Hospital Hierarchy Payment Policy

Policy
Network Health provides coverage under a hierarchical method for hospital services provided at the same facility within the same episode of care. When more than one hierarchy of services is called for, Network Health only reimburses the highest intensity of hospital service, with “1” being the highest. The lower-intensity services are bundled into the rate of the service of higher intensity. The payment hierarchy is:

1. Hospital inpatient services
2. Hospital surgical day care services
3. Hospital ambulatory/minor surgical services
4. Hospital observation bed services
5. Hospital emergency room services
6. Hospital urgent care clinic services
7. Hospital clinic services

Definition
1. **Hospital inpatient services** are clinical services provided to a member admitted to an acute hospital.
2. **Hospital surgical day care services** include more invasive procedures than ambulatory surgery. They usually require incision or excision procedures, frequently require general anesthesia and a recovery room, and are rendered in an outpatient surgery environment.
3. **Hospital ambulatory/minor surgical services** are outpatient surgeries that generally do not require general anesthesia or extended recovery room time.
4. **Hospital observation bed services** are outpatient hospital services that are provided in an acute hospital’s observation unit or in a bed otherwise designated as an observation bed to evaluate a member’s condition and determine the need for admission to an acute inpatient hospital.
5. **Hospital emergency room services** are medical services that are essential in evaluating and stabilizing a patient who presents at a hospital.
6. **Hospital urgent care clinic services** are services provided at walk-in medical centers treating non-life-threatening injuries and illnesses.
7. **Hospital clinic services** are non-professional services that are rendered as non-emergent outpatient visits for ambulatory patients.

Billing and reimbursement
When a member who is receiving services is transferred to a higher level of care (e.g., emergency room to observation), the services of lower intensity will be included in the reimbursement for the highest intensity of service within the same episode of care.