



# PROVIDER QUICK TIPS

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## Observation Services

On December 28, 2015, Pennsylvania Governor Wolf Authorized the Department of Human Services (Department) to pay for Observation Services. Effective with dates of service on and after July 1, 2016, the Department will pay for medically necessary observation services provided in the hospital outpatient setting, when prescribed or ordered by a physician, dentist or podiatrist.

Observation services must be prescribed or ordered by a practitioner and provided for a minimum of eight hours. Observation service time begins at the clock time of the prescription/written order as documented in the Medical Assistance (MA) beneficiary's medical record and coincides with the MA beneficiary's occupation of an observation bed. Observation service time ends when the MA beneficiary is admitted to the hospital's inpatient setting or is discharged from the hospital's outpatient setting upon the practitioner's order.

Providers are to refer to Medical Assistance Bulletins (MABs) 01-16-19, 14-16-17, 27-16-17, 31-16-20 effective July 1, 2016 which provides information on the department's payment of and billing guides for observation services. In addition providers are to refer to MABs 1150-16-01, 01-16-13, 14-16-12, 27-16-12, 31-16-15 effective July 1, 2016 for Payment Policy for Observation Services-Statement of Policy. The MABs may be viewed at the following link:

<http://www.dhs.pa.gov/publications/bulletinsearch/index.htm>

Providers are to refer to the Outpatient Hospital Billing Guide for further direction regarding the billing of observation services, which may be viewed by accessing the following website link:

[http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c\\_208253.pdf](http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_208253.pdf)

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