



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-Direct Admission without Paid Observation Services		ABHLA-RP-0143	
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.

Direct admission to observation from a physician's office (G0379) requires hospital observation service, particularly in the emergency room, per hour (G0378), to be present and in a payable status for the same date of service. This policy is reflective of our system configuration and is aligned with the LDH professional service provider manual.

B. Overview

Observation care services are covered only when provided by the order of a physician or another individual authorized by State licensure law and hospital staff regulations to admit patients to the hospital or to order outpatient tests. According to LDH, "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." Additionally, observation services must be medically reasonable and necessary to be reimbursed by Aetna.

C. Definitions

Observation care services-a well-defined set of specific, clinically appropriate services, which include ongoing short term treatment, assessment, and reassessment, that are furnished while a decision is being made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital.

D. Reimbursement Guidelines

1. A hospital may document each period of observation services, i.e., the beginning and ending times during the hospital outpatient encounter, and add the length of time for the periods of observation services together to reach the total number of units reported on the claim for the hourly observation services HCPCS code G0378 (Hospital observation service, per hour).
2. A hospital may also deduct the average length of time of the interrupting procedure, from the total duration of time that the patient receives observation services.

E. Codes/Condition of Coverage

G0378- Hospital observation service, per hour

G0379- Direct admission of patient for hospital observation care



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Revenue codes:

0760-General Classification Category

0762-Observation Room

F. Frequently Asked Questions

Q: Are observation codes submitted by the hour or by the calendar date?

A: Observation codes are for calendar dates. If patient is admitted and discharged on the same date of service, submit the appropriate code from the CPT code Observation or Inpatient Care Services range 99234 to 99236. If your patient is admitted on one date and discharged on another, submit CPT code Initial Observation Care code from 99218 to 99220 for the first date and code the discharge date with Observation Care Discharge CPT code 99217.

Q: What is an observation time?

A: A beneficiary's time in observation begins with the beneficiary's admission to an observation bed. A beneficiary's time in observation ends when all clinical or medical interventions have been completed, including follow-up care furnished by hospital staff and physicians that may take place after a physician has ordered the patient be released or admitted as an inpatient. The number of units reported with HCPCS code G0378 must equal or exceed 8 hours.

G. Review/Revision Date

Action	Date	Comments
Date Issued	01-01-2018	
Date Revised	04-17-2018	
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H. Resources

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



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and services

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