

OBSERVATION SERVICES

Policy

NHP reimburses outpatient observation services provided in a NHP participating facility as an alternative to an inpatient admission for members whose clinical status is unstable and treatment is not expected to exceed twenty-three hours and fifty-nine minutes. The service is available for patients who require clinical services for a longer period of time than can be provided in an emergency room, clinic or physician’s office, and the treating physician has determined that the patient does not require an acute inpatient admission.

Observation care requires a physician’s order documenting the treatment plan, reason for observation care, the goal of the observation care, and the date and time the order was written.

The guideline applies to all NHP members.

Prerequisites

Authorization, Notification and Referral

Service	Requirement
Observation Stay	Notification required within 24 hours of observation admission or the next business day
Observation care in rare circumstances when ASC patients post-procedural course of care requires treatment beyond routine post-operative recovery requiring more than 8 hours, but less than 24 hours of care	Separate authorization required in the form of notification within 24 hours or the next business day , subject to medical necessity review

Limitations

Behavioral Health Services

The management of observation for behavioral health services is governed by the policies and procedures of NHP's delegated entity, Beacon Health Strategies, a fully NCQA accredited managed behavioral health organization.

Emergency Room Visit Prior to Observation Stay

- When emergency room services precede an observation stay, the emergency room services are incidental to the observation stay and not separately reimbursed.

Inpatient Admission Following Observation Stay

- Contractually, some observation services will be considered a component of other case rates, such as a component of an inpatient per diem. In cases where observation services take place prior to an inpatient admission on the following calendar day, those observation

hours prior to the first full calendar day of the inpatient admission will be considered a component of the inpatient stay and reimbursed as contractually agreed

- When a contractual per diem rate for inpatient services exists NHP will not reimburse observation services for an amount greater than the inpatient per-diem semi-private room rate.

Obstetrical Observation Stay

An obstetrical patient placed in observation care, **not** resulting in delivery during the same admission, is considered observation status which service is separately reimbursed.

- When an obstetrical patient is placed in observation care **and delivers** prior to discharge, the entire episode of care is considered an inpatient admission. Associated observation care services are not separately reimbursed.

Member Cost-Sharing

The provider is responsible for verifying on a daily basis, coverage, available benefits, and member out-of-pocket costs; copayments, coinsurance, and deductible required, if any.

Definitions

Outpatient observation services: An alternative to an inpatient admission for members whose clinical status is unstable, or if stable, entails a significant risk of short-term deterioration, and treatment is not expected to exceed twenty-three hours and fifty-nine minutes. During observation care, the patient must receive or have access to the same level of care as provided during an inpatient admission, with documentation of care by the physician/health care staff which substantiates the doctor's orders and reflects the patient's response to treatment.

Neighborhood Health Plan Reimburses

- Observation care as appropriate in cases requiring further testing and assessment to finalize the diagnosis and complete the course of treatment as documented in the physician's admitting notes, or in cases requiring further treatment of a known disorder that is expected to respond to treatment, and resulting in a safe discharge within 24 hours.
- Observation care is considered appropriate for, but not limited to the following examples of diagnoses and clinical presentations:

Adult Medical

Abdominal distention	Fever of unknown origin
Abdominal pain without a surgical abdomen	Gastritis
Advanced HIV/AIDS	Gastroenteritis
Ascites/fluid retention	Gastrointestinal bleeding
Anemia, unspecified	Meningitis, rule out bacterial
Angina	Migraine headaches
Asthma	New onset seizures
Cellulitis	Phlebitis, rule out
Change in mental status	Pneumonia, rule out
Chest pain	Pyelonephritis, acute
Dehydration	Renal/colic/kidney stone
Diabetes Mellitus without electrolyte imbalance	Sepsis, rule out
Dizziness	Syncope, questionable etiology
Electrolyte imbalance	Urosepsis

Pediatric Medical

Observation

Abdominal pain without a surgical abdomen	Dehydration
Asthma	Gastroenteritis
Bronchiolitis	Mononucleosis
Cerebral concussion	New onset seizures
Croup	Rule-Out sepsis

- Observation stay for patients recovering from ambulatory surgical services (ASC) who in rare circumstances require treatment beyond the routine post-operative recovery period due to nausea, vomiting, pain control, administration of IV antibiotics or other complications meeting the following criteria:
 - The observation period is more than eight hours but less than 24 hours.
 - The treating physician develops a treatment plan stating the purpose and goal for the observation level of care.
- Obstetrical observation stay for an obstetrical patient placed in observation care **not** resulting in delivery during the same admission.

