

## Payment Policy: Observation Status

Reference Number: WA.PP.800

Product Types: Medicaid and Ambetter

Last Review Date: 09/19

[Revision Log](#)

See [Important Reminder](#) at the end of this policy for important regulatory and legal information.

### Description

To define observation level of care and to ensure Coordinated Care members receive the most appropriate level of care.

### Policy/Criteria

It is the policy of Coordinated Care of Washington, Inc. and Coordinated Care Corporation, that admissions of 48 hours or less generally are most appropriate for the observation setting to determine whether a member will require formal inpatient admission. Observation services include ongoing short-term treatment, monitoring, assessment, and reassessment. Stays under 48 hours will be reviewed for observation level of care using the criteria below unless listed in the exceptions section. In accordance with WAC 182-50-1050, services may be retrospectively denied if it is determined that a hospital service should have been observation.

#### I. Criteria for observation status:

- Member condition is rapidly changing and;
- Short term treatment/monitoring/assessment or reassessment is required to determine if member needs inpatient admission

#### II. Exceptions to observation status:

- Members who are admitted for a period of less than 48 hours but expire during the admission.
- Member who are appropriately admitted to an ICU level of care.
- Members who leave against medical advice.
- Members who are admitted to hospice.
- Members who transfer to higher levels of care.
  - For transfers, the total length of the hospital stay will be considered when determining the appropriateness of observation.
  - If the total length of stay between receiving and accepting facility is greater than 48 hours, the stay will not be reviewed using this policy.

**Table 1. Short Stay and Observation List (not inclusive but representative)**

Ambulatory Diagnoses

|                                 |                           |
|---------------------------------|---------------------------|
| Allergic reaction (generalized) | Fracture (simple)         |
| Asthma                          | Hypertension              |
| Bronchiolitis                   | Intestinal obstruction    |
| Bronchitis                      | Pancreatitis              |
| Cellulitis                      | Pneumonia                 |
| COPD                            | Pre-term labor            |
| CHF                             | Pyelonephritis            |
| Diabetes                        | Renal colic, kidney stone |
| Enteritis (diarrhea)            | Sinusitis                 |
| Epistaxis (nose bleed)          | Sprains                   |
| Failure to thrive               | Urinary tract infections  |

Symptomatic Diagnoses

|   |  |
|---|--|
| Abdominal pain  | Epigastric pain  |
| Altered mental status (confusion)                           | Fever  |
| Back pain   | Flank pain, tenderness   |
| Chest pain  | Headache   |
| Dehydration   | Nausea, vomiting   |
| Unspecified delayed recovery following anesthesia/procedure | Uncontrolled nausea or pain after outpatient procedure or chemotherapy |
| Dizziness, weakness   | Any “rule out” diagnosis   |
| Electrolyte imbalance                                       | Others not specifically listed   |

Short Stay Invasive Procedures

|                                   |                              |
|-----------------------------------|------------------------------|
| Cardiac ablations                 | Laparoscopic cholecystectomy |
| TKA done in outpatient setting    | Laparoscopic appendectomy    |
| Arthroscopic procedures           | Laparoscopic hysterectomy    |
| Cardiac catheterizations          | Lithotripsy                  |
| Implantable cardiac defibrillator | Pacemaker insertion          |

| Reviews, Revisions, and Approvals        | Date  | Approval Date |
|--|-------|---------------|
| Policy developed. Previously WA.UM.02.04 | 09/19 | 01/20         |

**References**

1. “Two Midnight Rule”, Federal Register, Vol. 80, No. 219, page 7035. November 13, 2015.  
<https://www.govinfo.gov/content/pkg/FR-2015-11-13/pdf/2015-27943.pdf>
2. Washington Administrative Code 182-550-1050  
<https://apps.leg.wa.gov/WAC/default.aspx?cite=182-550-1050>

**Important Reminder**

The purpose of this payment policy is to provide a guide to payment, which is a component of the guidelines used to assist in making coverage and payment determinations and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage and payment determinations and the administration of benefits are subject to all terms, conditions, exclusions and limitations of the coverage documents (e.g., evidence of coverage, certificate of coverage, policy, contract of insurance, etc.), as well as to state and federal requirements and applicable plan-level administrative policies and procedures.

This payment policy is effective as of the date determined by Coordinated Care. The date of posting may not be the effective date of this payment policy. This payment policy may be subject to applicable legal and regulatory requirements relating to provider notification. If there is a discrepancy between the effective date of this payment policy and any applicable legal or regulatory requirement, the requirements of law and regulation shall govern. Coordinated Care retains the right to change, amend or withdraw this payment policy, and additional payment policies may be developed and adopted as needed, at any time.

This payment policy does not constitute medical advice, medical treatment or medical care. It is not intended to dictate to providers how to practice medicine. Providers are expected to exercise professional medical judgment in providing the most appropriate care, and are solely responsible for the medical advice and treatment of members. This payment policy is not intended to recommend treatment for members. Members should consult with their treating physician in connection with diagnosis and treatment decisions.

Providers referred to in this policy are independent contractors who exercise independent judgment and over whom Coordinated Care has no control or right of control. Providers are not agents or employees of Coordinated Care.

This payment policy is the property of Centene Corporation. Unauthorized copying, use, and distribution of this payment policy or any information contained herein are strictly prohibited. Providers, members and their representatives are bound to the terms and conditions expressed herein through the terms of their contracts. Where no such contract exists, providers, members and their representatives agree to be bound by such terms and conditions by providing services to members and/or submitting claims for payment for such services.

**Note: For Medicaid members**, when state Medicaid coverage provisions conflict with the coverage provisions in this clinical policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this clinical policy.

©2016 Centene Corporation. All rights reserved. All materials are exclusively owned by Centene Corporation and are protected by United States copyright law and international copyright law. No part of this publication may be reproduced, copied, modified, distributed, displayed, stored in a retrieval system, transmitted in any form or by any means, or otherwise published without the prior written permission of Centene Corporation. You may not alter or remove any trademark, copyright or other notice contained herein. Centene® and Centene Corporation® are registered trademarks exclusively owned by Centene Corporation.