Harvard Pilgrim Health Care | TUFTS Health Plan

Point32Health companies

Payment Policy:
Observation Stay

Applies to:

Commercial Products

☒ Harvard Pilgrim Health Care Commercial products
☒ Tufts Health Plan Commercial products

Public Plans Products

☒ Tufts Health Direct – A Massachusetts Qualified Health Plan (QHP) (a commercial product)
☒ Tufts Health Together – MassHealth Accountable Care Partnership Plans
☒ Tufts Health RITogether – A Rhode Island Medicaid Plan
☒ Tufts Health One Care – A dual-eligible product

Senior Products

☒ Tufts Health Plan Senior Care Options (SCO) (a dual-eligible product)
☒ Tufts Medicare Preferred HMO/PPO (Medicare Advantage products)

Policy

Point32Health reimburses medically appropriate observation services when rendered in a contracted acute care hospital. Observation stays are an alternative to an inpatient admission that allows reasonable and necessary time to evaluate, stabilize and treat a member whose diagnosis and treatment is not expected to exceed 24 hours but may extend up to 48 hours before a decision can be made to discharge or admit to inpatient. Plan notification is not required for observation stays.

Prerequisites

Applicable Point32Health referral, notification, and authorization policies may apply. Refer to the appropriate sections within the Provider Manuals for more information.

General Benefit Information

Services are pursuant to the member's benefit plan documents and are subject to applicable member out-of-pocket cost (e.g., copayment, coinsurance, deductible). Member eligibility and benefit specifics should be verified prior to initiating services.

Use of non-contracted labs may have the unintended consequence of subjecting the member to unnecessary services not ordered by the treating provider or other unreasonable financial exposure. In such circumstances, Point32Health may hold the ordering provider accountable for any inappropriate behavior on the part of the nonparticipating lab that has been selected.

Point32Health Reimburses

Point32Health reimburses observation services when medically appropriate, for up to 48 hours.

Commercial Products (including Tufts Health Direct)
Any request for a short stay inpatient admission (48 hours or less) will be categorized as an observation stay rather than inpatient level of care. Providers will receive an administrative denial of the inpatient notification.

Exceptions to this policy include, but are not limited to, the following:

- Admission to a behavioral health facility including for acute psychiatric or substance use disorder treatment
- Obstetrical admission resulting in delivery
- Admission where patient was discharged against medical advice or died during hospitalization
- Neonatal admission
- Admission requiring intensive critical care services (such as intubation and mechanical ventilation)
- Patient is transferred to a higher level of care before 48 hours of inpatient admission at the initial facility

Point32Health Does *Not* Reimburse

Observation stay is not considered an appropriate designation for the following, and is therefore not reimbursed:

- Custodial care
- Observation care services submitted with routine pregnancy diagnoses
- Preparation for, or recovery from, diagnostic tests (e.g., fetal non-stress tests, sleep studies)
- Retaining a member for socioeconomic factors
- Services routinely performed in the emergency or outpatient department
- The routine recovery period following a surgical day care or outpatient procedure

Provider Billing Guidelines and Documentation

Providers are reimbursed according to the applicable contracted rates and fee schedules.

Services Rendered	Comments
Observation	Observation only
Surgical day care (SDC)/outpatient procedure and observation	Observation services are included in compensation for the SDC/outpatient procedure and will not be compensated separately
Emergency department (ED) services and observation	ED services are included in the payment for observation services
Observation and inpatient admission (same day)	Observation services are included in the compensation for the inpatient admission
Observation and inpatient admission (prior days) for a facility with a non-DRG arrangement	Both observation and inpatient services will be covered when observation services are billed with a date prior to the inpatient admission
Observation and inpatient admission (prior days) for a DRG event	Observation services and any related services rendered within three days of admission are included in the compensation for the inpatient admission
Observation and inpatient admission for percent-of-charge based reimbursement (same day)	Observation services are included in the compensation for the inpatient admission
Observation and inpatient admission for percent-of-charge based reimbursement (prior days)	Both observation and inpatient services will be covered when observation services are billed with a date prior to the inpatient admission
Observation stay provided within one day of inpatient admission for per-diem based reimbursement	Observation services are included in the compensation for the inpatient admission
Services Rendered	Comments
Observation	Observation only

Submission instructions for observation services that result in an inpatient admission

Observation Services Resulting in an Inpatient Admission	How to Submit
Observation and inpatient admission (same day)	Submit observation and inpatient services on the same claim
Observation and inpatient admission (next day) on same claim	Submit the observation charge (revenue code 0762) on the inpatient claim. Submit inpatient admit date as the admission date (not observation date) to correspond with inpatient notification.
Observation and inpatient admission (next day) on two claims*	Submit one claim for observation and one claim for inpatient admission. Do not submit revenue code 0762 on the inpatient claim.

