

OUTPATIENT OBSERVATION STAYS

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AUTHORITY: [32 CFR 199.4\(c\)\(2\)\(iv\)](#)

I. CPT¹ PROCEDURE CODES

99217, 99218 - 99220, 99234 - 99236

II. HCPCS CODES

[G0244](#), [G0263](#), [G0264](#)

III. DESCRIPTION

Outpatient observation stays are those services furnished by a hospital on a hospital's premises, including the use of a bed and periodic monitoring by a hospital's nursing or other staff, which are reasonable and necessary to evaluate an outpatient's condition or determine the need for a possible admission to the hospital as an inpatient. Such services are provided when ordered by a physician or another individual authorized by State licensure law and hospital staff bylaws to admit patients to the hospital or to order outpatient tests.

IV. POLICY

A. A person is considered a hospital inpatient if formally admitted as an inpatient with the expectation that he or she will remain at least overnight. When a hospital places a patient under observation, but has not formally admitted him or her as an inpatient, the patient initially is treated as an outpatient to determine the need for further treatment or for inpatient admission.

B. [Outpatient observation stays are separately payable when certain conditions are met for patients having diagnosis of chest pain, asthma, congestive heart failure or maternity \(refer to the TRICARE Reimbursement Manual \(TRM\), Chapter 13, Section 2, paragraph III.H. for those specific conditions that must be met in order to receive separate payment under the hospital Outpatient Prospective Payment System \(OPPS\)\). The above conditions will only apply to observation stays reimbursed under the OPPS.](#)

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TRICARE POLICY MANUAL 6010.54-M, AUGUST 1, 2002

CHAPTER 2, SECTION 3.3

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C. All other observation stays will be packaged under the primary procedure for payment. Hospitals are to report these observation charges under revenue 762 - "Observation Room". HCPCS coding is not required, but if reported the appropriate HCPCS code(s) are 99217 through 99220 and 99234 through 99236. The above packaging requirement is specific for observation stays reimbursed under the OPFS.

D. Outpatient observation stays generally should not exceed 24 hours.

E. If an observation stay is for more than 48 hours, the claim shall be processed as inpatient.

F. A separate authorization for outpatient observation is not required.

G. Prime enrollees who receive emergency care as an outpatient observation stay must report their admission within 72 hours to the contractor.

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