



STATE OF MARYLAND

DHMH

Medical Care Policy Administration
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MARYLAND MEDICAL ASSISTANCE PROGRAM

Hospital Transmittal No. 170

October 5, 1999

TO: Hospital Administrators

FROM: Joseph M. Millstone, Director *JMM*
Medical Care Policy Administration

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

RE: Payment of Revenue Code 762 Observation Room charges on inpatient claims.
Charges for patients awaiting bed availability in the Emergency Department.

Revenue Code 762 Observation Room

Hospital providers have requested the Maryland Medical Assistance Program to review it's position of non-payment of observation room charges (Revenue code 762) when these charges are billed as an inpatient service.

The Health Services Cost Review Commission was consulted in response to this request and indicated that "Revenue Code 762 Observation Room" should be paid as an inpatient charge *only* under the following condition. The observation room RVUs can be added to a patient's bill after two hours following an initial documented physician evaluation with a corresponding order by a physician not to admit but to observe the patient in the Emergency Department.

For service dates beginning July 1, 1999, and under the condition described above, the Program will reimburse hospital providers for Revenue code 762 Observation Room as an inpatient charge. Observation Room RVU's may not be assigned on the day of admission. Upon identification by the hospital, the Program's Utilization Control Agent will review the inpatient record to determine if Revenue code 762 Observation Room is appropriate.

Charges for patients awaiting bed availability in the Emergency Department

Dennis Phelps, Associate Director, Health Services Cost Review Commission, in his March 9, 1999 Memorandum to Hospital Chief Financial Officers, informed hospital providers

that a patient is considered formally admitted as an inpatient when the physician orders the admission with the expectation that the patient will remain at least overnight and occupy a bed. Hospitals are to include in the midnight census of the applicable routine care unit any patient still in the Emergency Room who has been formally admitted by a physician's order, but is awaiting an available bed on that unit.

Effective November 1, 1999, the Maryland Medical Assistance Program considers a patient described above to be admitted at the time the physician orders the admission. The hospital shall cease charging an Emergency Services (EMG) charge for monitoring the vital signs of the patient while awaiting an available bed on an inpatient unit.

Please contact Ms. Katherine Tvaronas, Staff Specialist, Hospital Program, at (410) 767-1478 if you have any questions regarding this transmittal.