A. SUBJECT

Observation vs. Admission Status

B. BACKGROUND

Determinations for ongoing treatment place of service for patients presenting to the Emergency Department depend on the severity of the presenting signs and symptoms, the specific condition and the intensity of service required or expected following initial ED treatment and stabilization. Multiple industry accepted guidelines exist to guide the assignment of patients to an observation or inpatient setting for care extending beyond the ED management. These guidelines include Interqual, Milliman¹, and CMS/Medicare.

Observation care spans the gap between outpatient and inpatient care. In these circumstances, optimal care may best be provided by observation in an ED, observation in an in-hospital setting, or inpatient admission, depending on the patient’s individual features (e.g., severity of illness, the speed with which the patient can meet observation care discharge criteria).² Observation may be appropriate for a patient who requires care that is beyond the scope of a usual outpatient care episode. Such an episode is expected to be short term, may need diagnostic evaluation, acute treatment, response evaluation, or monitoring of an event (e.g., arrhythmia) or recovery (e.g., from drug ingestion).

C. POLICY

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It is the policy of CareSource to define observation status as services that are required beyond an office/ambulatory setting that do not require inpatient care. The CareSource policy for determining observation status is derived from Milliman guidelines, considering State and Medicare guidelines.

Specific considerations for determining observation status include the following:

- Outpatient care, although rendered in a hospital
- Intended for short-term monitoring - generally <48 hours
- Continuous monitoring, such as telemetry, can be provided in an observation or inpatient status; in determining admission status, overall severity and intensity of services will be considered rather than any single or specific intervention
- Level of care, not physical location of the bed, dictates admission status Hospitals can use specialty inpatient areas (including CCU or ICU or Behavioral Health Units) to provide observation services (e.g. for telemetry).
- Conditions potentially appropriate for observation services include asthma, chest pain, CHF, TIA, closed head injury, blunt abdominal trauma, unexpected outpatient postsurgical complications and Behavioral Health conditions such as intoxication by alcohol or drugs, sudden onset of depression and/or suicidal ideation that may present as an adjustment disorder.

Observation care may be appropriate when many hours (beyond the outpatient care) are required to assess the patient, for example:

- Testing or re-evaluation to determine the patient's diagnosis and care needs.
- Initial history, symptoms, signs and/or diagnostic tests are inconclusive but the patient is clinically stable
- Disease treatments and determination of whether the patient’s response is adequate
- Patient’s immediate condition is not life threatening and initial response to any treatment is favorable
- Intervention requirements are low or moderate and staffing requirements to manage the patient are low
- The patient shows initial and progressive improvement with treatment suggesting rapid resolution of the presenting problem

Observation care may be provided in an emergency department (ED), a dedicated observation unit, a holding or post procedure unit, or other hospital-based setting. It may be appropriate for patients requiring short-term evaluation for a condition (e.g., to rule out MI), treatment for a known condition (e.g., asthma), or monitoring for recovery (e.g., drug ingestion, alcohol or drug intoxication). Depending on the individual clinical situation, observation care may prevent the need for, or be used as an alternative to, inpatient admission.

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The Milliman Observation Care Guidelines (OCGs)\(^5\) provide information to help assess the observation care needs of any patient. The Milliman OCG’s\(^6\) are referenced prior to the Inpatient and Surgical Care Guidelines when the suggested length of stay for medical or behavioral health admissions is defined as ambulatory – 1 or 2 days. CareSource applies the OCGs if the member meets discharge criteria after short-term evaluation for a condition or monitoring for recovery. As in all clinical situations, individual assessment is needed to determine the proper level and type of care.

Observation or inpatient level of care designation assists in determining the appropriate payment status or coding designation for the services rendered. The following grid summarizes CareSource policy for determination of observation. Dates of service not authorized for inpatient admission may be billed as observation care without prior authorization required.

<table>
<thead>
<tr>
<th>Presenting Clinical Condition</th>
<th>Working Diagnosis</th>
<th>Anticipated Short term Prognosis</th>
<th>Extended Care Needs</th>
<th>Initial Intensity of Service</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute, Stable, non life threatening (LT)</td>
<td>Prompt improvement anticipated</td>
<td>Good</td>
<td>Unlikely</td>
<td>Low-Moderate</td>
<td>Observation</td>
</tr>
<tr>
<td>Acute, Unstable, likely non LT</td>
<td>Slow but steady improvement anticipated</td>
<td>Fair. Likely short term resolution</td>
<td>Unlikely</td>
<td>Moderate</td>
<td>Observation</td>
</tr>
<tr>
<td>Acute, Unstable, potentially LT</td>
<td>High Acuity, unknown factors, potential delayed consequences</td>
<td>Fair-Poor</td>
<td>High Likelihood</td>
<td>Mod-high with some interventions</td>
<td>Likely Admit</td>
</tr>
<tr>
<td>Chronic condition(s), recent deterioration or acute flair, clinically stable and improved with initial ED treatment</td>
<td>Multiple factors at play but responsive to treatment, no interventional treatment required</td>
<td>Good</td>
<td>Possibly required depending on initial response and co-morbidities</td>
<td>Moderate</td>
<td>Likely Observation. Admit if condition deteriorates unexpectedly or fails to stabilize</td>
</tr>
<tr>
<td>Chronic condition, acute flair, unstable, non LT</td>
<td>Poor initial response, instability evident</td>
<td>Poor</td>
<td>Likely</td>
<td>Moderate-High</td>
<td>Potential Admit</td>
</tr>
<tr>
<td>Acute, severe clinical condition, unstable</td>
<td>Slow, uncertain response, potential worsening</td>
<td>Poor</td>
<td>Very Likely</td>
<td>High with ED interventions</td>
<td>Admit</td>
</tr>
</tbody>
</table>

D. REVIEW / REVISION HISTORY

Date Issued: 7/1/2010
Date Revised: 4/2011

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E. REFERENCES


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