Billable and Reimbursement – Billing and Reimbursement Policies

Observation Services Policy

Description

Anthem considers outpatient observation services to mean active, short-term medical and/or nursing services performed by an acute facility on that facility’s premises that includes the use of a bed and monitoring by that acute facility’s nursing or other staff and are required to observe a patient’s condition to determine if the patient requires an inpatient admission to the facility. Observation services include services provided to a patient designated as “observation status”, and in general, shall not exceed 24 hours. Observation services may be considered eligible for reimbursement when rendered to patients who meet one or more of the following criteria:

- Active care or further observation is needed following emergency room care to determine if the patient is stabilized.
- The patient has a complication from an outpatient surgical procedure that requires additional recovery time that exceeds the normal recovery time.
- The patient care required is initially at or near the inpatient level; however, such care is expected to last less than a 24 hour time frame.
- The patient requires further diagnostic testing and/or observation to make a diagnosis and establish appropriate treatment protocol.
- The patient requires short term medical intervention of facility staff which requires the direction of a physician.
- The patient requires observation in order to determine if the patient requires admission into the facility.

Policy

The payment, if any, for observation services is specified in the Plan Compensation Schedule or Contract with the applicable Facility. Nothing in this Policy is intended to modify the terms and conditions of the Facility’s Agreement with Anthem. If the Facility’s Agreement with Anthem does not provide for separate reimbursement for observation services, then this Policy is not intended to and shall not be construed to allow the Facility to separately bill for and seek reimbursement for observation services.

The patient’s medical record documentation for observation status must include a written order by the physician or other individual authorized by state licensure law and facility staff bylaws to admit patients to the facility that clearly states “admit to observation”. Additionally, such documentation shall demonstrate that observation services are required by stating the specific problem, the treatment and/or frequency of the skilled service expected to be provided.”

The following situations are examples of services that are considered by Anthem to be inappropriate use of observation services:

- Physician, patient, and/or family convenience
- Routine preparation and recovery for diagnostic or surgical procedures
- Social issues
• Blood administration
• Cases routinely cared for in the Emergency Room or Outpatient Department
• Routine recovery and post-operative care after outpatient surgery
• Standing orders following outpatient surgery
• Observation following an uncomplicated treatment or procedure