

Reimbursement Policy

Policy Number: RP004

Policy Title: Neonatal Intensive Care Unit (NICU) Level of Care Authorization and Reimbursement Policy

Approval Date: 5/15/2026

Effective Date: 5/22/2026

Policy Disclaimer

If a conflict arises between a Reimbursement Policy and any Plan document under which a member is entitled to covered services, the Plan document will govern. If a conflict arises between a reimbursement policy and any provider contract pursuant to which a provider participates in and/or provides covered services to eligible member(s) and/or plans, the provider's contract will govern. "Plan documents" include, but are not limited to, Certificates of Health Care Benefits, Benefit Booklets, Summary Plan Descriptions and other coverage documents. Blue Cross and Blue Shield of New Mexico may use reasonable discretion interpreting and applying this policy to services being delivered in a particular case. BCBSNM has full and final discretionary authority for their interpretation and application to the extent provided under any applicable Plan documents.

Providers are responsible for submitting accurate documentation of services performed. Providers are expected to submit claims for services rendered using valid code combinations from Health Insurance Portability and Accountability Act approved code sets. Claims should be coded appropriately according to industry standard coding guidelines including, but not limited to: Uniform Billing Editor, American Medical Association, Current Procedural Terminology (CPT®) Assistant, Healthcare Common Procedure Coding System, ICD-10-CM and ICD-10-PCS, National Drug Codes, Diagnosis Related Group guidelines, Centers for Medicare & Medicaid Services National Correct Coding Initiative Policy Manual, CCI table edits and other CMS guidelines.

Claims are subject to the code edit protocols for services and procedures billed. Claim submissions are subject to claim review, including but not limited to, any terms of benefit coverage, provider contract language, medical policies and reimbursement policies, as well as coding software logic. Upon request, the provider is urged to submit any additional documentation.

Description

The purpose of this policy is to provide information for Neonatal Intensive Care Unit (NICU) billing and reimbursement information for when NICU services are rendered. A NICU is a critical care area in a facility for newborn babies who need specialized care. Healthcare providers are expected to exercise independent medical judgement in providing care to members. This policy is not intended to impact care decisions or medical practice.

The NICU levels of care are based on the complexity of care that a newborn with specified diagnoses and symptoms requires. All four levels of care are represented by a unique revenue code:

- Level 1 - revenue code 0171
- Level 2 - revenue code 0172
- Level 3 - revenue code 0173
- Level 4 - revenue code 0174

Note: Any inpatient revenue codes not billed as levels 2-4 will be recognized as a level 1.

Reimbursement Information

The Plan reserves the right to request supporting documentation. Failure to adhere to coding and billing policies may impact claims processing and reimbursement.

Inpatient admissions may be reviewed to ensure claims for services include proper duration and level of care. Clinical documentation of ongoing NICU hospitalizations may be reviewed concurrently to substantiate the level of care. Continued authorizations will be based on the documentation submitted and alignment with the MCG Intensity of Care Guidelines.

NICU claims must be supported by documentation establishing the level of care/revenue code has been satisfied.

NICU Level	Revenue Code Description	MCG NICU Intensity of Care
Level 1	0171: Newborn Level I	For NICU Intensity of Care Criteria 1 see MCG Care Guidelines LOC: LOC-010 (ISC, GRG)

Level 2	0172: Newborn Level II	For NICU Intensity of Care Criteria 2 see MCG Care Guidelines LOC: LOC-011 (ISC, GRG)
Level 3	0173: Newborn Level III	For NICU Intensity of Care Criteria 3 see MCG Care Guidelines LOC: LOC-012 (ISC, GRG)
Level 4	0174: Newborn Level IV	For NICU Intensity of Care Criteria 4 see MCG Care Guidelines LOC: LOC-013 (ISC, GRG)

As a helpful resource, you can now access MCG Care Guidelines through your [Avality Essentials](#) login.

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References

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Policy History

Approval Date	Description
04/20/2018	New policy
03/25/2019	Annual Review
05/27/2020	Annual Review, Disclaimer Update
12/15/2020	Revised verbiage
12/13/2021	Annual Review
11/17/2023	Annual Review
07/22/2024	Annual Review
08/19/2025	Annual Review; Grammatical and formatting updates; Reference updated; Policy Update History section updated.
05/15/2026	Annual Review. Reformatted paragraph 2 of the Description section.