

Hospital observation service limits

This information is a correction to the previous hospital observation service limits newsletter article published in [September 2016](#). Observation services with less than eight hours will be considered a bundled service. Observation services billed over 72 hours will be considered as exceeding limits. This pertains to both contracted and noncontracted providers.

A STAR+PLUS MMP member's time in observation (and hospital billing) begins with the member's admission to an observation bed. Time in observation (and hospital billing) 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 be released or admitted as an inpatient. The billed units of service should equal the number of hours the patient receives observation services.

Hospitals should use HCPCS codes G0378 and G0379 to report observation services and direct admission for observation care. Hospitals are reminded not to report CPT codes 99217-99226 for observation services.

Additional information and discussion regarding hospital observation services can be found in the *Medicare Claims Processing Manual*, Chapter 4 — Part B Hospital, Section 290.2.2.