



Clover Health Observation and Discharge Hours Reimbursement Policy

Policy # RP-032

Policy Title	Observation and Discharge Hours Reimbursement Policy
Policy Department	Payment Strategy Operations
Effective Date	1/1/2022
Revision Date(s)	3/1/2022
Next Review Date	

Disclaimer:

Clover Health applies The Center for Medicare and Medicaid Services (CMS) criteria and guidelines, National Coverage Determinations (NCD), Local Coverage Determinations (LCD), Clover Policies, and MCG for determining medical necessity. Clover Policies are intended to provide a standard guideline but are not used to preempt providers' judgment in rendering services. Providers are expected to provide care based on best practices and use their medical judgment for appropriate care.

Description:

This policy provides direction to physicians and facilities when billing claims for observation services. It defines and differentiates between billing an initial observation service and subsequent observation service and clarifies the coding permitted depending on the number of hours billed.

Definitions:

- **Observation Services**

- Observation care is a well-defined set of specific, clinically appropriate services, which include ongoing short term treatment, assessment, and reassessment, that are furnished while a decision is being made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital.



Policy:

Clover Health is aligned with the Center for Medicare and Medicaid (CMS) coding and billing requirements for Observation services. Observation services serve as a short term treatment plan, where a physician can review, assess, and determine if a member requires additional care via inpatient admission. Clover Health and CMS both limit the number of hours that can be billed by a facility. Observation services are covered only if ordered by a physician.

Physician Claims

- Less than 8 hours of observation billed
 - When a patient receives observation care for less than 8 hours on the same calendar date, the Initial Observation Care, from CPT code range 99218 - 99220, shall be reported by the physician. The Observation Care Discharge Service, CPT code 99217, shall not be reported for this scenario.
- Observation more than 8 hours, but less than 24 hours
 - When a patient receives observation care for a minimum of 8 hours, but less than 24 hours, and is discharged on the same calendar date, Observation or Inpatient Care Services (Including Admission and Discharge Services) from CPT code range 99234 - 99236 shall be reported. The observation discharge, CPT code 99217, cannot also be reported for this scenario.
- Observation that spans multiple days
 - When a patient is admitted for observation care and then is discharged on a different calendar date, the physician shall report Initial Observation Care, from CPT code range 99218 - 99220, and CPT observation care discharge CPT code 99217.
- Observation for 3 days
 - On the rare occasion when a patient remains in observation care for 3 days, the physician shall report an initial observation care code (99218-99220) for the first day of observation care, a subsequent observation care code (99224-99226) for the second day of observation care, and an observation care discharge CPT code 99217 for the observation care on the discharge date.
- Observation beyond 3 days
 - When observation care continues beyond 3 days, the physician shall report a subsequent observation care code (99224-99226) for each day between the first day of observation care and the discharge date.
- If member is admitted to inpatient
 - If the same physician who ordered hospital outpatient observation services also admits the patient to inpatient status before the end of the date on which the patient began receiving hospital outpatient observation services, Clover will



pay only an initial hospital visit for the evaluation and management services provided on that date.

- Observation during Global Surgery period
 - The global surgical fee includes payment for hospital observation (codes 99217, 99218, 99219, 99220, 99224, 99225, 99226, 99234, 99235, and 99236) services unless the criteria for use of CPT modifiers “-24,” “-25,” or “-57” are met. Clover will pay for these services in addition to the global surgical fee only if both of the following requirements are met:
 - The hospital observation service meets the criteria needed to justify billing it with CPT modifiers “-24,” “-25,” or “-57” (decision for major surgery); and
 - The hospital observation service furnished by the surgeon meets all of the criteria for the hospital observation code billed.

Facility Claims

- Reporting Hours Billed
 - Observation time begins at the clock time documented in the patient’s medical record, which coincides with the time that observation care is initiated in accordance with a physician’s order. Hospitals should round to the nearest hour.
 - Observation time ends when all medically necessary services related to observation care are completed.
 - Observation time may include medically necessary services and follow-up care provided after the time that the physician writes the discharge order, but before the patient is discharged.
 - CMS and Clover Health do not allow payment for observation hours billed that exceed 72 hours.
- Billing Codes Used
 - G0378 - Hospitals should bill code G0378 when observation services are ordered and provided to any patient regardless of the patient’s condition. The units of service should equal the number of hours the patient receives observation services.
 - G0379 - Hospitals should report G0379 when observation services are the result of a direct referral for observation care without an associated emergency room visit, hospital outpatient clinic visit, critical care service, or hospital outpatient surgical procedure (status indicator T procedure) on the day of initiation of observation services. Hospitals should only report HCPCS code G0379 when a patient is referred directly for observation care after being seen by a physician in the community.



<p><u>Claim Codes (if applicable)</u></p>	<p><u>Physician Coding</u></p> <ul style="list-style-type: none">● 99217 - Observation care discharge day management● 99218 - Initial observation care, per day, for the evaluation and management of a patient which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity● 99219 - Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity.● 99220 - Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified healthcare professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs; and Medical decision making of high complexity.● 99224 - Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: Problem focused interval history; Problem focused examination; Medical decision making that is straightforward or of low complexity.● 99225 - Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: An expanded problem focused interval history; An expanded problem focused examination; Medical decision making of moderate complexity.● 99226 - Subsequent observation care, per day, for the evaluation and management of a patient, which
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	<p>requires at least 2 of these 3 key components: A detailed interval history; A detailed examination; Medical decision making of high complexity.</p> <ul style="list-style-type: none">● 99234 - Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified healthcare professionals or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of low severity.● 99235 - Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified healthcare professionals or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of moderate severity.● 99236 - Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified healthcare professionals or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of high severity. <p><u>Facility Coding</u></p>
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	<ul style="list-style-type: none">• G0378- Hospital observation service, per hour• G0379- Direct admission of patient for hospital observation care.
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References
Medicare Claims Processing Manual Chapter 12
Medicare Claims Processing Manual Chapter 4 - Part B Hospital