

August 15, 2023

Re: Updated Policy-Observation vs Inpatient Admission

Providers,

Empower Healthcare Solutions has updated the Observation vs Inpatient Admission Policy with an effective date of **10/1/23**. The Observation vs Inpatient Admission Policy is available upon request.

Empower considers **Observation Stays** to be medically necessary for the following indications:

- The patient is clinically stable but not ready for discharge; **And**
- 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**
- The treatment plan is not established or based upon the patient's condition, is anticipated to be completed within a period not to exceed 48 hours, **Or**
- Changes in status or condition are anticipated and immediate medical intervention may be required.

Limitations

Observation services at in-network facilities that extend beyond a 48-hour period are not covered without a prior authorization. Providers must contact Empower's Utilization Management department and obtain approval for inpatient status for any services beyond the initial 48-hour period. Medical necessity must be established for conversion to inpatient status. Failure to obtain authorization may result in nonpayment.

The following is a sample list (not all inclusive) of services that are **NOT** considered appropriate for observation services:

- services that are not reasonable or necessary for the diagnosis or treatment of the patient
- outpatient blood or chemotherapy administration
- lack of/delay in patient transportation
- provision of a medical exam for patients who do not require skilled support
- routine preparation prior to and recovery after diagnostic testing
- routine recovery and post-operative care after ambulatory surgery
- when used as a substitute for inpatient admission
- when used for the convenience of the physician, patient, or patient's family
- while awaiting transfer to another facility
- when an overnight stay is planned prior to diagnostic testing
- custodial care
- standing orders following outpatient surgery
- services that would normally require inpatient stay
- observation following an uncomplicated treatment or procedure
- services provided concurrently with chemotherapy
- when used due to socio-economic or psycho-social factors



If you have any questions, please contact Empower Provider Relations
empowerhealthcaresolutionspr@empowerarkansas.com.

Thank you,

Empower Healthcare Solutions