

# BENEFIT COVERAGE POLICY



**Title:** BCP-04 Observation Care Services

**Effective Date:** 01/01/2019

Physicians Health Plan  
PHP Insurance Company  
PHP Service Company

## Important Information - Please Read Before Using This Policy

The following coverage policy applies to health benefit plans administered by PHP and may not be covered by all PHP plans. Please refer to the member's benefit document for specific coverage information. If there is a difference between this general information and the member's benefit document, the member's benefit document will be used to determine coverage. For example, a member's benefit document may contain a specific exclusion related to a topic addressed in a coverage policy.

Coverage determinations for individual requests require consideration of:

1. The terms of the applicable benefit document in effect on the date of service.
2. Any applicable laws and regulations.
3. Any relevant collateral source materials including coverage policies.
4. The specific facts of the particular situation.

Contact PHP Customer Service to discuss plan benefits more specifically.

### 1.0 Policy:

Health Plan covers observation care services.

For all non-network covered services to be paid at the network benefit level except for emergency/urgent services, prior approval is required.

Refer to member's benefit coverage document for specific benefit description, guidelines, coverage, and exclusions.

### 2.0 Background:

Observation care services include initial care, subsequent care and discharge services. It 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 patients will require further treatment as Hospital inpatients or if they are able to be discharged from the Hospital. Observation status is commonly assigned to patients who present to the Emergency Department and then require a significant period of treatment or monitoring before a decision is made concerning their admission or discharge. During these stays, a variety of outpatient services may be rendered, such as laboratory tests, drugs, minor procedures, x-rays, and other imaging services.

Patients do not need to be located in a designated observation area as long as the medical record indicates that the patient was admitted as "observation status" and the reason for observation care is documented. Observation services are usually needed for 48 hours or less.

### Clinical Determination Guidelines:

None.

### 3.0 Coding:

Prior Approval Legend: Y = All lines of business; N = None required; 1 = HMO/POS; 2 = PPO; 3 = ASO group L0000264; 4 = ASO group L0001269 Non-Union; 5 = ASO group L0001631; 6 = ASO group L0002011; 7 = ASO group L0001269 Union.

<b>COVERED CODES</b>			
<b>Code</b>	<b>Description</b>	<b>Prior Approval</b>	<b>Benefit Plan Reference</b>
99217	Observation care discharge day management (This code is to be utilized to report all services provided to a patient on discharge from outpatient hospital "observation status" if the discharge is on other than the initial date of "observation status." To report services to a patient designated as "observation status" or "inpatient status" and discharged on the same date, use the codes for Observation or Inpatient Care Services [including Admission and Discharge Services, 99234-99236 as appropriate.]	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99218	Initial observation care, per day, for the evaluation and management of a patient which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of low severity. Typically, 30 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99219	Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of moderate severity. Typically, 50 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99220	Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services

**COVERED CODES**

<b>Code</b>	<b>Description</b>	<b>Prior Approval</b>	<b>Benefit Plan Reference</b>
	of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of high severity. Typically, 70 minutes are spent at the bedside and on the patient's hospital floor or unit.		
99224	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: Problem focused interval history; Problem focused examination; Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is stable, recovering, or improving. Typically, 15 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99225	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: An expanded problem focused interval history; An expanded problem focused examination; Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is responding inadequately to therapy or has developed a minor complication. Typically, 25 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99226	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: A detailed interval history; A detailed examination; Medical decision making of high complexity. Counseling and/or coordination of care with other	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services

<b>COVERED CODES</b>			
<b>Code</b>	<b>Description</b>	<b>Prior Approval</b>	<b>Benefit Plan Reference</b>
	physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is unstable or has developed a significant complication or a significant new problem. Typically, 35 minutes are spent at the bedside and on the patient's hospital floor or unit.		
99234	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of low severity. Typically, 40 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99235	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of moderate severity. Typically, 50 minutes are spent at the bedside and on the patient's hospital floor or unit.	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
99236	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services

COVERED CODES			
Code	Description	Prior Approval	Benefit Plan Reference
	other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of high severity. Typically, 55 minutes are spent at the bedside and on the patient's hospital floor or unit.		
G0378	Hospital observation service, per hour	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services
G0379	Direct admission of patient for hospital observation care	N	Benefits and Coverage; Outpatient Therapeutic Treatment; Professional Fees for Surgical and Medical Services

#### 4.0 Unique Configuration/Prior Approval/Coverage Details:

None.

#### 5.0 Terms & Definitions:

Medically Necessary, Medical Necessity. Coverage of health care services and supplies that we determine to be medically appropriate per Health Plan medical policy and nationally recognized guidelines, and are:

- Not Experimental or Investigational Services.
- Necessary to meet the basic health needs of the Covered Person.
- Delivered in the most cost-efficient manner and type of setting that is appropriate.
- Consistent in type, amount, frequency, level, setting, and duration of treatment with scientifically based guidelines that are accepted by Health Plan.
- Consistent with the diagnosis of the condition.
- Not done for reasons of convenience.
- Demonstrated through current peer-reviewed medical literature to be safe and effective.

Even if you have already received treatment or services, or even if your health care provider has determined that a particular health care service or supply is medically appropriate, it does not mean that the procedure or treatment is a Covered Health Service under the Policy.

Observation Care. 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 patients will require further treatment as Hospital inpatients or if they are able to be discharged from the Hospital. Observation status is commonly assigned to patients who present to the Emergency Department and who then require a significant period of treatment or monitoring before a decision is made concerning their admission or discharge.

#### 6.0 References, Citations & Resources:

1. Department of Health and Human Services Hospitals' Use of Observation Stays and Short Inpatient Stays for Medicare Beneficiaries, OEI-02-12-00040, 5/10/13.

**7.0 Associated Documents [For internal use only]:**

Business Process Flow (BPF) – None.

Standard Operating Procedure (SOP) – None.

Desk Level Procedure (DLP) – None.

Sample Letter – None.

Form – None.

Other – None.

**8.0 Revision History**

Original Effective Date: 01/01/2019

Last Approval Date: 11/12/2018

Next Review Date: 11/12/2019

<b>Revision Date</b>	<b>Reason for Revision</b>
May 2018	Policy created