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PAYMENT POLICY ID NUMBER: 23-079

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Revised: 12/13/2024

Institutional Reimbursement as Inpatient versus Outpatient

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DESCRIPTION:

This policy applies to Truli for Health Commercial business and those provider types billing on a UB04 claim form or its electronic equivalent. This policy is to define an inpatient stay vs outpatient service. Aside from death, transfer, or patient leaving against medical advice after occupying assigned inpatient bed, an inpatient stay should span at least two consecutive dates. Claims spanning less than two consecutive dates should be billed as outpatient.

REIMBURSEMENT INFORMATION:

Reimbursement for inpatient and outpatient treatment and related services corresponds either to the contracted rate, any other contractual arrangement, or Truli for Health payment policy. Refer to the current contract or payment policy for details. Claims identified as high risk for inappropriate coding and billing are subject to review.

BILLING AND CODING:

Inpatient

Truli for Health's policy for inpatient billing requires the patient to stay at the facility overnight and the admission and discharge dates cannot be the same unless the patient was transferred to another hospital/facility, left against medical advice after occupying assigned inpatient bed, or expired before being discharged. This policy is not intended to define services that qualify under inpatient or outpatient billing. This policy is not intended to change the physician's orders to admit the patient. It is only intended to define an inpatient stay, except for a death, transfer or patient leaving against medical advice after occupying

assigned inpatient bed, as requiring the admission and discharge dates to span at least two consecutive dates. This policy does not change the fact that observation services can span two or more consecutive dates and is considered outpatient, not inpatient.

The discharge date is not included in a length of stay calculation unless the patient died, was transferred, or left against medical advice. The discharge date is included for a length of stay calculation on an interim bill.

It is Truli for Health's policy that all inpatient admissions require authorization or notification, depending on plan language.

If a member is discharged from an authorized inpatient stay without staying at the facility overnight from the date of admission, the authorization should be updated to reflect authorized outpatient or observation stay. Changes to an authorization are expected within 7 days of an event for approval. This process is no different from a scenario where the patient starts out as outpatient and is converted to inpatient, the authorization must be updated to reflect the change to inpatient status.

Authorized inpatient claims will be honored in the following situations:

- If the member was inpatient overnight and for at least two consecutive days.
- Death – If the member is admitted and expires the same day, this day will be considered the day of admission and count as one inpatient day.
- Same Day Transfers – If the member is transferred to a different facility, this day will be considered the day of admission and count as one inpatient day.
- Leave against Medical Advice – If a patient leaves of their own volition after occupying the assigned inpatient bed.

Situations where billing an Inpatient claim would not be appropriate include:

- **Leave against Medical Advice:** Members who received an inpatient admission order but chose to leave AMA from the ER or designated ER Hold Bed. Inpatient Room and Board charges would not be appropriate if the member did not occupy the assigned inpatient bed.

The Hospital should not bill a daily service charge or fractional part thereof to either Truli for Health or the member for the day of discharge.

Outpatient

Claims with the same admission and discharge dates, except in the case of death, transfers, and leaving against medical advice are considered outpatient. The Truli for Health authorization process includes a review to determine if the admission meets inpatient criteria. If an inpatient setting is requested and criteria is not met, the hospital is advised that observation status applies for the services, not inpatient.

Surgery

If the stay does not meet inpatient criteria, surgical procedures that can be performed in an outpatient setting are approved as such through the authorization process. If the stay does meet inpatient criteria, the patient should stay two consecutive dates for inpatient reimbursement to apply. Otherwise, the stay should be billed as outpatient and any authorizations updated from an inpatient to outpatient status.

REFERENCES:

1. Florida Blue's Manual for Physicians and Providers

- Centers for Medicare and Medicaid Services, Medicare Claims Processing Manual, Chapter 4 Part B Hospital

GUIDELINE UPDATE INFORMATION:

08/15/2023	New Policy
12/13/2024	Annual review various updates for clarification

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