



## Government Business Policy and Procedures Observation Services — NJ

New Jersey | Medicaid

### Scope:

This policy applies to New Jersey Medicaid, effective **9/1/2026**.

### Policy:

To outline and define the process of Observation status for providers.

### Definitions:

Observation Services: A well-defined set of clinically appropriate services, which include ongoing short-term treatment, assessment, and reassessment, that are provided while a decision is being made whether a patient will require further treatment in a hospital inpatient setting or if they are able to be discharged from the hospital

### Related Coding:

Code	Definition	Description
G0378	Hospital observation service, per hour	Required for observation services
G0379	Direct admission of patient for hospital observation care	For observation service must be billed with G0378 and revenue code 0762
G0380	Level 1 hospital emergency department visit provided in a type B emergency department	For observation services must be billed with G0378
G0381	Level 2 hospital emergency department visit provided in a type B emergency department	For observation services must be billed with G0378
G0382	Level 3 hospital emergency department visit provided in a type B emergency department	For observation services must be billed with G0378
G0383	Level 4 hospital emergency department visit provided in a type B emergency department	For observation services must be billed with G0378

Code	Definition	Description
G0384	Level 5 hospital emergency department visit provided in a type B emergency department	For observation services must be billed with G0378
G0463	Hospital outpatient clinic visit for assessment and management of a patient	For observation services must be billed with G0378
99281	Emergency department visit for the evaluation and management of a patient that may not require the presence of a physician or other qualified health care professional	For observation services must be billed with G0378
99282	Emergency department visit for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and straightforward medical decision making	For observation services must be billed with G0378
99283	Emergency department visit for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and low level of medical decision making	For observation services must be billed with G0378
99284	Emergency department visit for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and moderate level of medical decision making	For observation services must be billed with G0378
99285	Emergency department visit for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and high level of medical decision making	For observation services must be billed with G0378
99291	Critical care, evaluation and management of the critically ill or critically injured patient; first 30-74 Minutes	For observation services must be billed with G0378
Type of Bill 013x	Hospital Outpatient	Note: "x" represents 0-9
Type of Bill 078x	Licensed Freestanding Emergency Medical Facility	Note: "x" represents 0-9
Type of Bill 085x	Critical Access Hospital	Note: "x" represents 0-9

**Procedure:**

Wellpoint allows reimbursement for outpatient observation services when ordered by a physician or other individual authorized by state licensure law and facility staff bylaws to admit members to the hospital or order outpatient tests unless provider, state, federal, or contracts and/or requirements indicate otherwise. The member's medical record documentation for observation services must include a written order that clearly states, "admit to observation". Additionally, such documentation shall demonstrate that observation services are required by stating the specific problem, the treatment and/or frequency of the skilled service expected to be provided. The designated observation service status must be at least 8 hours and no more than 48 hours.

Wellpoint requires the following to be eligible for reimbursement:

- Revenue code 0762 must be billed with type of bill 013X, 078X, or 085X
- Revenue code 0762 must be billed with HCPCS G0378 along with 99281-99285, G0380-G0384, G0463, 99291, or G0379 on the claim with more than 8 hours and less than 48 hours.
  - Diagnosis codes related to pregnancy and pediatric asthma (Under 21 years old) are excluded for observation services under 8 hours.
- Must bill all observation services on one claim line with no date span and the total number of hours spent in observation.
- HCPCS G0379 is not separately payable with CPT® 99281-99285, G0380-G0384, G0463, or 99291.

**Exception:** Pregnancy and pediatric asthma (under age 21) diagnosis codes are excluded for observation services under 8 hours.