



# OBSERVATION SERVICES COMPUTER BASED TRAINING

# Objectives

- **Know the definition of observation**
- **Understand the coverage and billing of observation**
- **Understand the reasons observation would not be a covered service**
- **Know what resources are available**

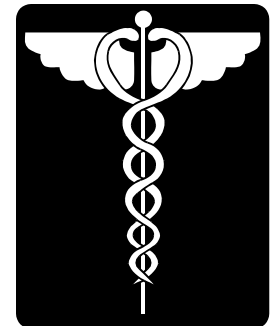
# What Are Observation Services?

- **Services furnished by a hospital including**
  - use of a bed
  - periodic monitoring by staff
- **Reasonable and necessary**
  - evaluate outpatient condition
  - determine inpatient admission need



# When Are Observation Services Covered?

- **Only upon order of a physician**
  - **Authorized by state licensure**
  - **Hospital staff bylaws**
    - to admit patients to hospital
    - to order outpatient tests
- **Only in rare cases over 48 hours**
  - **Claims are subject to medical review**



# **What Are the Types of Observation?**

- **Packaged Observation Services**
- **Separately payable Observation Services**
  - **APC 0339 - Observation**
  - **APC 0600 - Direct Admit to Observation**

# **What Is Packaged Observation?**

- **All Observation services packaged at beginning of OPPS**
  - **Observation payment included in APC payment**
- **If claim does not meet requirements for separate payment**
  - **Observation services will be packaged**

# How Do We Bill Observation?

- **Revenue Code Reporting**
  - **0760 General Classification category**
  - **0762 Observation Room**
- **Ancillary services**
  - **Use appropriate revenue codes and HCPCS as applicable**

# **What HCPCS Codes Do We Use?**

- **G0378 - Hospital observation services, per hour**
  - **APC 0339**
- **G0379 - Direct admission of patient for hospital observation care**
  - **APC 0600**

# How Do We Bill these Codes?

- **Bill G0378 when observation is provided to any patient**
- **Bill G0379 when observation is result of a direct admission**
  - without associated visit

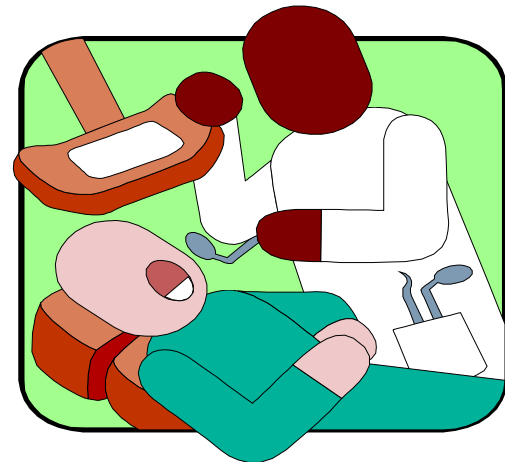


# **What Are the Requirements for APC 0339?**

- **Diagnosis Requirements**
  - **Congestive heart failure, chest pain or asthma**
- **Observation Time**
  - **Units must equal or exceed 8 hours**

# What Are the Requirements for APC 0339?

- **Additional Hospital Services - one of the following:**
  - ED visit
  - Clinic visit
  - Critical care
  - Direct admission
- **Physician evaluation**

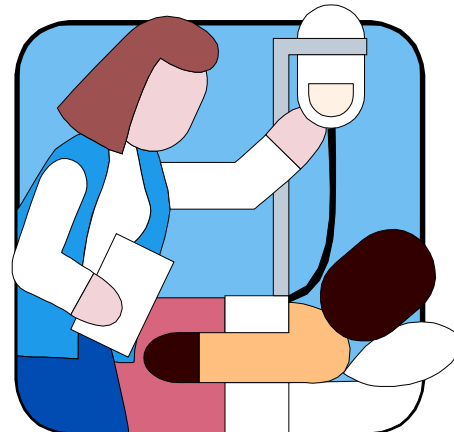


# **What Are the Requirements for APC 0600?**

- **Direct Admit to Observation**
  - **Bill both G0378 and G0379 with same date of service**
  - **No services with status indicator “T” or “V” or Critical care provided on same date of service**
    - **T = significant procedure**
    - **V = clinic or ER visit**
  - **Observation does not qualify for separate payment under APC 0339**

