



Memorial Hermann Health Plan, Inc.  
 Memorial Hermann Health Solutions, Inc.  
 Memorial Hermann Health Insurance Company  
 Memorial Hermann Commercial Health Plan, Inc.

<b>Reimbursement Policy</b>
<b>Observation Services: Facility Reimbursement</b>
Committee Approval Date: <b>02/03/2022</b>
<p>These policies serve as a guide to assist you in accurate claims submissions and to outline the basis for reimbursement if the service is covered by the member’s plan. Services must meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis. You must follow proper billing and submission guidelines. You are required to use industry standard, compliant codes on all claim submissions. Services should be billed with CPT codes, HCPCS codes and/or revenue codes. The codes denote the services and/or procedures performed. The billed code(s) are required to be fully supported in the medical record. Unless otherwise noted within the policy, our policies apply to both participating and non-participating providers and facilities. If appropriate coding/billing guidelines or current reimbursement policies are not followed, MHHP may reject/deny claim, recover/recoup payment or adjust the reimbursement to reflect the appropriate services and/or procedures performed. These policies may be superseded by mandates in provider contracts, or state, federal or CMS requirements. System logic or setup may prevent the loading of policies into the claims platforms in the same manner as described; however, MHHP strives to minimize these variations.</p>
<p><b>References:</b> <a href="https://www.cms.gov/files/document/medicare-claims-processing-manual-chapter-12">https://www.cms.gov/files/document/medicare-claims-processing-manual-chapter-12</a></p>
<p><a href="#">Plan Documents &amp; Materials   Memorial Hermann Health Plan</a></p>
<p><a href="#">R42BP.pdf (cms.gov)</a></p>

**Policy Statement**

This policy describes how observation status payment is managed at Memorial Hermann Health Plan for all product lines. Contractual agreements do apply to final claims processing.

**Observation Services**

Observation status is payable up to a maximum of 48 hours. Observation status greater than 48 hours will be denied. If an observation care stay results in an inpatient admission (making the total time in the hospital facility greater than 48 hours), notification and subsequent authorization is required. Observation care received in connection with an emergency room

visit at an in-network or out of network facility is eligible for payment at in-network benefit levels per the Plan EOC/COC documents. In the absence of an emergent situation, observation care in an out of network facility, requires authorization for all lines of business. Observation care in conjunction with an ambulatory or outpatient surgery procedure should be submitted on the same claim and does not require a separate authorization if the observation care is rendered within 48 hours. If post-surgical care is required beyond 48 hours of the observation status, the Plan must be contacted for authorization of an inpatient stay.

## Definitions

**Observation Care:** Observation care provides interim services in place of an inpatient admission that allows necessary time to reasonably evaluate and provide needed services to a member whose diagnosis and treatment are not expected to exceed 24 hours, but no longer than forty-eight (48) hours without discharge or admission.

**Observation Status:** Services which are reasonable and necessary to evaluate an outpatient's condition to determine the need for admission. Observation status implies a diagnosis and patient outcome is "not known".

**Plan:** Memorial Herman Health Plan.

**Evidence of Coverage (EOC):** Document that describes in detail the health care benefits covered by the health plan. Usually issued to HMO members.

**Certificate of Coverage (COC):** Document that describes in detail the health care benefits covered by the health plan. Usually issued to PPO members.

Memorial Hermann Health Plan complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex.

Please contact Customer Service at 855.645.8448 (TTY711) between 8 a.m. to 8 p.m. CT, 7 days a week.

- 8 a.m. to 8 p.m. CT, 7 days a week from Oct. 1 – March 31.
- 8 a.m. to 8 p.m. CT, Monday – Friday from April 1 – Sep. 30.

**ATENCIÓN:** Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 855.645.8448 (TTY 711).

