



TITLE:	APPROPRIATE LEVEL OF CARE - SHORT STAY AND OBSERVATION
POLICY #:	MM-PNP-011
VERSION #:	01
DEPARTMENT:	MEDICAL MANAGEMENT
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1. PURPOSE

The use of observation is an alternative to inpatient admission that allows for a period of treatment or assessment, pending a decision regarding the need for additional care. This will determine if inpatient admission is necessary or whether observation services would have sufficed. Proper use of observation status and inpatient admission will ensure that the appropriate level of care is used for the medically necessary care that was given.

The level of care, not the physical location of the bed, dictates admission status. Hospitals can use specialty areas (including CCU or ICU) to provide observation services. Continuous monitoring, such as telemetry, can be provided in an observation or inpatient status. In determining admission status, overall severity and intensity of the services will be considered rather than any single or specific intervention. In the absence of a designated outpatient observation unit, outpatient observation members may be placed in any available acute care bed. A member's status can change from outpatient observation to inpatient without actually changing beds. Care and treatment in outpatient observation status can be the same as inpatient care, and an outpatient observation member may progress to inpatient status when it is determined that the member's condition requires an inpatient level of care. Conversion from observation status to inpatient status must meet medical necessity.

2. SCOPE

Medical UM Department.

3. DEFINITIONS

- 3.1. **Acceptable Clinical Information** – includes but not limited to: History and Physical, Emergency room notes, Medication records, Physician orders, laboratory values and any supporting clinical documentation for the requested level of care. Hospital case management reviews cannot take the place of clinician's documentation.
- 3.2. **Utilization Review Nurses** – are nurses with a current license who report to the Supervisor/Manager of Utilization Management/Case Management.
- 3.3. **Observation** – is an alternative to inpatient admission (and consequently it is considered an outpatient status). CMS stipulates that "observation care is a well-defined set of specific, clinically appropriate services...that are furnished while a decision is being made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital."

4. POLICY

Curative reviews inpatient stay requests (observation) **daily** for members who require acute hospital services. For stays that do not clearly meet medical necessity for inpatient admission on initial review, additional information will be requested regarding the member's need for continuing care, in order to determine if inpatient admission is necessary. **Short stays that do not meet medical necessity criteria may be considered appropriate for observation status.**

Observation care is a well-defined set of specific, clinically appropriate services, which include ongoing short-term treatment, assessment, and reassessment before a decision can be made regarding whether a member will require further acute inpatient treatment in the hospital or if they are able to be discharged. Observation care spans the gap between outpatient and inpatient care.

Observation care may be appropriate when time beyond outpatient or emergency department care is required for continued assessment of the member. For example:

- testing or reevaluation is needed to determine the member's diagnosis and care needs
- the initial history, symptoms, signs and/or diagnostic tests are inconclusive, but the member is clinically stable
- to determine whether the member's response to treatment is adequate
- the member's immediate condition is not life-threatening and initial response to treatment is favorable
- the member shows initial and progressive improvement with treatment suggesting rapid resolution of the presenting problem
- the member requires medication adjustments or hydration management
- the member requires pain management
- the member has post procedural complications which do not require an inpatient level of care but necessitate ongoing monitoring

Curative does not consider the use of inpatient or observation as a convenience of the member, the member's family, or a physician to be appropriate.

Inappropriate use of inpatient status includes:

- members maintained on-site due to socioeconomic factors
- members held at physician convenience for later testing or examination
- members on-site in preparation for, or in routine recovery from, ambulatory procedures (including surgery not on the inpatient only list)
- members on-site for routine outpatient procedures (i.e., transfusion or chemotherapy)
- services routinely performed in the emergency department or outpatient setting
- custodial care

In the majority of cases, the decision whether inpatient admission or discharge is warranted can be made in less than 48 hours. In certain situations, outpatient observation services may span more than two calendar days. Outpatient observation stays exceeding 23 hours are not automatically converted to inpatient admissions. Observation stays may continue to be extended

as needed for ongoing assessments and decision making. Conversion from observation status to inpatient status must meet medical necessity. Curative Healthcare applies an evidence based clinical criteria guideline for inpatient and observation status reviews.

The role for observation is included in well recognized national criteria sets. The patient receiving observation services may improve and be released or be admitted as an inpatient. Guidelines, such as InterQual and MCG, may serve as guidance and clinical screening criteria for initial review of the appropriate use of observation care versus inpatient care by nursing staff. Guidelines are screening tools and are not intended to be a substitute for Medical Director judgment. Curative's Medical Director reviewers may refer to guideline criteria in reaching the determination but are not required to adhere to any single published criteria.

Curative requires an authorization for inpatient and observation admissions.

Curative requires clinical review for all medical necessity decisions. All Curative Healthcare professionals reviewing cases for medical necessity need sufficient clinical information to make the appropriate medical necessity determination.

