

Observation Services Facility Payment Policy

Applies to the following Tufts Health Plan products:

- Tufts Health Plan Commercial (including Tufts Health Freedom Plan)¹
- Tufts Medicare Preferred HMO (a Medicare Advantage product)²
- Tufts Health Plan Senior Care Options (SCO) (a dual-eligible product)²

Applies to the following Tufts Health Public Plans products:

- Tufts Health Direct (a Massachusetts Qualified Health Plan [QHP]; a commercial product)
- Tufts Health Together (a MassHealth MCO Plan and Accountable Care Partnership Plans)
- Tufts Health RITogether (a Rhode Island Medicaid Plan)
- Tufts Health Unify (OneCare Plan; a dual-eligible product)

In addition to the specific information contained in this policy, providers must adhere to the information outlined in the [Professional Services and Facilities Payment Policy](#).

Note: Audit and disclaimer information is located at the end of this document.

POLICY

Tufts Health Plan covers (up to 48 hours) medically necessary observation services when providers adhere to all of the following:

- Render observation care in an acute inpatient hospital
- Use industry-standard criteria
- Obtain appropriate notification and authorization requirements as per the member's benefits.

Tufts Health Together, Tufts Health RITogether and Tufts Health Unify

Tufts Health Plan may authorize medically necessary observation stays greater than 48 hours for Tufts Health Together, Tufts Health RITogether and Tufts Health Unify members **only**. Notification is required within one business day from the beginning of the observation stay using the [Inpatient Notification Form](#).

DEFINITION

As defined by CMS, 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.

Tufts Health Plan considers observation appropriate for, but not limited to, the following conditions:

Condition or Symptom	Purpose of Observation
Abdominal pain	Rule out and manage pain
Chest pain	Rule out and manage pain
Back pain	Rule out and manage pain
Syncope	Rule out, stabilize and treat
Seizures	Rule out, stabilize and treat
Fever of unknown origin	Rule out, stabilize and treat
Asthma	Stabilize and treat

¹ Commercial products include HMO, POS, PPO, Tufts Health Freedom Plan, and CareLinkSM when Tufts Health Plan is the primary administrator.

² Tufts Medicare Preferred and Tufts Health Plan SCO are collectively referred to in this payment policy as Senior Products.

Condition or Symptom	Purpose of Observation
Bronchitis	Stabilize and treat
Bronchiolitis (pediatric only)	Stabilize and treat
Cellulitis	Culture and sensitivity test and plan of care
Concussion	Stabilize and observe
Croup (pediatric only)	Stabilize and treat
Dehydration	Stabilize and treat
Drug overdose	Stabilize, manage and refer
Gastroenteritis	Stabilize and treat
Migraine headaches	Manage pain
Neurologic deficit (pediatric only)	Rule out, stabilize and treat
Phlebitis	Rule out and stabilize
Pneumonia	Rule out and give first dose(s) of agent(s)
Renal colic/calculus	Stabilize and treat
General malaise and fatigue	Rule out, stabilize and treat

GENERAL BENEFIT INFORMATION

Services and subsequent payment are pursuant to the member's benefit plan document. Member eligibility and benefit specifics should be verified prior to initiating services by logging on to the secure Provider [website](#) or by contacting [Provider Services](#).

Note: There is no member responsibility for covered services for Tufts Health Plan SCO, Tufts Health Unify, Tufts Health Together or Tufts Health RITogether members.

REFERRAL/AUTHORIZATION/NOTIFICATION REQUIREMENTS

Certain procedures, items and/or services may require referral and/or prior authorization. While you may not be the provider responsible for obtaining prior authorization, as a condition of payment you must confirm that prior authorization has been obtained. For more information refer to the [Referral, Authorization and Notification Policy](#).

Submission of an inpatient notification is required for inpatient admissions, in accordance with the requirements outlined in the product specific Provider Manuals available in the [Resource Center](#) of our website. The admitting provider/facility should submit inpatient notification at the time it is determined that an inpatient level of care is needed.

Tufts Health Together, Tufts Health RITogether and Tufts Health Unify

Tufts Health Plan may authorize medically necessary observation stays greater than 48 hours for Tufts Health Together, Tufts Health RITogether and Tufts Health Unify members only. Notification is required within one business day from the beginning of the observation stay using the [Inpatient Notification Form](#).

BILLING INSTRUCTIONS

Unless otherwise stated, Tufts Health Plan follows industry-standard coding guidelines. Refer to current industry standard coding guidelines for a complete list of ICD, CPT/HCPCS, revenue codes, modifiers and their usage. Providers may only bill the procedure code(s) in accordance with the applicable financial exhibits of their provider agreements and applicable fee schedules. For more information, refer to the [Professional Services and Facilities Payment Policy](#).

Use of noncontracting labs may have the unintended consequence of subjecting the member to unnecessary services not ordered by the treating provider or other unreasonable financial exposure. In such circumstances, Tufts Health Plan may hold the ordering provider accountable for any inappropriate behavior on the part of the nonparticipating lab that has been selected.

