



observation status payment policy

description of procedure/service

This policy applies to the facility payment of observation status. Observation status is defined as acute services provided in a hospital setting when the member meets the intensity of service guidelines for observation status.

policy

Fallon Community Health Plan (FCHP) reimburses for observation status when acute care services are provided in a hospital setting based on the facilities contract. The hospital stay must meet severity of illness and intensity of service guidelines based on nationally recognized criteria, such as InterQual, in order to qualify for observation status. Whenever possible, the status of observation will be assigned at the time of admission, if clinical data is available from the facility. Fallon Community Health Plan will notify facilities of plan determination for observation status consistent with Utilization Management policies.

benefits application

- FCHP Direct Care/FCHP Select Care
- FCHP Independent Care
- FCHP Flex Care Direct/Select
- Fallon Senior Plan™
- FCHP MassHealth
- Major Medical
- Bill at Home/Direct Enrollment
- Fallon Preferred Care

coverage and reimbursement criteria

FCHP will reimburse acute care facilities for observation status when the member meets nationally recognized criteria, such as InterQual, for observation status per their contracted rates.

preauthorization requirements

Plan notification by facilities is required for all observation stays.

billing/coding guidelines

coding

FCHP will reimburse facilities for the observation status.

The following codes should be used when billing observation status:

- Revenue code: 0762 (Observation Room)
- CPT codes: 99217-99220 and 99234-99236

Bill observation (room charges revenue code 0762) services on one claim line indicating the total number of hours in the service unit field.

Reimbursement will be based on the facility's contract.

If a patient is seen in the emergency department, then admitted to observation status, the emergency room copayment will not be applicable unless otherwise stated in the member's Evidence of Coverage. In this situation, the emergency department technical charge is considered part of the observation charge and will not be reimbursed separately, but the professional emergency department charge will be reimbursed unless otherwise stated in the contract.

If an observation patient is admitted, the observation services billed charges shall be denied and rolled up into the inpatient bill and paid accordingly. The admission date shall be determined by the arrival time in the emergency room or the observation room, whichever is earlier.

Observation in conjunction with a same-day surgery procedure will not be reimbursed.

place of service

Acute care facility

policy implementation

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