s) treated in Level II, III or IV while awaiting resolution of specific issues (eg, sustained weight gain, poor PO feeding), or establishment of safe discharge destination and plan • Uncomplicated jaundice treated only with phototherapy and requiring infrequent bilirubin checks • Absence of parenteral medications • Evaluation and management of glucose levels without IV fluids, diagnostic work-up/surveillance, on an otherwise stable neonate where no therapy is initiated		
Level 2	0172: Newborn Level II	Intensity of Care Criteria 2 – Continuing Care (LOC-011)
Neonatal care may be indicated for 1 or more of the following: • Use of oxygen via hood ($\leq 40\%$), nasal cannula oxygen ($\leq 2\text{L/min}$), with other co-morbidities stable • Administration of intravenous (IV) medications • IV Therapy; peripheral or PICC ○ IV fluids inclusive of hyperalimentation ($< 50\%$ of total nutrition) ○ IV heparin lock medications ○ IV medications in a physiologically/clinically stable infant ○ IV treatment of hypoglycemia at a rate $\leq 5 \text{ mg/kg/min}$ or hypoglycemia that is responsive to 1 IV dextrose bolus (2 ml/kg or 200 mg/kg) • Weaning from nasogastric (NG) or naso-jejunal (NJ) tube feedings while attempting to increase oral intake • Apnea, bradycardia, or desaturation, but with episodes requiring stimulation, or only self-limited episodes OR ○ apnea “countdown” OR ○ events requiring caffeine • Services for neonatal abstinence syndrome (NAS) requiring medication (weaning) when the Finnegan score is ≤ 8 or Eat Sleep Console (ESC) scores are improving		

The REIMBURSEMENT Policy Statement detailed above has received due consideration as defined in the REIMBURSEMENT Policy Statement Policy and is approved.

- Monitoring of jaundice during phototherapy requiring frequent lab draws due to high-risk etiology - Temperature control system, eg, incubator, radiant warmer, in otherwise stable infant - Evaluation for sepsis NOT toxic appearing but on antibiotics - Clinically stable infections completing course of IV medications - Continued inpatient care during convalescence from condition(s) treated in Level III care - Withdrawal of Life support; end of life care; palliative care		
Level 3	0173: Newborn Level III	Intensity of Care Criteria 3 – Intermediate Care (LOC-012)
Includes Level 2 requirements and 1 or more of the following: - Respiratory support using one of the following: - HFNC with > 2 L/minute of blended oxygen, continuous positive airway pressure (CPAP), nasal intermittent positive pressure ventilation (NIPPV) - conventional ventilation (via endotracheal tube, nasotracheal tube or tracheostomy tube) - high-frequency ventilation long-term (> one week) - Presence of chest tubes - Umbilical arterial catheter (UAC) for blood draws - Active apnea/bradycardic episodes requiring PPV - Suspected or proven sepsis during acute phase or with toxic appearance - Persistent hypoglycemia requiring > 5 mg/kg/min of IV treatment or hypoglycemia not responsive to 1 IV dextrose bolus (200 mg/kg or 2 ml/kg of D10W) - Total parenteral nutrition or IV fluids to supplement inadequate oral intake (NG or PO) > 50% total nutrition - NAS requiring initiation/escalation of medication or inability to wean - Hyperbilirubinemia with evidence of hemolysis requiring IVIG or blood transfusion - Acute encephalopathy that is moderate to severe and under active investigation or has been investigated and does not meet criteria for therapeutic hypothermia - Surgical conditions requiring general anesthesia up to 2 days post-op, if indicated - Surgical/Therapies for retinopathy of prematurity (ROP) - Seizure activity requiring initiation, supplementation, or changing of seizure medications - Transfusion of blood products in absence of severe acute etiology or manifestations (eg, transfusion needed for anemia of prematurity, iatrogenic anemia) - Hypotension requiring IV fluid bolus		
Level 4	0174: Newborn Level IV	Intensity of Care Criteria 4 – Intensive Care (LOC-013)
Includes Level 3 requirements and 1 or more of the following: - Perioperative care following surgical repair of severe neonatal conditions, for example: - bowel resection for necrotizing enterocolitis (NEC) - tracheoesophageal fistula or esophageal atresia repair - cardiac surgery excluding PDA ligation - myelomeningocele closure (up to 48 hours post-op)		

- organ transplant
- Medically necessary inhaled nitric oxide (iNO)
- Extracorporeal membrane oxygenation (ECMO)
- High frequency oscillatory or jet ventilation (initial week)
- Therapeutic cooling
- Exchange transfusion (day of procedure)
- Uncontrolled active seizures despite medications
- Ongoing cardiovascular support (inotropes, chronotropes, antiarrhythmics)
- Severe hemodynamic instability requiring ongoing IV fluid/medication support
 - dialysis
 - IV sedation that includes paralysis
 - prostaglandin infusion
- CPR in the last 24 hours (not inclusive of delivery room resuscitation)
- Transfusion of blood products in setting of severe acute etiology or manifestation (eg, hemolytic anemia, disseminated intravascular coagulation, hemorrhage)

E. Conditions of Coverage

- I. Reimbursement is independent of the location of care and corresponds to the medical treatment provided and level of service the neonate requires. To ensure accurate reimbursement, submitted claims will be reviewed to align with authorized levels of care and/or clinically validate diagnoses, procedures, and other claim information that impact payment. Based on review, the following may occur:
 - Down-code revenue codes to authorized levels of care
 - Issue a base DRG payment
 - Adjust claim diagnoses/procedures that are not substantiated in the medical information provided and apply DRG regrouping,
 - A request for complete medical records and/or itemized statements to support the services on the claim may be made
- II. In the event of any conflict between this policy and any written agreement between the provider and CareSource, that written agreement will be the governing document.

F. Related Policies/Rules

NA

G. Review/Revision History

DATE		ACTION
Date Issued	03/13/2023	New policy. Approved at Committee.
Date Revised	03/12/2025	Periodic review. Updated definitions, section D. and references. Approved at Committee.
	10/22/2025	Periodic review. Added Newborn to title and newborn nursery revenue code information. Updated references. Approved at Committee.

The REIMBURSEMENT Policy Statement detailed above has received due consideration as defined in the REIMBURSEMENT Policy Statement Policy and is approved.

Date Effective	02/01/2026	
Date Archived		

H. References

1. About preterm labor and birth. National Institutes of Health. Reviewed May 9, 2023. Accessed October 10, 2025. www.nichd.nih.gov
2. Admission to NICU. *Specification Manual for Joint Commission National Quality Measures*. The Joint Commission; 2025. Version 2025A1. Accessed October 10, 2025. www.manual.jointcommission.org
3. Intensity of Care Criteria 1 - Routine Care: LOC-010 (ISC GRG). MCG Health. 29th ed. Accessed October 10, 2025. www.careweb.careguidelines.com
4. Intensity of Care Criteria 2 - Continuing Care: LOC-011 (ISC GRG). MCG Health. 29th ed. Accessed October 10, 2025. www.careweb.careguidelines.com
5. Intensity of Care Criteria 3 - Intermediate Care: LOC-012 (ISC GRG). MCG Health. 29th ed. Accessed October 10, 2025. www.careweb.careguidelines.com
6. Intensity of Care Criteria 4 - Intensive Care: LOC-013 (ISC GRG). MCG Health. 29th ed. Accessed October 10, 2025. www.careweb.careguidelines.com
7. Stark AR, Pursley DM, Papile L, et al. Standards for levels of neonatal care: II, III, and IV. *Pediatr*. 2023;151(6):e2023061957. doi:10.1542/peds.2023-061957

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