Observation care is a well-defined set of specific, clinically appropriate services, which 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. Observation status is commonly assigned to patients who present to the emergency department and who then require significant period of treatment or monitoring in order to make a decision concerning their admission or discharge.
What is Observation Care to Hosp?

- “Observation Status is considered if the patient does not meet acute care criteria and the clinical condition is changing and a discharge decision is expected within 6-24 hours.”

- **Under Medicare Billing Guidelines**, Observation service is billed hourly for a minimum of 8 hours up to a maximum of 48 hours. Any hours a patient spends in observation over 24 hours is not paid for separately but packaged into the Ambulatory Payment Classification (APC) payment for observation services.

- Managed Care Billing Guidelines will follow the contracted rate structure with Observation service being billed hourly for a minimum of 6 hours but less than 24 hours. Patients beyond 24 hours will have acute care inpatient service billing rates applied.

- **Once the physician has written the order for observation services**, observation time starts at the clock time documented in the patient’s medical record which coincide with the time that observation care is initiated. Observation time is not to be billed without a specific physician order specifying the need for observation services.

- Observation time ends at the clock time documented in the physician’s discharge order, or, in the absence of such a documented time, the clock time when the nurse or other appropriate person signs off the physician’s discharge order.
**Appropriate Uses of OBS Care**

- Patients with symptomatic presentations for “rule outs” who may require an extensive assessment to determine if inpatient hospitalization is necessary.
- Post surgical/procedure care beyond that usually found in the standard of practice for the procedure.
- Other patients for whom the physician feels observation of symptoms or clinical conditions is necessary post procedure or medically.
- Patients requiring non-routine preparation for an outpatient procedure.
- Not an exclusive list
Inappropriate Uses of OBS Care

Observation Status is not appropriate for:

- Patient convenience, transportation issues, or inability to provide ADL.
- Services not reasonable/necessary for the diagnosis of the patient or to determine the need to admit as an inpatient.
- Type/length/amount of observation services that are excessive for patient’s condition.
- Qualifying length of stay prior to SNF placement.
- Patient holding because of social factors.
- Substitute for appropriate inpatient admission.
- Abdominal Pain
- Anemia
- Atrial Fibrillation
- Back Pain
- Cellulitis
- Chemotherapy Planned
- Chest pain
- Croup
- Deep Venous Thrombosis of Lower Extremity
- Dehydration
- Diverticulitis
- Diziness
- Drug Ingestion Overdose
- Gastrointestinal Bleeding, Hematemesis or Melena
- Gastrointestinal Bleeding, Lower
- Gastrointestinal Bleeding, Upper
- Head Injury
- Headaches
- Heart Failure
- Hyperemesis Gravidarum
- Meningitis, Suspected or Viral
- Pelvic Inflammatory Disease (PID)
- Pneumonia
- Pneumothorax
- Pregnancy-Induced Hypertension
- Preterm Labor, Threatened
- Pyelonephritis, Acute
- Renal Colic and Kidney Stones
- Seizure
- Supraventricular Arrhythmias
- Syncope
- Transient Ischemic Attach (TIA)
- Venom Exposure from Bite or Sting
- Vomiting
OBS Care Surgical Procedures

ORTHOPEDIC SURGERY
- Cervical Fusion, Anterior
- Cervical Diskectomy or Microdiskectomy, Foraminotomy, Laminotomy
- Single or Multiple Level Lumbar Diskectomy

GENITOURINARY SURGERY
- Bladder Incision: Cystotomy
- Prostatectomy, Transurethral Resection
- Urethroplasty, Simple Repairs
- Urethral Suspension Procedures
- Orchietomy

GYNECOLOGY SURGERY
- Lap assisted Vaginal Hysterectomy
- Vaginal Hysterectomy
- Laparoscopy/Laparotomy: Myomectomy, Oophorectomy, and Salpingectomy

GENERAL & OTHER SURGERY
- Appendectomy
- Laparoscopic Cholecystectomy
- Gastric Restrictive Procedure/Gastric Lap Band by Laparoscopy
- Percutaneous Cardiac Valvotomy, Mitral
- Mediastinoscopy
- Parathyroidectomy
- Parotidectomy
- Endoscopic Esophageal Diverticulectomy
- Laparoscopic Esophagogastric Fundopasty
- Cardiac Septal Defect: Atrial, Transcatheter Closure
- Aortic Coarctation, Angioplasty
- Thyroidectomy
<table>
<thead>
<tr>
<th>Hospital</th>
<th>Health Plan Contracts</th>
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<tbody>
<tr>
<td>Henry Mayo Hosp</td>
<td>Blue Cross (Comm-Sr) -Blue Shield (Comm-Sr) -United/PCC (Comm) -Secure Horizons (SCV, SGV, SV) -Cigna (Comm) -Medicare FFS</td>
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<tr>
<td>Northridge Hosp</td>
<td>Blue Cross (Comm-Sr) -Blue Shield (Comm-Sr) -United/PCC (Comm) Secure Horizons (SGV, SCV, SV) -Medicare FFS</td>
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<tr>
<td>Providence Holy Cross</td>
<td>Blue Cross (Comm-Sr) -Blue Shield (Comm-Sr) -United/PCC (Comm) Secure Horizons (All Areas) -Scan (SFV only) -Cigna (Comm) -Medicare FFS</td>
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<td>San Gabriel Valley Med Ctr</td>
<td>Blue Cross (Comm-Sr), Blue Shield (Comm-Sr) United/PCC (Comm) -Secure Horizons (SCV, SGV, SV) -Medicare FFS</td>
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<tr>
<td>Arcadia Methodist Hosp</td>
<td>Blue Cross (Comm-Sr), Blue Shield (Comm-Sr) United/PCC (Comm) -Secure Horizons (SCV, SGV, SV) -Medicare FFS</td>
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<tr>
<td>Simi Valley Hosp</td>
<td>Blue Cross (Comm-Sr), Blue Shield (Comm-Sr) United/PCC (Comm) -Secure Horizons (SCV, SGV, SV) -Medicare FFS</td>
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<tr>
<td>All Other Hosp (including tertiary)</td>
<td>Blue Cross (Comm-Sr), Blue Shield (Comm-Sr) United/PCC (Comm) -Secure Horizons (SCV, SGV, SV) -Medicare FFS</td>
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