



**FIDELIS CARE®**

## **Observation Services**

### **Medicaid Guidelines**

Effective April 1, 2013, New York State Medicaid, including Medicaid fee-for-service (FFS) and Medicaid Managed Care plans, expanded coverage of observation services. The following guidance was provided in the New York State Medicaid Update – May 2013 Volume 29 – Number 5:

- Hospitals may provide observation services for those patients for whom a diagnosis and a determination concerning admission, discharge, or transfer cannot be accomplished within eight hours after presenting in the Emergency Department (ED), but can reasonably be expected within 48 hours.
  - In order to be reimbursed for observation services, a patient must be in observation status for a minimum of eight hours (with clinical justification). This is in addition to any time that the patient spent in the ED prior to receiving observation services.
- Assignment to observation services may be made only through the Emergency Department
- A patient may remain in observation for up to 48 hours and then the hospital must determine if the patient is to be admitted, transferred to another hospital or discharged from the facility.

Additional information regarding observation services can be obtained using the following link:

[http://www.health.ny.gov/health\\_care/medicaid/program/update/2013/2013-05.htm](http://www.health.ny.gov/health_care/medicaid/program/update/2013/2013-05.htm)

### **Medicare Guidelines**

The Centers for Medicare and Medicaid Services (CMS) also recognizes observation care as a well-defined set of clinically appropriate services that 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. CMS further identifies that observation services are commonly ordered for patients who present to the emergency department, and who then require a significant period of treatment or monitoring in order to make a decision concerning their admission or discharge. Many providers incorrectly assume that when patients stay in the hospital for more than 48 hours, they automatically qualify for inpatient status. However, if the patient does not meet clinical criteria that require inpatient level of care, but could be treated at a lower level of care, this admission may be denied.

Additional guidance from CMS regarding observation services can be obtained using the following link:

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/bp102c06.pdf>