**Applies to Tufts Health Plan Commercial products only*

Commercial Products

- Submit observation services with revenue code 0762 and applicable procedure code(s) on the UB-04 form or 837I
- Submit units to indicate hours of observation on the same claim line

Senior Products

- Submit revenue code 0762 with HCPCS G0378 and G0379 as appropriate on the UB-04 form or 837I
- Submit units to indicate hours of observation on the same claim line when billing G0378
- Submit G0379 with a count of one when applicable

Public Plans

- Submit revenue code 0762 for all observation services
- **Tufts Health Together**- eAPG methodology only:
  - Submit procedure codes G0378 and G0379 as appropriate
- **Tufts Health Direct, Tufts Health Together, Tufts Health RITogether and Tufts Health One Care:**
  - Submit procedure codes 99221-99223 and 99231-99235 as appropriate

General Billing

- Revenue code 0762 requires a CPT or HCPCS code
- Report one observation service on one claim
- Bill observation services that are a result of an ED visit or SDC/outpatient procedure on the same UB-04 form or 837I
- Refer to applicable provider manual(s) for claims submission guidelines

Physician Responsibilities

- The medical documentation must indicate and support the physician's intent, including the date and start time, to place the member in observation status
- The attending physician is responsible for evaluating the member at least once each 24-hour interval.

Behavioral Health Services Provided within Acute Care Hospitals for Emergency Psychiatric Inpatient Admission (EPIA) Patients ("BH Boarding")

Submit claims using the following information for members receiving appropriate behavioral health (BH) care to treat and/or stabilize their condition while awaiting appropriate inpatient psychiatric placement.

Commercial Products

Submit one claim for medical services and another claim for BH boarding services for Commercial products, as follows:

Medical Claim

- Submit Bill type 13X (if the member was originally in observation for a medical condition)
- Submit revenue code 0762 (Observation Services) and the appropriate CPT/HCPCS code (units should be submitted in hours; max. 48 hours)
- Ancillary services related to the medical observation stay should be included on the claim

Note: Providers should follow all other existing medical observation stay requirements

BH Claim

- Submit Bill type 13X
- Submit revenue code 0769 (Other Observation) and the appropriate CPT/HCPCS code (Note: units for 0769 should be submitted in hours)
- Ancillary services related to BH services should be included on the claim for boarding services

Tufts Health Direct

- Submit one claim with Bill type 13X
- **Medical services:** Submit revenue code 0762 (Observation Services) and the appropriate CPT/HCPCS code (units should be submitted in hours; max. 48 hours)
- **BH boarding services:** Submit revenue code 0769 (Observation Services-Other) with S9485 (units should be submitted in days)
- All services should be included on one claim; it is not necessary to submit separate claims.

Related Policies and Resources

Payment Policies

- Emergency Department Services
- Inpatient Acute Medical Admissions
- Obstetrical/Maternity Care
- Outpatient Surgery

Clinical Policies

- Inpatient Acute and Post-Acute Levels of Care (Medical/Surgical)

Additional Resources

- Medicare Benefit Policy Manual, Chapter 6, Section 20.6

Publication History

08/01/2026:	Annual policy review; administrative edits
04/01/2026:	Removed duplicate language for Tufts Health Together, RITogether and One Care in Policy section
08/01/2025:	Annual review; administrative edits
05/30/2025:	Effective for DOS beginning August 1, 2025, Tufts Health Together, Tufts Health RITogether, and Tufts Health One Care will reimburse observation stays up to 48 hours; removed language requiring notification within one business day on Inpatient Notification Form
11/29/2024:	Clarified billing instructions for BH boarding for Commercial and Tufts Health Direct members
11/01/2024:	Updated observation stay criteria, effective for DOS beginning Jan. 1, 2025 for Commercial products and Tufts Health Direct; added Inpatient Acute and Post-Acute Levels of Care (Medical/Surgical) Medical Necessity Guidelines
07/01/2024:	Policy moved to new template, includes all lines of business

Background and Disclaimer Information

This policy applies to the products of Harvard Pilgrim Health Care and Tufts Health Plan and their affiliates, as identified in the check boxes on the first page for services performed by contracted providers.

Payment is based on member benefits and eligibility on the date of service, medical necessity review, where applicable, and the provider's network participation agreement with the Plan. As every claim is unique, this policy is neither a guarantee of payment, nor a final indication of how specific claim(s) will be adjudicated. Claims payment is subject to member eligibility and benefits on the date of service, coordination of benefits, referral/authorization, and utilization management requirements (when applicable), adherence to Plan policies and procedures, and claims editing logic. An authorization is not a guarantee of payment.

Point32Health reserves the right to amend a payment policy at its discretion. CPT and HCPCS codes are updated as applicable; please adhere to the most recent CPT and HCPCS coding guidelines.

We reserve the right to conduct audits on any provider and/or facility to ensure accuracy and compliance with the guidelines stated in this payment policy. If such an audit determines that a provider/facility did not comply with this payment policy, Harvard Pilgrim Health Care and Tufts Health Plan will expect the provider/facility to refund all payments related to noncompliance.