



PROVIDER QUICK TIPS

#192

Observation Services

On December 28, 2015, Pennsylvania Governor Wolf authorized the Department of Human Services (the 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 practitioner.

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.

The department will pay hospitals a one-time support component fee per period of observation. Please refer to the updated Outpatient Hospitals billing guide. Click on the link below to access the billing guide:

http://www.dhs.pa.gov/cs/groups/webcontent/documents/document/c_208253.pdf

Providers should refer to Medical Assistance Bulletins (MABs) 01-16-19, 14-16-17, 27-16-17, 31-16-20 effective July 1, 2016 for definition of Observation Services and billing guidelines. In addition providers should 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. Click on the link below to access the bulletins:

<http://www.dhs.pa.gov/provider/healthcaremedicalassistance/bulletinsnewsandannouncements/>

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We value your participation.
Check the department's website often at: www.dhs.pa.gov

