



# DEPARTMENT PROCEDURE

<b>Subject:</b> Maryland OBSERVATION Reimbursement		
<b>Primary Department:</b> Health Plan Operations	<b>Secondary Department(s):</b> Healthcare Management Services	<b>Prior Procedure Reference(s):</b>
<b>Effective Date of Procedure:</b> November 15, 2011	<b>Date Procedure Last Reviewed:</b> September 9, 2014	<b>Date Procedure Last Revised:</b> January 9, 2015
<b>Plan CEO or COO Approval/Signature:</b>	<b>Corporate Dept Sr Mgmt Approval/Signature:</b>	<b>Check Only One:</b>
<b>Check All That Apply:</b> Policy is applicable to: Only the following Health Plans (please list): <u>Maryland</u> (Note: If there are multiple Health Plans within a state, please list each specific Health Plan directly above, as appropriate)		

**Purpose** This policy outlines how the Amerigroup Maryland health plan reimburses hospitals for outpatient observation services in the Emergency Department.

**Definitions** **OBSERVATION** care is a well-defined set of specific, clinically appropriate services, which include ongoing short term treatment, assessment, and reassessment before a decision can be made regarding whether a member will require further treatment as hospital inpatient or if the member is able to be discharged from the hospital. Observation is for a minimum of 1 hour and a maximum of 48 hours.

**Procedures** Amerigroup will reimburse facilities for outpatient observation after medical record review

The request for medical records and the subsequent review is triggered when:

- Observation is ordered as a continuation of emergency services where the principal diagnoses is not on the ER Auto Pay List
- Observation for ER services where the principal diagnosis is on the ER Auto Pay List but exceeds 23 hours.
- Non-ER related Observation Services that exceed 23 hours, excluding OBGYN DX codes 0630-0679
- All Observation Services exceeding 48 hours

The review is to ensure reimbursement for appropriately documented observation services up to or beyond 48 hours. The request for medical records will be communicated via the provider's explanation of payment.

Documentation requirements to receive reimbursement:

- 1) A written order for observation is documented in the record including date and time.
- 2) The member's time in observation (and hospital billing) begins with the member's admission to an observation bed.
- 3) The member's time in observation (and hospital billing) ends when all clinical interventions have been completed.
- 4) There is an assessment of patient's risk to determine benefit from observation care and is explicitly documented by the physician.
- 5) The admission into observation is based on the patient's severity of illness and the intensity of service provided.

**Exceptions** None

**References** Medicare beneficiary Policy Manual (100-2 chapter 6, section 20.5)  
HSCRC accounting and billing manual

**Related Policies and Procedures** Maryland ER Services Hospital Reimbursement  
Claims requiring Additional Documentation

**Related Materials** None