



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

*Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Dennis R. Schrader, Secretary*

**MARYLAND MEDICAL ASSISTANCE PROGRAM**

**Hospital Transmittal No. 249**

**May 11, 2017**

To: Hospital Administrators  
 Managed Care Organizations  
 Beacon Health Options

From: *Susan J. Tucker*  
 Susan J. Tucker, Executive Director  
 Office of Health Services

Re: Billing for Fee-for-Service Observation Stays

**Note: Please ensure that appropriate staff members in your organization are informed of the contents of this memorandum.**

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Effective January 1, 2017, Maryland Medicaid has limited payments for observation stays to 24 hours as indicated in Hospital Transmittal No. 246. Post payment reviews are being completed by the Office of Inspector General and any overpayments that are made are being recouped. In order to avoid future recoveries, the Department would like to offer the follow billing guidance to hospitals when billing for observation stays under Fee-for-Service Medicaid.

1. Hospitals must bill observation stays on an outpatient UB04 using Bill Type 131 in Form Locator (FL) 4.
2. The first 24 hours spent in an observation bed should be billed on one or more outpatient UB04 under Revenue Code 0762 in FL 46 (Service Units) and FL 47 (Total Charges).
3. If the patient remains in observation for more than 24 hours, hospitals should bill hours in excess of 24 as "non-covered" charges in FL 48.
4. If the patient continues to be in observation for additional DOS, then the subsequent UB04s submitted should identify additional hours in observation as a "non-covered" charge.
5. If more than 24 hours are billed under Revenue Code 0762 on a single UB04, the entire claim will be denied with EOB code 624 (service limits exceeded) and the claim will need to be resubmitted with 24 units or less listed in FL 46.

6. Ancillary services that are billed on a UB04 and provided in excess of the first 24 hours in an observation bed will not be reimbursed and should be submitted as “non-covered” charges.
7. Professional services that are billed on the CMS-1500 should continue to be billed to the Department and will not be affected.

Maryland Medicaid will not offer appeal rights to hospitals requesting payment for observation services exceeding 24 hours. Any claims that are denied for services provided in an outpatient observation setting exceeding the 24 hour limit are not appealable.

For questions regarding the billing of observation stays through Maryland’s managed care organizations (MCOs), please see the attached list for contact information. If you have questions regarding this memorandum, please contact Denise James, Division Chief for Hospital Services at 410-767-1939 or [denise.james@maryland.gov](mailto:denise.james@maryland.gov).

## MCO Contacts for Billing of Observation Stays

### **Amerigroup Community Care**

Kathy Harmon, Director of Health Plan Clinical Operations

Phone: (410)981-4069 or Email: [Kathy.Harmon@amerigroup.com](mailto:Kathy.Harmon@amerigroup.com)

### **Jai Medical Systems**

Tammy Kistler, RN

Email: [tammy@jaimedical.com](mailto:tammy@jaimedical.com)

### **Kaiser Permanente**

Bhaumik Brahmhatt, Interim Sr. Director of Medicaid Operations

Phone: (301)816-5980 or Email: [Bhaumik.Brahmbhatt@kp.org](mailto:Bhaumik.Brahmbhatt@kp.org)

### **Maryland Physicians Care**

Karen Welsh, Manager of Appeals

Phone: (410)401-9461 or Email: [karen.welsh@marylandphysicianscare.com](mailto:karen.welsh@marylandphysicianscare.com)

### **MedStar Family Choice**

Debra Carter, Director of Provider Relations

Phone: (800)905-1722, option 5

### **Priority Partners**

Karen Rider, Assistant Director of Provider Relations

Phone: (410)424-4850 or Email: [KRider@jhhc.com](mailto:KRider@jhhc.com)

### **University of Maryland Health Partners**

Chris Scardapane

Phone: (443)450-1415 or Email: [Cscardapane@ummshealthplans.com](mailto:Cscardapane@ummshealthplans.com)

### **United Healthcare**

Amy Jones, Network Management Team

Phone: (301)644-2960 or Email: [Amy\\_H\\_Jones@uhc.com](mailto:Amy_H_Jones@uhc.com)