Neighborhood Health Plan Does **Not** Reimburse

- The following as they are not considered observation care:
 - Routine recovery following ambulatory surgery.
 - Labor and Delivery.
 - Routine outpatient or emergency department care.
 - Routine preparation for diagnostic or surgical procedures (E.g. fetal non-stress tests).
 - Post-operative monitoring during a standard recovery period that should be characterized as recovery-room services.
 - Services provided concurrently with therapeutic services such as chemotherapy.
 - Custodial care, social issues.
 - Physician or patient convenience.
- Obstetrical observation stays when an obstetrical patient is placed in observation care **and delivers** prior to discharge.
- Routine outpatient or emergency department care prior to an observation stay.

Procedures Codes Applicable To Guideline

Note: This list of codes may not be all-inclusive.

Code	Descriptor	Comments
0729	Obstetric Observation not resulting in delivery prior to discharge	Report in UB-04 Form Locator 42 when there is no delivery during same admission
0762	Observation Room	Report in UB-04 Form Locator 42.
99217	Observation care discharge day management	Report when discharge is on other date than initial date of observation status. Do NOT report when observation care is <8 on same calendar date. Do NOT report when observation care is = 8 hours but < 24 hours and patient is discharged on same calendar date.
99218	Initial observation care, problems of low severity, per day	Report when Observation care is < 8 hours on the same calendar date, or Patient is admitted to

Observation

99219	Initial observation care, problems of moderate severity, per day	observation and discharged on a different calendar date. (Patient stayed past midnight into day number two.)
99220	Initial observation care, problems of high severity, per day	
99224	Subsequent observation, per day <i>(For observation care services on other than the initial or discharge date)</i>	Not a covered benefit
99225		
99226		
99234	Observation / inpatient hospital care, same-date admit / discharge, presenting problems of low severity	Report for a minimum 8 hour stay, but less than 24 hours on same calendar date. (Patient discharged prior to midnight.)
99235	Observation / inpatient hospital care, same-date admit / discharge, presenting problems of moderate severity	
99236	Observation / inpatient hospital care, same-date admit / discharge presenting problems of high severity	
G0378	Hospital observation service, per hour	Report with Rev code 0762, or 0729. Indicate the hours in the unit field. This code, G0378, is bundled into the observation reimbursement unless otherwise indicated per contractual agreement, such as a PAF.

Provider Payment Guidelines and Documentation

- Submit observation services on a UB-04 claim form.
- Report observation services as outpatient services with place of service (POS) 22.
- Report observation services with the appropriate revenue code and CPT code(s).
- Report ancillary services received during an observation stay with the appropriate revenue code and HCPCS code(s) on the same UB-04 claim form as the observation services.
- Report only one observation service on a UB-04 claim form.
- Report observation services resulting from an outpatient surgery or emergency room service on the same UB-04 claim form.
- Report observation services that convert to an inpatient admission on the same UB-04 claim form as the inpatient admission.

Related NHP Payment Guidelines

NHP Evaluation and Management Services

NHP Obstetrical Services-Professional

NHP Ambulatory Surgical Center Provider Payment Guideline

References

National Uniform Billing Committee Official UB-04 Data Specifications Manual 2009

American Medical Association, CPT-4, 2009 Professional Edition

MassHealth Acute Outpatient Hospital Manual: Transmittal Letter AOH-18, dated 9/15/08, Pages 4-3, and 4-16: 410.414: Observation Services

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Publication History

Topic: Observation Services	Owner: Provider Network Management
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8/21/2009 *Original documentation*

04/19/2011 *Authorization grid, procedure codes, references, and disclaimer updated*

This document is designed for informational purposes only. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization/notification and utilization management guidelines when applicable, adherence to plan policies and procedures, claims editing logic, and provider contractual agreement. In the event of a conflict between this payment guideline and the provider's agreement, the terms and conditions of the provider's agreement shall prevail. Neighborhood Health Plan utilizes McKesson's claims editing software, ClaimCheck, a clinically oriented, automated program that identifies the "appropriate set" of procedures eligible for provider reimbursement by analyzing the current and historical procedure codes billed on a single date of service and/or multiple dates of service, and also audits across dates of service to identify the unbundling of pre and post-operative care. Questions may be directed to Provider Network Management at prweb@nhp.org.