



Utilization Review Policy Update: **Authorization for Observation vs. Inpatient Level of Care**

CountyCare's Prior Authorization requirements ensure that all requested services are both medically necessary and are conducted in an optimal clinical setting. In May of 2022, CountyCare implemented a revised policy regarding the changes to how we review inpatient admissions that would qualify for an observation stay. After additional review, we have made some adjustments to the policy. There are no changes to requirements for inpatient admissions, but we have provided additional clarification in Policy 227.CC- Authorization for Observation vs. Inpatient Admission level of care as follows: **See highlighted areas for changes**

1. Changes in Definitions: Added key definitions and references to the specific regulations

Per IL 215 ILCS 134/10-Sec.10) Managed Care Reform and Patient Rights Act. *New Section*

Observation services (Per CMS) are commonly ordered for patients who present to the emergency department and who then require a significant period of treatment or monitoring concerning their admission or discharge. This period of observation that follows an emergent medical admission, is defined as post stabilization

"Post-stabilization medical services" means health care services provided to an enrollee that are furnished in a licensed hospital by a provider that is qualified to furnish such services and determined to be medically necessary and directly related to the emergency medical condition following stabilization.

"Stabilization" means, with respect to an emergency medical condition, to provide such medical treatment of the condition as may be necessary to assure, within reasonable medical probability, that no material deterioration of the condition is likely to result.

In most cases, the decision whether to discharge a patient from the hospital following resolution of the reason for the observation care or to admit the patient as an inpatient can be made in less than 48 hours, usually in less than 24 hours **during post stabilization**. Observation services up to 48 hours do not require prior authorization.

Per IL Dept of Healthcare and Family Services Handbook for Providers of Hospital services (issued 2014) Chapter H-200 under Observation Services: *New Section*

Per H-270.1:

"Observation is established to reimburse services that are provided when a patient's current condition does not warrant an inpatient admission but does require an extended period of observation in order to evaluate and treat the patient in a setting which provides ancillary resources for diagnosis or treatment with appropriate medical and skilled nursing care."

Per section H-262

"Inpatient services are covered when a patient's medical necessity for services on an inpatient basis are documented."

2. Process Clarifications- Added description of medical necessity Inpatient Stays and some additional expansion of the Observation description

CountyCare considers Observation Stays medically necessary when:

- The patient is clinically unstable for discharge; And
- Requires continuous clinical monitoring, and/or laboratory, radiologic, or other testing is necessary to assess the patient's need for hospitalization, overall severity and intensity of services needed, Or
- Changes in status or condition are not anticipated and immediate medical intervention is not required, only monitoring is needed, Or *New*
- Treatment plan could be administered in a lower level of care because the member is stable and being observed for a change in condition or response to the ordered treatment *New*

CountyCare considers Inpatient Stays medically necessary when: *New Section*

- The patient's immediate condition is reported to be life threatening or the patient is presenting rapid deterioration appropriate for inpatient level of care.
- The patient's status is determined by acute medical examination to be unstable and the member's response to treatment is negative or trending downward

The revised policies are available for review [here](#).

This policy is intended to provide guidance for In-Network facilities. All Out of Network requests are subject to prior authorization along with Medical Director review and may be redirected to an In-Network facility

REMINDER

If you are a participating provider, we encourage you to use our CountyCare Provider Portal to submit prior authorization request. By using the portal, you can get a quicker response to your request. You can find the portal link [here](#). If you need additional assistance on how to use the portal, please contact CountyCare Provider Services at ProviderServices@countycare.com or your Provider Relations Representative.

CONTACT US

Thank you for working with us to ensure that CountyCare members receive quality care at the right time and in the right setting. If you have any questions or would like additional information, please contact CountyCare Provider Services at ProviderServices@countycare.com or your Provider Relations Representative.