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1.0 Description of the Service

Sleep studies and polysomnography refer to attended services for the continuous and simultaneous monitoring and recording of various physiological and pathophysiological parameters of sleep for six or more hours. Sleep studies and polysomnography are performed with physician review, interpretation and report. Sleep studies and polysomnography are performed to diagnose a variety of sleep disorders and to evaluate a patient’s response to therapies such as nasal continuous positive airway pressure (NCPAP).

1.1 Polysomnography

Polysomnography is the scientific evaluation of sleep that involves a physiologic recording in a specialized facility. Polysomnography is distinguished from sleep studies by the inclusion of sleep staging.

1.2 Sleep Study

A sleep study does not include sleep staging. A sleep study may involve simultaneous recording of ventilation, respiratory effort, EKG or heart rate, and oxygen saturation.

1.2.1 Multiple Sleep Latency Test

a. Measures daytime sleepiness.

b. The instruction is to try to fall asleep.

c. Involves four to five, 20-minute recordings of sleep–wake states spaced at 2-hour intervals throughout the day.

1.2.2 Maintenance of Wakefulness Test

a. Measures daytime sleepiness.

b. Involves multiple trials throughout a day of low-demand activity when the instructions are to resist sleep.

2.0 Eligible Recipients

2.1 General Provisions

Medicaid recipients may have service restrictions due to their eligibility category that would make them ineligible for this service.

2.2 EPSDT Special Provision: Exception to Policy Limitations for Recipients under 21 Years of Age

42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act]

Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products, or procedures for Medicaid recipients under 21 years of age if the service is medically necessary health care to correct or ameliorate a defect, physical or mental illness, or a condition [health problem] identified through a screening examination** (includes any evaluation by a physician or other licensed clinician). This means EPSDT covers most of
the medical or remedial care a child needs to improve or maintain his/her health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems. Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the recipient’s physician, therapist, or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the recipient’s right to a free choice of providers.

EPSDT does not require the state Medicaid agency to provide any service, product, or procedure

   a. that is unsafe, ineffective, or experimental/investigational.

   b. that is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

Service limitations on scope, amount, duration, frequency, location of service, and/or other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider’s documentation shows that the requested service is medically necessary “to correct or ameliorate a defect, physical or mental illness, or a condition” [health problem]; that is, provider documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**EPSDT and Prior Approval Requirements

   a. If the service, product, or procedure requires prior approval, the fact that the recipient is under 21 years of age does NOT eliminate the requirement for prior approval.

   b. IMPORTANT ADDITIONAL INFORMATION about EPSDT and prior approval is found in the Basic Medicaid Billing Guide, sections 2 and 6, and on the EPSDT provider page. The Web addresses are specified below.


EPSDT provider page: [http://www.ncdhhs.gov/dma/EPSDTprovider.htm](http://www.ncdhhs.gov/dma/EPSDTprovider.htm)

3.0 When the Service Is Covered

IMPORTANT NOTE: EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are medically necessary health care services to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED. For additional information about EPSDT and prior approval requirements, see Section 2.0 of this policy.
3.1 General Criteria

Medicaid covers sleep studies and polysomnography when the service is medically necessary and
a. the service is individualized, specific, and consistent with symptoms or confirmed
diagnosis of the illness or injury under treatment, and not in excess of the
recipient’s needs;
b. the level of service can be safely furnished, and no equally effective and more
conservative or less costly treatment is available statewide; and
c. the service is furnished in a manner not primarily intended for the convenience of
the recipient, the recipient’s caretaker, or the provider.

3.2 Specific Criteria

A supervised polysomnography or sleep study performed in a sleep laboratory may be
considered medically necessary as a diagnostic test in patients who present with one of
the following.

3.2.1 Narcolepsy

Narcolepsy is a syndrome that is characterized by abnormal sleep tendencies
(excessive daytime sleepiness, disturbed nocturnal sleep, inappropriate sleep
episodes or attacks).

Polysomnography or sleep studies are covered as a diagnostic test for narcolepsy
when the condition is severe enough to interfere with the patient’s well-being and
health.

