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Blue Cross Blue Shield of Michigan Medical Policy

These documents are not used to determine benefits or reimbursement. Please reference the appropriate certificate or contract for benefit information.

Enterprise: Blue Cross Blue Shield of Michigan
Department: Medical Affairs
Effective Date: 07/28/2003
Next Review Date: 3rd Quarter 2025

Topic: 48-Hour Limitation of Observation Bed Services

Background:

Observation bed services are reserved for the treatment and monitoring of conditions assessed to be of limited intensity not requiring inpatient care at the time of the initial evaluation. Repeat assessment of the patient over the ensuing 48 hours is necessary to determine an appropriate disposition of the patient for either formal admission to an inpatient bed or discharge to home.

Observation bed coverage is limited to 48 hours or less. Pre-certification is not required however InterQual Observation Criteria are helpful for managing patients while in observation care. Medical records for observation care beyond 48 hours should support the medical necessity of the extended stay. These records must be available if requested as part of a retrospective review. As part of our regular audit function, BCBSM reserves the right to review relevant medical documentation that supports compliance with criteria.

Medical Policy Statement:

The safety and effectiveness of 48-Hour hospital observation services, that are medically reasonable and necessary are considered established. Observation care is a useful therapeutic option for patients who present to the emergency department and who then require a **significant** period of **treatment or monitoring** before a decision is made concerning their admission or discharge.

Inclusions

BCBSM medical policies are developed to provide general information. They are not intended to offer coverage or medical advice. This policy may be updated and is subject to change.

- Observation time must be documented in the medical record, including follow-up care furnished by hospital staff and physicians
- The hospital may keep an observation bed for 48 hours or less for active observation and/or treatment. A physician should be actively involved in the care of a patient admitted to an observation bed
- Observation time must be at least 8 hours and in the majority of cases....usually less than 24 hours
- The hospital/facility utilization review staff should be responsible for the ongoing oversight of the monitoring process to assure that an appropriate disposition is made within the 48-hour period allotted for observation.
- InterQual Acute Care criteria should be applied to assist in determining the most appropriate level of care. At the end of 48 hours, it is expected that the physician will either discharge the patient or admit the patient to a licensed bed as an inpatient.
- In only rare and exceptional cases do reasonable and necessary outpatient observation services span more than 48 hours.
- Observation ends when all clinical or medical interventions have been completed, including follow-up care furnished by hospital staff and physicians that may take place after a physician has ordered the patient released or admitted as an inpatient.

Exclusions:

- When services are provided for the convenience of the physician, member and/or family
- Services that are benefit exclusions
- When documentation does not adequately support the use of observation beds
- Following outpatient surgery or diagnostic services because it is already included in the postoperative care that is reimbursed for the procedure
- When the time frame of the observation does not meet the CMS definition of observation (8-48 hrs).

Rationale

Patients admitted to the observation bed should have a condition deemed of lower intensity not requiring formal admission to the inpatient unit. The treating physician should monitor and treat the patient as is dictated by established standards of care. It is the responsibility of the treating physician to determine an appropriate disposition on the patient within a 48-hour timeline.

Scope:

This policy applies to all underwritten contracts and self-funded or ASC contracts

BCBSM Policy History

Policy Effective Date	BCBSM Signature Date	Comments
07/28/2003	10/29/2003	BCBSM medical policy established
07/28/2003	08/03/2012	Routine maintenance- policy changed from medical to reimbursement policy
07/28/2003	08/01/2013	Annual routine maintenance – no change
07/28/2003	07/31/2015	Annual routine maintenance – no change
07/28/2003	08/23/2016	Annual Review – No change
07/28/2003	09/27/2017	Annual Review – No change
07/28/2003	11/20/2018	Annual Review – No change
7/28/2003	09/24/2019	Annual Review – No change
7/28/2003	7/9/2020	Annual Review – No change
7/28/2003	7/15/2021	Annual Review – No change
7/28/2003	7/7/2022	Annual Review – No changes
7/28/2003	7/13/2023	Annual Review – No changes
7/28/2003	7/11/2024	Annual Review – No changes