



Aetna Better Health® of Louisiana

Reimbursement Policy Statement Louisiana Medicaid

Original Issue Date	Next Annual Review	Effective Date	
01-01-2018		07/01/2018	
Policy Name		Policy Number	
Observation Services Policy- Facility Observation Services-Frequency of Observation Care		ABHLA-RP-0119	
Policy Type			
Medical	Administrative	Pharmacy	Reimbursement

Aetna Better Health of Louisiana reimbursement policies are intended to provide a general reference for claims filing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims logic, benefits design and other factors not listed in this policy statement are considered in the development of reimbursement policies.

In addition to this Policy, reimbursement of rendered services are subject to member benefits, eligibility on the date of service, medical necessity, other plan policies and procedures, claim editing logic, provider contracts and all applicable authorization, notification and utilization management guidelines set forth by the Louisiana Department of Health (LDH) and The Centers for Medicare and Medicaid Services (CMS).

This policy does not ensure either an authorization or reimbursement of services. Please refer to the plan contract for the service(s) referenced therein. If there is a conflict between either this policy or the plan contract, then the plan contract will be the controlling document used to make an authorization or payment determination.

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A. Policy

Aetna Better Health of Louisiana implements comprehensive and robust policies to ensure alignment with Louisiana Department of Health (LDH) and to warrant that regulatory standards are met. The effective date of implementation for this reimbursement policy is contingent upon the Louisiana Department of Health's endorsement.

According to the LDH provider manual Observation Room Charges hospitals should bill for treatment or observation room charges with the appropriate covered revenue codes. The entire outpatient visit, including observation, may not exceed 48 hours duration. Claims submitted inappropriately will be denied.

B. Overview

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 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.

C. Definitions

Observation services are covered only when provided by the order of a physician or another individual authorized by State licensure law and hospital staff bylaws to admit patients to the hospital or to order outpatient tests. In the majority of cases, the decision whether to discharge a patient from the hospital following resolution of the reason for the observation care or to admit the patient as an inpatient can be made in less than 48 hours. In only rare and exceptional cases do reasonable and necessary outpatient observation services span more than 48 hours.

D. Reimbursement Guidelines

The order for observation must be in writing and clearly specify outpatient observation. It should also include the reason for observation and be signed, dated, and timed by the ordering physician. Verbal orders are permitted but must be documented by the individual receiving the order. The ordering practitioner must review and confirm the verbal order when they see the patient.

E. Applicable Codes/Conditions of Coverage

CPT Codes: 99218-99220, 99224 – 99226 Revenue Code 0762 These codes are not all inclusive. For more reference please check LDH Fee Schedule. On the rare occasion when a patient remains in observation care for 3 days, the physician shall report an initial observation care



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code (99218-99220) for the first day of observation care, a subsequent observation care code (99224-99226) for the second day of observation care, and an observation care discharge CPT code 99217 for the observation care on the discharge date.

F. Related Policies/Rules

CMS Observation Services Policy
Medicare and Medicaid Observation Services Fact Sheet.
LDH Observation Policy

G. Review/Revision Date

Action	Date	Comments
Date Issued	01-01-2018	
Date Revised	04 -11-2018	
Effective Date	07-01-2018	

H. References

Louisiana Department of Health State Contract, regulations, Provider Manual, fee schedules and notices

<http://www.lamedicaid.com/provweb1/Providermanuals/manuals/PS/PS.pdf>

Individual state Medicaid regulations, manuals & fee schedules

http://www.lamedicaid.com/provweb1/fee_schedules/feeschedulesindex.htm

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

<https://www.ama-assn.org/>

Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services

<https://www.cms.gov/>