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MCG message

To: All Blue Cross Complete providers

Date: May 12, 2023

Subject: Update to coverage of hospital outpatient observation care services

Starting June 1, 2023, the Michigan Department of Health and Human Services will extend coverage for medically necessary hospital outpatient observation care services beyond 24 hours. The MDHHS released Bulletin [MMP 23-18](#) on May 1, 2023, which outlined updates for hospital outpatient observation care services.

Hospital observation care services comprise a set of specific clinically appropriate hospital outpatient services. These services include short-term treatment, assessment, and reassessment necessary to determine whether a member will require in-patient treatment or can be discharged.

Medical records must include the following documentation:

- The order for observation care services by a Medicaid enrolled provider;
- progress and discharge notes completed by the rendering provider;
- the billing provider must be present and performed the services; and
- the length of time of the observation service.

The MDHHS policy also detailed reporting requirements and special consideration guidelines. Refer to the [MDHHS Medicaid Provider Manual](#)* for additional information on outpatient hospital observation care services.

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