

# Provider Memorandum

## Revised billing guidelines for hospitals and ambulatory surgical treatment centers

Molina Healthcare of Illinois (Molina) will implement revised billing guidelines for hospitals and ambulatory surgical treatment centers (ASTCs) observation services, as outlined in a recent communication issued by the Illinois Department of Healthcare and Family Services (HFS). The revised guidelines, set to take effect 3/31/2017, will require changes in the way some procedure codes are billed for observation services for dates of service (DOS) on or after January 1, 2017.

Effective with DOS beginning July 1, 2014, the department has required that procedure code G0378 be billed in combination with one of the following Evaluation and Management codes on claims for observation: 99218, 99219, 99220, 99234, 99235, or 99236.

To be in compliance with recent National Correct Coding Initiative (NCCI) edits, the department can no longer require the Evaluation and Management procedure codes to be billed in combination with G0378 on claims for observation. New national requirements authorize G0379 to be billed with G0378 instead of the Evaluation and Management codes.

Please note, this memorandum supersedes any previous rules related to Observation claims billing. The communication issued by the department is available through the following link: <https://www.illinois.gov/hfs/MedicalProviders/notices/Pages/prn161209b.aspx>.

### Requirements for claims that contain observation codes:

- For DOS beginning January 1, 2017, all observation claims received must be coded with G0379 and G0378 according to the revised NCCI requirements or the claims will be rejected. Providers must continue to identify two revenue lines for observation, with the first Revenue Code 0762 billed with G0379, and a second Revenue Code 0762 billed with procedure code G0378.
- These coding requirements also apply to claims with Medicare Part B as the primary payer (Medicare crossovers).

### Billing instruction changes:

- For DOS billed through December 31, 2016, providers must continue using the Evaluation and Management procedure codes with G0378.
- Effective January 1, 2017, for DOS April 1, 2016 through December 31, 2016, providers have the option to bill the Evaluation and Management codes with G0378, or may bill G0379 with G0378.
- For DOS beginning January 1, 2017, all observation claims received by the department must be coded with the new requirements as noted above or are subject to being denied for incorrect billing practices.
- Molina values you, our providers, and appreciates the services you provide to our Members. Thank you for working together with us and for your continued support as we adopt these new HFS guidelines. Please contact your Provider Service Representative if you have any questions or would like additional training regarding this process. You may also contact the Provider Services Department at (630) 203-3965 or via email at [IllinoisProviders@MolinaHealthcare.com](mailto:IllinoisProviders@MolinaHealthcare.com)