



Louisiana Department of Health and Hospitals Health Plan Advisory 15-4 February 13, 2015

Authorization and Payment of Observation Status

Since the beginning of Bayou Health, the five Bayou Health plans have reviewed all requests for precert/admission based on medical necessity. The plans have authorized and paid for the appropriate level of care, based on the information submitted by the hospital provider. It is the Department's expectation that authorization of and payment for the appropriate level of care by all plans occur, regardless of the physician's order for "inpatient" status. If a member meets medical necessity for observation level of care, the plan shall authorize that level of care and pay for those services, regardless of the member's status as an inpatient.

Any denials for authorization of observation level of care secondary to the member's status as an inpatient shall stop immediately. Any recoupment of payments from hospital providers by the health plans, relative to this, shall also cease immediately. Payments to hospital providers for observation level of care that have been recouped secondary to an order for an inpatient status, should be returned to the hospital provider.

For additional information regarding this Health Plan Advisory, contact Libby Gonzales at 225-342-6884 or Libby.Gonzales@La.Gov.