

**Bureau of Managed Care
Managed Care Organizations**

Policy/Procedures

Hospital Managed Care Utilization Review Standardization and Transparency Practices

HFS Inpatient Only List

Pursuant to 89 Ill. Adm. Code Part 140.76(e), for health care services listed on the Department of Healthcare and Family Services' (HFS) Inpatient Only (IPO) list, HealthChoice Illinois (HCI) MCO service authorization programs must approve the level of care as requested by the provider on the service authorization request and provide reimbursement under the applicable payment methodology as billed by the provider. In enrollee-specific cases where the provider determines that it is clinically appropriate and safe for such procedure to be performed in an outpatient hospital setting, and the provider bills the service as outpatient hospital level of care, the MCO must reimburse under the applicable outpatient hospital payment methodology. The HFS IPO is effective July 1, 2025.

The HFS IPO list is based on the Medicare IPO list, as published in Addendum E (revised May 16, 2025) to the 2025 Medicare Outpatient Prospective Payment System (OPPS) final rule (CMS-1809-FC, Nov. 27, 2024).

The IPO policy does not apply to the following groups listed in (e)(1) of 89 Ill. Admin Code Part 140.76:

- (1) This subsection shall not apply to behavioral health and substance use disorder health care services and health care services rendered in "psychiatric hospitals" defined in 89 Ill. Adm. Code 148.25 (d)(1); "rehabilitation hospitals" defined in 89 Ill. Adm. Code 148.25 (d)(2); and "long-term acute care hospitals" defined in 89 Ill. Adm. Code 148.25 (d)(4). (See 215 ILCS 5/352(e), 370c and 370c.1).

Additions or exceptions to the HFS IPO list, to account for the specific needs of Medicaid enrollees, must be as authorized by the Department and adhered to by all MCOs. The Department will update the HFS IPO list with approved additions or exceptions, as applicable.

Policy History

Date	Action	Policy Originator
November 2025	HFS Inpatient Only List Policy Approval	Helena Lefkow

Policy Revisions	Revisions Approved
[revision date]	[name of person who approved revisions]