

Observation Services (for Louisiana Only)

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[Instructions for Use](#)

Content mandated by Louisiana Department of Health

Table of Contents	Page
Application	1
Coverage Rationale	1
Definitions	2
References	2
Guideline History/Revision Information	2
Instructions for Use	2

Application

This Utilization Review Policy only applies to the state of Louisiana. The coverage rationale contained in this policy represents Louisiana Medicaid coverage policy and is set forth below in accordance with State requirements.

Coverage Rationale

Observation Procedure

Healthy Louisiana MCOs will reimburse up to 48 hours of medically necessary care for a member to be in an observational status. This time frame is for the physician to observe the member and to determine the need for further treatment, admission to an inpatient status, or for discharge. Observation and ancillary services do not require notification, precertification or authorization and will be covered up to 48 hours.

Hospitals should bill the entire outpatient encounter, including emergency department, observation and any associated services on the same claim with the appropriate revenue codes, and all covered services are to be processed and paid separately.

Any observation service over 48 hours requires MCO authorization. For observation services beyond 48 hours that are not authorized, MCOs shall only deny the non-covered hours.

If a member is anticipated to be in observation status beyond 48 hours, the hospital must notify the MCO as soon as reasonably possible for potential authorization of an extension of hours. The MCO and provider shall work together to coordinate the provision of additional medical services prior to discharge of the member as needed.

Observation-to-Inpatient Procedure

Length of stay alone should not be the determining factor in plan denial of inpatient stay/downgrading to observation stay.

Medicaid members should not be automatically converted to inpatient status at the end of the 48 hours. Admission of a member cannot be denied solely on the basis of the length of time the member actually spends in the hospital.

All hospital facility charges on hospital day one are included in the inpatient stay and billed accordingly inclusive of emergency department/observation facility charges. Note: Professional charges should continue to be billed separately.

All observation status conversions to an inpatient hospital admission require notification to the MCO within one business day of the order to admit a member. Acceptable notifications include the use of MCO provider portals, admit/discharge transfer notifications and other mediums through which plans accept clinical communications.

MCOs are prohibited from including any observation hours in the inpatient admission notification period.

The MCO will notify the provider rendering the service, whether a health care professional or facility or both, verbally or as expeditiously as the member's health condition requires but within no more than one business day of making the initial determination. The MCO will subsequently provide written notification (i.e., via fax) to the provider within two business days of making the decision to approve or deny an authorization request.

Definitions

Business Day: Traditional workdays, including Monday, Tuesday, Wednesday, Thursday and Friday. State holidays are excluded. Traditional work hours are 8 a.m. – 5 p.m., unless the context clearly indicates otherwise.

Observation Time: The period beginning at the time the order is written to place a member in observation status or the time a member presents to the hospital with an order for observation, and ending with discharge of the member, or an order for inpatient admission.

Observation Care: A well-defined set of specific, clinically appropriate services furnished while determining whether a member will require formal inpatient admission or be discharged from the hospital. Observation is for a minimum of one hour and up to 48 hours.

The member must be in the care of a physician during the period of observation, as documented in the medical record by an observation order, discharge, and other appropriate progress notes that are timed, written, and signed by the physician.

References

Louisiana Department of Health, Health Plan Advisory 18-19 May 17, 2018. HPA18-9.
<https://ldh.la.gov/assets/docs/BayouHealth/HealthPlanAdvisories/2018/HPA18-9.pdf>. (Accessed 5/20/2021)

Guideline History/Revision Information

Date	Summary of Changes
12/01/2021	<ul style="list-style-type: none">New Utilization Review Guideline

Instructions for Use

This Utilization Review Guideline provides assistance in interpreting UnitedHealthcare standard benefit plans. When deciding coverage, the federal, state or contractual requirements for benefit plan coverage must be referenced as the terms of the federal, state or contractual requirements for benefit plan coverage may differ from the standard benefit plan. In the event of a conflict, the federal, state or contractual requirements for benefit plan coverage govern. Before using this guideline, please check the federal, state or contractual requirements for benefit plan coverage. UnitedHealthcare reserves the right to modify its Policies and Guidelines as necessary. This Utilization Review Guideline is provided for informational purposes. It does not constitute medical advice.

UnitedHealthcare may also use tools developed by third parties, such as the InterQual® criteria, to assist us in administering health benefits. The UnitedHealthcare Utilization Review Guidelines are intended to be used in connection with the independent professional medical judgment of a qualified health care provider and do not constitute the practice of medicine or medical advice.