The following table lists Tufts Health Plan's claim submission instructions for observation services that result in an inpatient admission:

Observation Services Resulting in an Inpatient Admission	How to Submit
Observation and inpatient admission (same day)	Submit observation and inpatient services on the same claim.
Observation and inpatient admission (next day) Option 1 – Same claim	<ul style="list-style-type: none"> • Submit the observation charge on the inpatient claim. • Submit revenue code 0762 for the observation charge. • Submit inpatient admit date as admission date (not observation date) in order to correspond with inpatient notification.
Observation and inpatient admission (next day) Option 2 – Two claims	<ul style="list-style-type: none"> • Submit one claim for observation and one claim for inpatient admission. • Do not submit revenue code 0762 on the inpatient claim.

Commercial Products

- Submit procedure codes 99218–99220, as appropriate, along with the applicable revenue code(s) to indicate services rendered.
- Submit one observation service on one claim. Tufts Health Plan only allows for one observation charge per observation admission.
- Submit observation services that are a result of emergency department (ED) or surgical day care (SDC)/minor operating room (OR) services on the same claim.

Senior Products

- Submit observation services that are a result of ED or SDC/minor operating room (OR) services on the same claim.
- Submit procedure code G0378 and G0379 as appropriate to indicate services rendered.
- Submit units to indicate hours of observation.

Tufts Health Public Plans

- Submit observation services resulting in an inpatient admission on the inpatient claim. Tufts Health Public Plans will not separately compensate these services.
- Submit one observation admission on one claim. Tufts Health Plan only allows for two observation units (each unit represents 24 hours) per observation admission (**Note:** Tufts Health Plan may authorize medically necessary observation stays greater than 48 hours for Tufts Health Together, Tufts Health RITogether and Tufts Health Unify members only)
- Observation charges may not exceed charges associated with an equivalent length of stay at the semiprivate room rate.
- **Tufts Health Together – eAPG methodology only:** submit procedure codes G0378 and G0379 as appropriate to indicate services rendered.
- **Tufts Health Direct, Tufts Health Together and Tufts Health Unify:** submit procedure codes 99218-99220 as appropriate along with the applicable revenue code(s) to indicate services rendered.
- **Tufts Health RITogether:** submit procedure codes 99218-99223, 99231-99235 as appropriate along with the applicable revenue code(s) to indicate services rendered.

COMPENSATION/REIMBURSEMENT INFORMATION

Providers are compensated according to the applicable network contracted rates and applicable fee schedules, regardless of the address where the service is rendered. For additional information, refer to the [Professional Services and Facilities Payment Policy](#).

The following table lists Tufts Health Plan’s compensation policy for facilities regarding an episode of care that includes observation.

Services Rendered	Compensation Policy
Observation	Observation only
SDC/minor OR and observation	Observation services are included in compensation for the SDC/minor OR and will not be compensated separately

Services Rendered	Compensation Policy
ED and observation	ED services are included in the payment for observation services ³
Observation and inpatient admission (same day)	Observation services are included in the compensation for the inpatient admission
Observation and inpatient admission (prior days) for a facility with a non-DRG arrangement ⁴	Both observation and inpatient services will be covered when observation services are billed with a date prior to the inpatient admission
Observation and inpatient admission (prior days) for a DRG event	Observation services are included in the compensation for the inpatient admission

ADDITIONAL RESOURCES

- Medicare Benefit Policy Manual, Chapter 6, Section 20.6 "[Outpatient Observation Services](#)"

DOCUMENT HISTORY

- July 2020: Clarified existing compensation policy when ED and observation services are billed on the same day
- April 2019: Clarified Tufts Health Public Plans billing requirements
- March 2019: Clarified notification requirements for observation stays greater than 48 hours for Tufts Health Together, Tufts Health RITogether and Tufts Health Unify
- January 2019: Clarified notification requirements for observation stays greater than 48 hours
- March 2018: Template updates
- October 2017: Combined policy created

AUDIT AND DISCLAIMER INFORMATION

Tufts Health Plan reserves the right to conduct audits on any provider and/or facility to ensure compliance with the guidelines stated in this payment policy. If such an audit determines that a provider/facility did not comply with this payment policy, Tufts Health Plan will expect the provider/facility to refund all payments related to noncompliance. For more information about Tufts Health Plan's [audit policies](#), refer to the Provider website.

This policy provides information on Tufts Health Plan claims adjudication processes. As every claim is unique, this policy is neither a guarantee of payment, nor a final indication of how specific claim(s) will be adjudicated. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization and utilization management requirements (when applicable), adherence to plan policies and procedures, and claims editing logic. An authorization is not a guarantee of payment. Claims for services subject to authorization may be reviewed for accuracy and compliance with payment policies.

This policy applies to the Tufts Health Plan products, as identified in the checkboxes on the first page, and to CareLinkSM for providers in Massachusetts and Rhode Island service areas. Providers in the New Hampshire service area are subject to Cigna's provider agreements with respect to CareLink members. This policy does not apply to the Private Health Care Systems (PHCS) network (also known as Multiplan). Tufts Health Plan reserves the right to amend a payment policy at its discretion.

³ ED and observation services are packaged under APC pricing methodology for Senior Products claims. APC pricing methodology is only for facilities that are priced under the OPSS system.

⁴ Does not apply to Senior Products claims.