Ordinarily, a diagnosis of narcolepsy can be confirmed by three sleep naps.

3.2.2 Sleep Apnea

Sleep apnea is a potentially lethal condition where the patient stops breathing
during sleep. The three types are central, obstructive, and mixed.

Apnea is defined as a cessation of airflow for at least ten seconds. Hypopnea is
defined as an abnormal respiratory event lasting at least ten seconds with at least
a 30 percent reduction in thoracoabdominal movement or airflow with at least 4
percent oxygen desaturations.

3.2.3 Parasomnia

Parasomnia is a group of conditions that represent undesirable or unpleasant
occurrences during sleep. These conditions may include the following:
a. Sleepwalking
b. Sleep terrors
c. REM sleep behavior disorders

Suspected seizure disorders as possible cause of the parasomnias are
appropriately evaluated by standard or prolonged sleep EEG studies.

3.2.4 Periodic Limb Movement Disorder (PLMD)

PLMD is an involuntary, repetitive movement disorder during sleep, primarily in
the legs that may lead to arousals, sleep disruption, and corresponding daytime
sleepiness.
3.2.5 Chronic Insomnia
At least one of the following conditions must be met.
   a. Diagnosis is uncertain.
   b. Sleep related breathing disorder or periodic limb movement disorder is suspected.
   c. A patient is refractory to treatment.
   d. Violent behaviors are comorbid.
   e. Circadian dysrhythmias complicate the clinical picture.

3.2.6 Snoring
At least one of the following conditions must be met.
   a. Disturbed sleep patterns
   b. Excessive daytime sleepiness
   c. Unexplained awake hypercapnia
   d. Apneic breathing
   e. Cognitive problems
   f. Excessive fatigue

4.0 When the Service Is Not Covered

IMPORTANT NOTE: EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are medically necessary health care services to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED. For additional information about EPSDT and prior approval requirements, see Section 2.0 of this policy.

4.1 General Criteria
Sleep studies and polysomnography are not covered when
   a. the recipient does not meet the eligibility requirements listed in Section 2.0;
   b. the recipient does not meet the medical necessity criteria listed in Section 3.0;
   c. the service unnecessarily duplicates another provider’s service; or
   d. the service is experimental, investigational, or part of a clinical trial.

4.2 Specific Criteria
Sleep studies and polysomnography are not covered when the service is an unattended home study.
Sleep studies and polysomnography are not considered medically necessary for the following indications:

a. Impotence
b. Chronic insomnia, except when an underlying physiology exists, such as those listed under Section 3.2
c. Snoring, except when an underlying physiology exists, such as those listed under Section 3.2

5.0 Requirements for and Limitations on Coverage

IMPORTANT NOTE: EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are medically necessary health care services to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED. For additional information about EPSDT and prior approval requirements, see Section 2.0 of this policy.

5.1 Prior Approval

Prior approval is not required.

5.2 Previous Testing

Previous testing performed by the attending physician, to the extent the results are still pertinent, should not be duplicated.

5.3 General Requirements

Sleep studies and polysomnography must include recording, interpretation, and reporting.

5.4 Polysomnography Requirements

For a study to be reported as polysomnography, sleep must be recorded and staged. Sleep staging includes but is not limited to the following:

a. 1- to 4-lead electroencephalogram (EEG)
b. Electro-oculogram (EOG)
c. Submental electromyogram (EMG)
d. Electrocardiogram (EKG)
e. Airflow, ventilation, and respiratory effort
f. Oximetry and/or CO2 measurements
g. Extremity muscle activity
h. Extended EEG monitoring
i. Gastroesophageal reflux
j. Continuous blood pressure monitoring
k. Snoring
l. Body positions

6.0 Providers Eligible to Bill for the Service

Providers who meet Medicaid’s qualifications for participation and are currently enrolled with the N.C. Medicaid program are eligible to bill for sleep studies and polysomnography when the service is within the scope of their practice.

7.0 Additional Requirements

There are no additional requirements.

