ADMINISTRATIVE POLICY STATEMENT
Georgia Medicaid

Policy Name & Number	Date Effective
Observational Stay Limits-GA MCD-AD-0765	08/01/2022-07/31/2023
Policy Type	
ADMINISTRATIVE	

Administrative Policy Statement prepared by CareSource and its affiliates are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

Administrative Policy Statements prepared by CareSource and its affiliates do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced in the Administrative Policy Statement. If there is a conflict between the Administrative Policy Statement and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject
Observation Stay Limits

B. Background
Observational status is to treat patients that are expected to be stabilized and then released within 48 hours or to determine the need for ongoing treatment or inpatient admission. A patient in observation status may improve and be released or then be admitted to inpatient services. Observational status begins and ends with the physicians' orders.

C. Definitions
- **Observational Status** - Services furnished by a hospital on its premises, including the use of a bed, periodicmonitoring by nursing and other staff, and any other services that are reasonable and necessary to evaluate a patient's condition or to determine the need for a possible inpatient admission to the hospital.

D. Policy
I. Observation services usually do not exceed 48 hours and the physician's decision to admit, or discharge is typically determined within this time.
   A. If the patient is retained on observational status for more than 48 hours without being admitted as an inpatient admission, further services will be denied as not reasonable and/or necessary for the treatment of a physical or mental health condition.
   B. Claims submitted in excess of 48 hour observation will be **denied.**
   C. If the 48 hour observation limit is exceeded and the claim is denied, the provider may submit an appeal with medical records to support medical necessity.

II. CareSource Post Payment and Appeals Process:
   A. CareSource reserves the right to monitor and review clam submissions to minimize the need for post-payment claim adjustments, and to review payments retrospectively.
   B. All acute care facilities and inpatient hospitals have the right to appeal any observation status longer than 48 hours denial and request a formal review.
   C. Failure of the acute care facility or inpatient hospital to provided complete medical records when requested on appeal will result in an automatic denial of the entire claim.

E. Conditions of Coverage
NA

F. Related Policies/Rules
NA

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G. Review/Revision History

	Dates	Action
Date Issued	07/22/2020	
Date Revised	02/16/2022	Reviewed, No Changes
Date Effective	08/01/2022	
Date Archived	07/31/2023	This Policy is no longer active and has been archived. Please note that there could be other Policies that may have some of the same rules incorporated and CareSource reserves the right to follow CMS/State/NCCI guidelines without a formal documented Policy.

H. References

1. Georgia Department of Community Health Division of Medicaid (2021*). Policies andProcedures for Hospital Services*. Retrieved on 01/26/2022 from www.mmis.georgia.gov.
2. Georgia Department of Community Health Division of Medicaid (2021). *Policies and Procedures for Physician Services*. Retrieved on 01/26/2022 from www.mmis.georgia.gov.

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The ADMINISTRATIVE Policy Statement detailed above has received due consideration as defined in the ADMINISTRATIVE Policy Statement Policy and is approved.