(A) Policy Statement

Observation services include the use of a bed and periodic monitoring by nursing and medical staff that are reasonable and necessary to evaluate a patient’s condition and/or determine the need for possible inpatient admission or discharge.

(B) Purpose of Policy

Determine the need for further treatment or for inpatient admission. Observation should provide a higher level of care than a clinic setting or home care, but is not considered an actual hospital admission.

(C) Procedure

1. Resource Utilization Coordinators will call a referral to Executive Health Resources to review for all observation status orders (for Medicare and Medicaid insurances). Executive Health Resources will determine if status should change to Inpatient.

2. If inpatient status is determined appropriate, then the Resource Utilization Coordinator will receive such order from the physician.

3. The Resource Utilization Coordinator will then notify the appropriate Pre-certification personnel, via e-mail or fax the completed “Change of Visit Type” form.

4. Complete an admission review and/or submit review to commercial agency if needed.

5. Always send review to commercial insurance agency even if observation to see if such agency will approve as Inpatient. Repeat steps #2-4.

Procedure for Retrospective Observation Reviews

1. Resource Utilization Coordinators will review the charts of observation status cases for commercial insurances via the online Horizon Patient Folder.

2. If inpatient status is determined appropriate upon chart review, then the Resource Utilization Coordinator will send review to commercial insurance agency.
3. If the commercial insurance states Inpatient appropriate, the Resource Utilization Coordinator will fill out the “Change of Visit Type” form in its entirety and fax to appeals/denials via Allscripts Documentation System.

4. The Resource Utilization Coordinator will need to notify the appropriate pre-certification personnel, via email or fax, immediately following review and determination of change to inpatient status regarding all patients with commercial insurance.

5. Complete a review in Allscripts if utilization review is needed.

6. The status of a Medicare/Medicaid admission cannot be changed after discharge but admission status for patients with commercial insurances are based upon that agency’s determination according to their criteria.

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**Approved by:**

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**Policies Superseded by This Policy:**