8.0 Policy Implementation/Revision Information

Original Effective Date: January 1, 1991

Revision Information:

<table>
<thead>
<tr>
<th>Date</th>
<th>Section Updated</th>
<th>Change</th>
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<tbody>
<tr>
<td>12/1/06</td>
<td>Sections 2 through 5</td>
<td>A special provision related to EPSDT was added.</td>
</tr>
<tr>
<td>5/1/07</td>
<td>Sections 2 through 5</td>
<td>EPSDT information was revised to clarify exceptions to policy limitations for recipients under 21 years of age</td>
</tr>
<tr>
<td>5/1/07</td>
<td>Attachment A</td>
<td>Added UB-04 as an accepted claim form</td>
</tr>
<tr>
<td>9/1/07</td>
<td>Throughout</td>
<td>Standardized requirements language.</td>
</tr>
<tr>
<td>9/1/07</td>
<td>Section 5.1</td>
<td>Added statement that prior approval is not required.</td>
</tr>
<tr>
<td>9/1/07</td>
<td>Attachment A, letter A</td>
<td>Added electronic transaction numbers.</td>
</tr>
<tr>
<td>9/1/07</td>
<td>Attachment A, letter B</td>
<td>Removed general ICD-9-CM code 799.0 and added more specific codes 799.01 and 799.02.</td>
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<tr>
<td>9/1/08</td>
<td>Section 3.2.6</td>
<td>Added criteria for snoring to be used as medical necessity for a sleep study.</td>
</tr>
<tr>
<td>9/1/08</td>
<td>Section 4.2</td>
<td>Clarified that snoring must be accompanied by an underlying physiology in order to be used as a reason for a sleep study.</td>
</tr>
<tr>
<td>9/1/08</td>
<td>Attachment A, letter B</td>
<td>Added diagnosis codes 327.23, 327.51, and 786.09.</td>
</tr>
</tbody>
</table>
Attachment A: Claims-Related Information

Reimbursement requires compliance with all Medicaid guidelines, including obtaining appropriate referrals for recipients enrolled in the Medicaid managed care programs.

A. Claim Type

Professional (CMS-1500/837P transaction)

Institutional (UB-04/837I transaction)

B. Diagnosis Codes that Support Medical Necessity

Providers must bill the ICD-9-CM diagnosis code to the highest level of specificity that supports medical necessity.

<table>
<thead>
<tr>
<th>ICD-9-CM Diagnosis Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>278.01</td>
<td>Morbid obesity</td>
</tr>
<tr>
<td>278.8</td>
<td>Other hyperalimentation</td>
</tr>
<tr>
<td>307.47</td>
<td>Other dysfunctions of sleep states or arousal from sleep</td>
</tr>
<tr>
<td>307.48</td>
<td>Repetitive intrusions of sleep</td>
</tr>
<tr>
<td>327.23</td>
<td>Obstructive sleep apnea</td>
</tr>
<tr>
<td>327.51</td>
<td>Periodic limb movement disorder</td>
</tr>
<tr>
<td>345.80</td>
<td>Other forms of epilepsy without mention of intractable epilepsy</td>
</tr>
<tr>
<td>345.81</td>
<td>Other forms of epilepsy with intractable epilepsy</td>
</tr>
<tr>
<td>347.00</td>
<td>Narcolepsy without cataplexy</td>
</tr>
<tr>
<td>347.01</td>
<td>Narcolepsy with cataplexy</td>
</tr>
<tr>
<td>347.10</td>
<td>Narcolepsy in conditions classified elsewhere without cataplexy</td>
</tr>
<tr>
<td>347.11</td>
<td>Narcolepsy in conditions classified elsewhere with cataplexy</td>
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<tr>
<td>780.09</td>
<td>Alterations of consciousness, other</td>
</tr>
<tr>
<td>780.51</td>
<td>Insomnia with sleep apnea</td>
</tr>
<tr>
<td>780.53</td>
<td>Hypersonnia with sleep apnea</td>
</tr>
<tr>
<td>780.54</td>
<td>Other hypersonnia</td>
</tr>
<tr>
<td>780.55</td>
<td>Disruptions of 24-hour sleep–wake cycle</td>
</tr>
<tr>
<td>780.56</td>
<td>Dysfunctions associated with sleep stages or arousal from sleep</td>
</tr>
<tr>
<td>780.57</td>
<td>Other and unspecified sleep apnea</td>
</tr>
<tr>
<td>780.58</td>
<td>Sleep-related movement disorder</td>
</tr>
<tr>
<td>780.59</td>
<td>Other sleep disturbances</td>
</tr>
<tr>
<td>786.09</td>
<td>Dyspnea and respiratory abnormality, other</td>
</tr>
<tr>
<td>799.01</td>
<td>Asphyxia</td>
</tr>
<tr>
<td>799.02</td>
<td>Hypoxemia</td>
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</table>

