

PURPOSE

The purpose of this payment policy is to define how Minuteman Health, Inc. (MHI) reimburses for Observation Services.

APPLICABLE PLANS

- ✓ MHI MA Plans
- ✓ MHI NH Plans

DEFINITIONS

Observation services are those services furnished on a hospital premises, including use of a bed and periodic monitoring by nursing or other staff, which are reasonable and necessary to evaluate an outpatient condition or determine the need for a possible admission as an inpatient.

REQUIREMENTS

MHI reimburses for medically necessary observation stays when acute care services are provided and acute inpatient level of care criteria is not met. This applies to facilities only and does not apply to professional charges.

Observation stays are reimbursed according to the facilities contract. Observation stays will be paid for a period of up to 24 hours, not to exceed 48 hours billed with revenue code 0762 (760) in accordance with the following guidelines:

- Physician services are excluded.
- If an observation stay immediately precedes an inpatient admission, only the inpatient rate will be paid.
- If an observation stay immediately follows a Same Day Surgery (SDS)/outpatient surgical procedure, only the SDS/surgical procedure will be paid.
- If an observation stay immediately follows an emergency room visit, only the observation stay will be paid.
- If an inpatient psychiatric admission immediately follows an emergency room visit or observation stay, only the psychiatric admission will be paid.

AUTHORIZATION REQUIREMENTS

Not applicable.

ATTACHMENTS

Not applicable.

IMPORTANT NOTE ABOUT THIS REIMBURSEMENT POLICY

Providers are responsible for submission of accurate claims. All EDI claims must be submitted in accordance with HIPAA 5010 Standards and Paper claims must be submitted on either CMS1500 or CMS1450 (UB04) claim forms. MHI's reimbursement policy includes the use of Current Procedural Terminology (CPT®¹), guidelines from the Centers for Medicare and Medicaid Services (CMS), and other coding guidelines. Providers will be reimbursed based on the codes(s) that correctly describe the health care services provided.

MHI may use reasonable discretion in interpreting and applying this policy to health care services provided in a particular case. Further, the policy does not address all issues related to reimbursement for health care services provided to MHI enrollees. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to, legislative mandates, the type of provider agreement and the terms of that agreement, the MHI Provider Manual, and/or the enrollee's benefit coverage documents.

MHI reserves the right to audit any provider and/or facility to ensure compliance with the guidelines stated in this payment policy in accordance with our provider review policy.

MHI reserves the right to modify this Payment Policy in its sole discretion.

¹ CPT® is a registered trademark of the American Medical Association.

RESOURCES

American Medical Association, Current Procedural Terminology (CPT®) and associated publications and services

Healthcare Common Procedure Coding System, HCPCS Release and Code Sets

Medicare Hospital Manual (Section 455)

SUMMARY OF CHANGES

04/27/2017: Updated review date.

REVIEW DATES

Updated 11/1/2015, 11/1/2016, 04/27/2017