Conditions to be initially reviewed for Short Stay/Observation Status

Abdominal Pain	Laparoscopic: Appendectomy, Cholecystectomy
Asthma	Nausea / Vomiting / Gastroenteritis
Cellulitis	Pyelonephritis / UTI uncomplicated
Chest Pain	Seizure
Chronic Obstructive Pulmonary Disease (COPD)	Syncope
Dehydration / Gastroenteritis	

5. PROCEDURE

- 5.1.** Curative shall coordinate telephonic and electronic utilization review with hospital facility staff on inpatient admissions of Curative members concurrent with the admission.
- 5.2.** Curative requires clinical review for all medical necessity decisions. All Curative professionals reviewing cases for medical necessity must review sufficient clinical information to make the appropriate medical necessity determination.
 - These procedures are in accordance with the contract terms between Curative and its contracting hospitals, Federal and State requirements, and any applicable accreditation standards.
 - Decisions are supervised by qualified medical professionals and all medical necessity non-approval decisions are made by a Medical Director.
 - Curative will use Federal and State regulations, policies, and benefit guidance as well as nationally accepted evidence-based criteria guidelines for decision making.
 - Complete and thorough clinical information is required to conduct inpatient clinical review. The Clinician will provide notice to the facility/provider requesting additional clinical information when needed. If clinical

information is not received in a timely manner, then a non-approval may be issued. **Only a Medical Director can render a non-approval decision.**

- Typical clinical information that is considered for an inpatient admission includes:
 - The severity of the signs and symptoms exhibited by the member.
 - The medical predictability of something adverse happening to the member.
 - The need for diagnostic studies that cannot be done on an outpatient basis.
 - Inpatient care is required if the member's medical condition, safety or health would be significantly and directly jeopardized if care was provided in a less intensive setting.

Upon receipt of the inpatient notification, the nurse clinician should review the clinical information submitted by the facility against evidence-based criteria guidelines, and request any additional clinical documentation needed to make an appropriate medical necessity determination.

- If the request is for a member who is admitted as inpatient with a specific diagnosis (per grid above) usually associated with the short hospital stay, these are to be sent for review by a Curative Medical Director.
- All authorization requests for inpatient level of care less than 24 hours in length for the entire episode of care for which the facility will not accept observation status conversion upon offer, will be sent to the Curative Medical Director for medical necessity review – irrelevant of meeting inpatient level of care criteria. Exceptions are member death or delivery of infant.
- If the request appears to meet criteria for inpatient admission but only the first day of clinical information is available, day two clinical should be requested and obtained prior to making a determination. If the second day clinical continues to meet for inpatient admission and the member is not being discharged, the request may be approved by the nurse clinician for an inpatient level of care. However, if the second day clinical does not meet medical necessity for continued stay, or if the patient was discharged on or by the second day, the case is presented for review by a Curative Medical Director with a recommendation to not approve.
- If the request does not meet criteria for inpatient admission, the case is presented for review by a Curative Medical Director with a recommendation to not approve.
- For any of the above scenarios, if the initial criteria appear to be met but the medical necessity of the inpatient admission is still questionable, then the request for inpatient stay should be referred to a Curative Medical Director for review. If the inpatient admission request does not meet medical necessity, the Curative Medical Director will issue a non-approval after an attempt to conduct a peer-to-peer with the admitting physician.
- In the case of a non-approval, the hospital and/or member are issued a written Adverse Determination letter with appeal rights, when applicable, dependent on the line of business. Par providers may then bill observation level of care..

Reconsideration and/or peer-to-peer discussion with a Curative Medical Director, or an appeal according to applicable state or contract time frames, will be initiated.

The hospital and/or member may appeal using the processes outlined in the Provider/Member Manual or stated in the Adverse Determination letter.

6. TRAINING REQUIREMENT

- 6.1. All Medical UM associates are responsible for reading and comprehending this procedure. Employees are also responsible for contacting management or

Privacy and Compliance with any questions or concerns regarding the information contained within this procedure.

7. ENFORCEMENT

Violations of this controlled document will cause the imposition of sanctions in accordance with the Curative sanctions controlled document. This may include verbal/written warning, suspension, up to termination of employment or volunteer, intern, contractor status with Curative. Additional civil, criminal and equitable remedies may apply.

8. DOCUMENTATION

N/A

9. REFERENCE DOCUMENTS AND MATERIALS

9.1. Regulatory Authority

9.1.1. N/A

9.2. Internal - N/A

9.3. External - N/A

10. COLLABORATING DEPARTMENTS

10.1. N/A

11. DOCUMENT CONTROL

APPROVED BY:			DocuSigned by:
Charles, Brandon	3/25/2024	<i>Charles, Brandon</i>	
(Printed Name)	(Date)	(Signature)	

REVISION HISTORY			
Date	Author	Version	Comments
			Initial Version

APPENDICES

Any applicable attachments, resources or other materials should be included as appendices in this section. Label each appendix as follows:

Appendix A: