


<b>ISSUE DATE</b> December 10, 2019	<b>EFFECTIVE DATE</b> December 10, 2019	<b>NUMBER</b> 01-19-14
<b>SUBJECT</b>  Billing for Inpatient Hospital and Short Procedure Unit Services When a MA Beneficiary is Directly Admitted from Observation		<b>BY</b>   Sally A. Kozak, Deputy Secretary Office of Medical Assistance Programs

**IMPORTANT REMINDER:** All providers must revalidate the Medical Assistance (MA) enrollment of each service location every 5 years. Providers should log into PROMISE to check the revalidation dates of each service location and submit revalidation applications at least 60 days prior to the revalidation dates. Enrollment (revalidation) applications may be found at: <https://www.dhs.pa.gov/providers/Providers/Pages/PROMISE-Enrollment.aspx>.

## **PURPOSE:**

The purpose of this Medical Assistance (MA) bulletin is to remind acute care general hospitals (hospital) of the billing procedures when a MA beneficiary is directly admitted to the inpatient hospital or short procedure unit settings from observation services provided in the hospital outpatient setting.

## **SCOPE:**

This bulletin applies to hospitals that provide observation services to MA beneficiaries under the MA Program's fee-for-service delivery system. MA enrolled hospitals that provide observation services to MA beneficiaries under the managed care delivery system should address any billing and payment questions to the appropriate managed care organization.

## **BACKGROUND/DISCUSSION:**

On June 25, 2016, the Department issued a statement of policy in the *Pennsylvania Bulletin* that specified the conditions for payment of observation services pending adoption of MA Program payment regulations. See 46 Pa.B. 3262 and 55 Pa. Code § 1150.56b.

The statement of policy provides, in part, that the Department will not pay for observation services in conjunction with short procedure unit surgical procedures, which includes surgical time, or for inpatient hospital procedures.

**COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:**

The appropriate toll free number for your provider type

Visit the Office of Medical Assistance Programs Web site at

<https://www.dhs.pa.gov/providers/Providers/Pages/Health%20Care%20for%20Providers/Contact-Information-for-Providers.aspx>

On June 27, 2016, the Department issued MA Bulletin 01-16-19, titled "Observation Services," effective with dates of service on and after July 1, 2016, which notified providers that the Department pays for observation services provided in the outpatient setting of MA enrolled hospitals.

Since the issuance of MA Bulletin 01-16-19, the Department received questions regarding billing when the MA beneficiary is directly admitted to the inpatient hospital or short procedure unit setting from observation in the outpatient hospital setting.

**PROCEDURE:**

The Department will not make a separate payment for observation services when a MA beneficiary is directly admitted to the inpatient hospital or short procedure unit setting from observation.

The Department will pay the inpatient hospital admission or short procedure unit procedure as authorized by the Department, in accordance with its All Patient Refined – Diagnosis Related Group or short procedure unit support component payments.

Hospitals are to follow the billing instructions for inpatient admission or short procedure unit procedures as provided in the Department's provider handbook and billing guides, which may be viewed by accessing the following website link:

[https://www.dhs.pa.gov/providers/PROMISe\\_Guides/Documents/UB-%2004%20Billing%20Guide%20for%20PROMISe%20Inpatient%20Hospitals.pdf](https://www.dhs.pa.gov/providers/PROMISe_Guides/Documents/UB-%2004%20Billing%20Guide%20for%20PROMISe%20Inpatient%20Hospitals.pdf). Hospitals may also call the Department's Provider Service Center, at 1-800-537-8862, and select the appropriate option.