C. Procedure Codes

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>95805</td>
<td>Multiple sleep latency or maintenance of wakefulness testing, recording, analysis and interpretation of physiological measurements of sleep during multiple trials to assess sleepiness</td>
</tr>
</tbody>
</table>
### Sleep Studies and Polysomnography Services

#### CPT Codes and Description

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>95807</td>
<td>Sleep study, simultaneous recording of ventilation, respiratory effort, ECG or heart rate, and oxygen saturation attended by a technologist</td>
</tr>
<tr>
<td>95808</td>
<td>Polysomnography; sleep staging with 1 to 3 additional parameters of sleep, attended by a technologist</td>
</tr>
<tr>
<td>95810</td>
<td>Polysomnography; sleep staging with 4 or more additional parameters of sleep, attended by a technologist</td>
</tr>
<tr>
<td>95811</td>
<td>Polysomnography; sleep staging with 4 or more additional parameters of sleep, with initiation of continuous positive airway pressure therapy or bilevel ventilation, attended by a technologist</td>
</tr>
</tbody>
</table>

#### D. Place of Service Codes

- Inpatient hospital
- Outpatient hospital
- Physician’s office

#### E. Modifiers

Providers are required to follow applicable modifier guidelines.

#### F. Reimbursement Rate

Providers must bill their usual and customary charges. The reimbursement rate schedule is available on DMA’s Web site at [http://www.ncdhhs.gov/dma/fee/fee.htm](http://www.ncdhhs.gov/dma/fee/fee.htm).

#### G. Billing Guidelines

1. Polysomnography and sleep studies may be billed as a complete procedure or as professional and technical components.
   a. Polysomnography and sleep studies are limited to one procedure per date of service by the same or different provider.
   b. The technical or the professional component cannot be billed by the same or different provider on the same date of service as the complete procedure is billed.
   c. The complete procedure is viewed as an episode of care that may start on one day and conclude on the next day. When billing for the complete procedure, the date that the procedure began is the date of service that should be billed. The complete procedure should not be billed with two dates of services.
   d. If components are billed, the technical and the professional components should be billed with the date the service was rendered as the date of service.

2. Medicaid does not allow separate reimbursement for the following procedures on the same date of service by the same or different provider:
   a. Electrocardiographic monitoring for 24 hours (CPT codes 93224 through 93272) with sleep studies and polysomnography (CPT codes 95805 through 95811).
   b. Non-invasive ear or pulse oximetry single or multiple determinations (CPT codes 94760 and 94761) with sleep studies and polysomnography (CPT codes 95805 through 95811).
c. Circadian respiratory pattern recording (pediatric pneumogram), 12 to 24 hour, continuous recording, infant, (CPT code 94772) with sleep studies (CPT codes 95805 through 95806) (age six and under).

d. Continuous positive airway pressure ventilation, CPAP, initiation and management, (CPT code 94660) with polysomnography (CPT code 95811).

e. Electroencephalogram (CPT codes 95812 through 95827) with polysomnography (CPT codes 95808 through 95811).

f. Facial nerve function studies (CPT code 92516) with polysomnography (CPT codes 95808 through 95811).