# How Do We Report Observation?

- **Observation time begins**
  - at clock time documented in patient's medical record
- **Observation time ends**
  - when patient is discharged or admitted as inpatient



# **When Are Observation Services Not Covered?**

- **Not reasonable and necessary**
- **Convenience of patient, family or physician**
- **Covered under Part A**
- **Standing orders following outpatient surgery**
- **Custodial care**

# **What About Observation for a Non-Covered Service?**

- **Proper written advance notice of non-coverage required**
- **Submit bill for non-covered charge**
  - **Modifier -GY**

# Resources

- **Federal Register, Vol. 71, No. 226, Thursday, November 24, 2006**
- **CMS Internet-Only Manual System**
  - <http://www.cms.hhs.gov/Manuals/IOM/list.asp#TopOfPage>
    - Medicare Claims Processing Manual (100-4), Chapter 4, Section 290.1 through 290.5
- **Change Request (CR) 4259**
  - Transmittal 787

# Summary

- **Definition and coverage of Observation**
- **Types of Observation & Requirements**
- **Reporting Observation Services**
- **Billing with the new codes**



**This program is presented for informational purposes only. The current Medicare regulations will prevail.**

**Thank you, you have completed  
the CBT.**

**Would you like to take a 10 question  
knowledge check?**

Yes, let's get started.

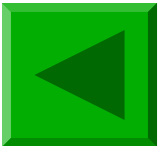
No, please take me back to  
WPS Medicare's Provider  
Homepage.

Custodial care is covered under observation service.

True

False

**That is not correct, please try  
again.**



**False,  
Custodial care services are not  
covered under observation  
services.**

Observation services are defined as services furnished by a hospital on the hospital's premises, including use of a bed and at least periodic monitoring by a hospital's nursing or other staff.

True

False

**This is true. Observation services are defined as services furnished by a hospital on the hospital's premises, including use of a bed and at least periodic monitoring by a hospital's nursing or other staff.**

**Please refer to slide 3**

Observation is covered when it is ordered by a nurse or other staff.

True

False

**This is False. Observation is only covered when it is ordered by a physician or another individual authorized by state licensure and hospital staff by-laws. Please refer to slide 4.**

Packaged Observation should be billed under revenue codes 760 or 762.

True

False

**This is True. Packaged observation should be billed under revenue codes 760 and 762. Please refer to slide 7.**

Units should always reflect the number of hours that the patient is in observation status.

True

False

**This is true. Units should always reflect the number of hours that the patient is in observation status. Please refer to slide 11.**

A direct admission occurs when a patient comes directly to the emergency room from a physician's clinic.

True

False

**This is False. Direct admission occurs when a patient is referred by a physician directly to observation bypassing the clinic or emergency department. Please refer to slide 9.**

All claims that meet criteria for separate payment should be billed on a type of bill 13X.

True

False

**This is True. Claims that meet criteria for separate payment should be submitted on type of bill 13X. Please refer to slide 13.**

No separate payment is made for  
HCPCS code G0379 under APC  
0600.

True

False

**This is False. Separate payment is made for HCPCS code G0379 if the patient is directly admitted into observation and does not meet criteria for separate payment of APC 0339. Please refer to slide 13.**

Hospitals should bill HCPCS code  
G0378 to indicate observation  
status.

True

False

**This is True. Hospitals  
should bill HCPCS G0378 to  
indicate observation status.**

Separate payment can be made for patients that have diagnoses of chest pain, asthma or end stage renal disease when certain additional criteria is met.

True

False

**This is False. Separate payment  
can only be made for patients  
that have diagnoses of  
chest pain, asthma or  
congestive heart failure. Please  
refer to slide 11.**

# Thank you, you have completed the Knowledge Check.

Would you like to take another CBT?

Yes, let's get started.

No, please take me back to  
WPS Medicare's Provider  
Homepage.