

Issue Date 5.14.2024

Purpose:

This policy is intended to ensure correct provider reimbursement and serve only as a general resource regarding Aetna Better Health of Kentucky's reimbursement policy for services described below. It is not intended to address every aspect of a reimbursement situation, nor is it intended to impact care decisions. This policy was developed using nationally accepted industry standards and coding principles.

Overview:

Observation (Physical and/or Behavioral Health) Observation care may be appropriate for patients requiring short-term evaluation for a condition, treatment for a known condition, diagnostic testing or monitoring for recovery that exceeds usual outpatient care. It can also be appropriate when repeat testing or re-evaluation is necessary to determine the patient's diagnosis and care needs. Observation care can encompass both shorter emergency department observation and care provided in a dedicated observation unit or other specified hospital-based observation care setting. Observation care is usually **not expected to exceed twenty-four (24) to forty-eight (48) hours without discharge or admission**. When a physician orders that a member be placed under observation, the member's status is that of an outpatient.

Prior Authorization:

Observation services do not require prior authorization; However, if a procedure is performed during an observation stay that requires an authorization the facility or provider must seek authorization approval for that procedure.

Policy Statement:

A member may be referred directly for observation level of care by a community practitioner without a prior associated Emergency Room or clinic visit. Additionally, all acute inpatient admissions are reviewed for observation based on the applicable clinical guideline. If the applicable observation criteria are met, the case is sent to medical director review for potential denial/downgrade to observation.

Note: Scheduled procedures or treatments that require a hospital stay of less than twenty-four (24) hours are considered outpatient procedures, not observation services; similarly, routine stays after outpatient surgery are considered recovery room extensions and are not observation services. If the member cannot be discharged and the attending practitioner is requesting coverage for acute inpatient admission, the provider notifies the health plan and provides the clinical information. The case is reviewed based on the applicable clinical criteria for inpatient and sent to medical director review with a recommendation to uphold or overturn the denial/downgrade. The attending practitioner may also exercise the option of requesting a peer-to-peer consultation.

Reimbursement:

Observation will not be separately reimbursed when provided in conjunction with the following services:

- **Surgical procedures;** (Revenue Code 0360 or 0361 and/or CPT 10004-10009, 10010-10012, 10021-69990, 93590-93592, 0474T, 0525T, 0571T, 0671T-0682T, 0695T-0696T, 0699T, 0707T, C2613, C5271-C5278, C9737 , C9742, C9745-C9748, C9750 , C9753, C9756, C9768 , C9776, G0445, G0458, G6018-G6025)
- **Cardiac Cath Lab services;** Revenue Code 0480, 0481, or 0489 and/or CPT 93451-93575, 93593-93598)

Observation services with less than 8 hours of time will be denied. Aetna Better Health of KY considers hospital stays 8 hours or less as included in the primary procedure, such as the emergency room or labor & delivery charges.

For observation time that exceed 48 hours, both the observation time and all associated ancillary charges for those days will also be denied.

Claims Submissions:

To ensure correct claims processing, claims should be submitted with the correct revenue and HCPCS code. Claim forms submitted must specify the number of hours the patient received outpatient observation services in the "units" column on the UB-04. Hospitals should round to the nearest hour. One unit equals one hour.

Observation services must be reported on a single line with each calendar date, beginning the date of service for that line is the date that the observation care begins.

Observation services are submitted with type of bill 13X, 78X, or 85X.

Revenue Code:

Observation services are billed under revenue code 762 with the applicable HCPCS code noted below.

HCPCS Code

G0378	Hospital observation service, per hour
G0379	Direct admission of patient for hospital observation care

Professional services relating to observation care are billed using the appropriate observation HCPCS code on a professional electronic format (937P)

The HCPCS/CPT codes for observation services are defined as

- initial (99221 -99223),
- subsequent (99231 - 99233),
- admit and discharge same day (99234 -99236), and
- discharge observation (99238 - 99239).

Correct coding depends on the number of hours a patient spends in observation care.