

Common hospital observation policy

Effective July 1, 2018, Healthy Blue, along with all Healthy Louisiana MCOs, began using a common hospital observation policy. The purpose of the policy is to provide services to eligible Medicaid members performed on an outpatient basis in a hospital setting. Hospital providers are to ensure the services provided to Medicaid members are medically necessary, appropriate and within the scope of current, evidence-based medical practices and Medicaid guidelines.

Observation is for a minimum of one hour and up to 48 hours. The member must be in the care of a physician during the observation period. The medical record must include an observation order; discharge; and other appropriate timed, written progress notes signed by the physician.

Healthy Blue will reimburse up to 48 hours of medically necessary care for a member to be in an observational status. This time frame is for the physician to observe the member and determine the need for further treatment, admission to an inpatient level of care or discharge. Observation and ancillary services do not require notification, precertification or authorization. Observation services beyond 48 hours require authorization.

If a member is anticipated to be in observation beyond 48 hours, you must notify Healthy Blue within 24 hours or one business day of the observation time frame expiration (the 48th hour) for potential authorization of an extension of hours. To request an extension, submit the observation order, progress notes, discharge date and time (if applicable), and any clinical information or documentation to support medical necessity of the additional hours requested.

Existing precertification requirements have not changed.

Hospitals should bill the entire outpatient encounter, including emergency department, observation and any associated services, on the same claim with the appropriate revenue codes. Please refer to Louisiana Department of Health *Informational Bulletin 18-7* for further details.

If you have questions about this communication, please contact Provider Services at **1-844-521-6942** or your Provider Relations representative at **1-504-836-8888**.