



CLINICAL MEDICAL POLICY	
Policy Name:	Observation and Inpatient Admissions
Policy Number:	MP-104-MC-PA
Responsible Department(s):	Medical Management
Provider Notice/Issue Date:	01/01/2026
Effective Date:	03/01/2026
Next Annual Review:	11/2026
Implementation Date:	10/29/2025
Products:	Pennsylvania Medicare Assured
Application:	All participating and nonparticipating practitioners and facilities unless contractually precluded
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#### Policy History

Date	Activity
03/01/2026	Provider Effective date
10/29/2025	QI/UM Committee review
10/29/2025	Policy initially developed

#### Disclaimer

Highmark Wholecare<sup>SM</sup> medical policy is intended to serve only as a general reference resource regarding coverage for the services described. This policy does not constitute medical advice and is not intended to govern or otherwise influence medical decisions.

#### Policy Statement

Highmark Wholecare<sup>SM</sup> may provide coverage under the medical-surgical benefits of the Company's Medicare products for medically necessary observation and/or inpatient admissions.

This policy is designed to address medical necessity guidelines that are appropriate for the majority of individuals with a particular disease, illness or condition. Each person's unique clinical circumstances warrant individual consideration, based upon review of applicable medical records.

## **Procedures**

**Note: Prior authorization is not required for an Observation stay.**

1. An observation hospital stay can be managed for ANY of the following conditions/symptoms (this is not an all-inclusive list):
  - Abdominal pain
  - Allergic reaction (generalized)
  - Altered mental status (confusion)
  - Anemia
  - Asthma
  - Atrial fibrillation
  - Back pain
  - Bronchiolitis
  - Bronchitis
  - Cellulitis
  - Chest pain
  - Chronic obstructive pulmonary disease (COPD)
  - Croup
  - Dehydration
  - Diabetes mellitus
  - Epistaxis
  - Febrile illness
  - Gastroenteritis
  - Heart failure
  - Hemoptysis
  - Migraine
  - Pneumonia
  - Poisoning/Toxic ingestions
  - Renal colic, kidney stone
  - Seizures
  - Syncope and collapse
  - Transient ischemic attack (TIA)
  - Urinary tract infection (UTI)
  - Vaginal bleeding (non-obstetrical)
  - Weakness
2. Observation services are considered medically necessary when an individual requires the following services in any location within a hospital:
  - A. A condition that requires short-term monitoring for at least six (6) hours of assessment or treatment and improve significantly within 24-48 hours; AND
  - B. ANY ONE of the following:
    - 1) Diagnostic evaluation to establish a treatment plan; OR
    - 2) Event monitoring (e.g., cardiac dysrhythmia) or response to therapy (e.g., from drug ingestion) that may require immediate intervention; OR
    - 3) Acute treatment and reassessment.

**Note:** Observation services for the convenience of the hospital, physicians, patients, patient's families, or while awaiting transfer to another medical facility will be considered not medically necessary.

3. A medical necessity review for an inpatient stay **less than two (2) midnights** is not required, except when ANY of the following conditions exist:
  - A. Emergent mechanical ventilation has been initiated current present visit; OR
  - B. Individual was transferred to/from another hospital; OR
  - C. Individual was transferred to inpatient hospice or comfort measures put in place ; OR
  - D. Delivery (maternal or newborn); OR
  - E. Individual has left against medical advice; OR
  - F. Individual has died.
4. A medical necessity review for an inpatient stay **after two (2) midnights** is required.
  - A minimum of two (2) days of clinical documentation must be submitted with the medical necessity review. An inpatient medical necessity review request submitted without a minimum of two (2) days of clinical documentation will be administratively denied.
  - A two (2) midnight or beyond hospital admission will be considered outpatient (ambulatory or Observation) if inpatient medical necessity criteria are not met.
5. Post-payment Audit Statement  
The medical record must include documentation that reflects the medical necessity criteria and is subject to audit by Highmark Wholecare<sup>SM</sup> at any time pursuant to the terms of your provider agreement.

### **Reimbursement**

Participating facilities will be reimbursed per their Highmark Wholecare<sup>SM</sup> contract.