

Hospital Services: Observation and Inpatient (for Indiana Only)

Policy Number: CS356IN.03
Effective Date: December 1, 2024

[Instructions for Use](#)

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Related Policy
• Elective Inpatient Services (for Indiana Only)

Application

This Medical Policy only applies to the state of Indiana.

Coverage Rationale

Inpatient services are considered medically necessary under certain circumstances. For medical necessity clinical coverage criteria, refer to the [Indiana Health Coverage Programs Provider Reference Module: Inpatient Hospital Services](#).

Observation services are considered medically necessary for a member who requires the following care in any location within a hospital:

- Short-term monitoring for a condition that is expected to require at least 6 hours of assessment or treatment and improves significantly within 24-48 hours; and
- At least one of the following:
 - Acute treatment and reassessment; or
 - Event monitoring (e.g., cardiac dysrhythmia) or response to therapy (e.g., from drug ingestion) that may require immediate intervention; or
 - Diagnostic evaluation to establish a treatment plan.

An observation level of care is often used to manage the following clinical conditions and symptoms (list is not all-inclusive):

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|-------------------------------------|---|--------------------------------------|
| • Abdominal pain | • Chronic obstructive pulmonary disease | • Pneumonia |
| • Allergic reaction (generalized) | • Croup | • Poisoning/toxic ingestions |
| • Altered mental status (confusion) | • Dehydration | • Renal colic, kidney stone |
| • Anemia | • Diabetes mellitus | • Seizures |
| • Asthma | • Epistaxis | • Syncope and collapse |
| • Atrial fibrillation | • Febrile illness | • Transient ischemic attack (TIA) |
| • Back pain | • Gastroenteritis | • Urinary tract infection |
| • Bronchiolitis | • Heart failure | • Vaginal bleeding (non-obstetrical) |
| • Bronchitis | • Hemoptysis | • Weakness |
| • Cellulitis | • Migraine | |
| • Chest pain | | |

If the member's condition does not improve within 48 hours, additional clinical information should be submitted to support an inpatient level of care.

Observation services are not medically necessary for the convenience of the hospital, physicians, members, or member’s families, or while awaiting placement to another health care facility.

Note: The observation services portion of this policy does not apply to an obstetric member during pregnancy, childbirth, or the post-partum period.

References

Indiana Health Coverage Programs, Provider Reference Module. Inpatient Hospital Services. Version 5.0. Available at: <https://www.in.gov/medicaid/providers/files/inpatient-hospital-services.pdf>. Accessed August 2, 2024.

Observation medicine and clinical decision units (overview). Rosen's Emergency Medicine. 10th ed. Philadelphia, PA: Elsevier: June 13, 2022.

Policy History/Revision Information

Date	Summary of Changes
12/01/2024	<p>Coverage Rationale</p> <ul style="list-style-type: none">Added language to clarify observation services are medically necessary in any location within a hospital for short-term monitoring <i>for a condition</i> that is expected to require at least 6 hours of assessment or treatment and improves significantly within 24-48 hoursRevised list of clinical conditions and symptoms that are often managed using an observation level of care:<ul style="list-style-type: none">Removed:<ul style="list-style-type: none">§ Gastrointestinal hemorrhage§ Noninfective gastroenteritis and colitis§ Pancreatitis (acute) without necrosis or infectionReplaced “chronic obstructive pulmonary disease <i>with (acute) exacerbation</i>” with “chronic obstructive pulmonary disease” <p>Supporting Information</p> <ul style="list-style-type: none">Updated <i>References</i> section to reflect the most current informationArchived previous policy version CS356IN.02

Instructions for Use

This Medical Policy provides assistance in interpreting UnitedHealthcare standard benefit plans. When deciding coverage, the federal, state, or contractual requirements for benefit plan coverage must be referenced as the terms of the federal, state, or contractual requirements for benefit plan coverage may differ from the standard benefit plan. In the event of a conflict, the federal, state, or contractual requirements for benefit plan coverage govern. Before using this policy, please check the federal, state, or contractual requirements for benefit plan coverage. UnitedHealthcare reserves the right to modify its Policies and Guidelines as necessary. This Medical Policy is provided for informational purposes. It does not constitute medical advice.

UnitedHealthcare may also use tools developed by third parties, such as the InterQual® criteria, to assist us in administering health benefits. The UnitedHealthcare Medical Policies are intended to be used in connection with the independent professional medical judgment of a qualified health care provider and do not constitute the practice of medicine or medical advice.