



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene  
201 W. Preston Street • Baltimore, Maryland 21201

Martin O'Malley, Governor – Anthony G. Brown, Lt. Governor – Joshua M. Sharfstein, M.D., Secretary

**MARYLAND MEDICAL ASSISTANCE PROGRAM**  
**Managed Care Transmittal No. 84**  
**Hospital Transmittal No. 212**  
**Date: April 14 2011**

To: Managed Care Organizations  
Hospitals

From: Susan J. Tucker, Executive Director  
Office of Health Services

NOTE: Please ensure that appropriate staff members in your organization are informed of the contents of this transmittal.

Subject: Observation for Primary Adult Care Recipients

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This transmittal is in response to a recent question regarding coverage of observation services following an Emergency Department visit for recipients in the Primary Adult Care (PAC) Program. The addition of facility emergency department services on January 1, 2010 did not include services provided if the recipient is transferred to observation status. Observation is not covered for PAC recipients; only facility services medically necessary for the diagnosis and treatment of the emergency condition are covered.

If observation services are ordered by the attending physician, the hospital must inform the recipient prior to transitioning the recipient to observation that a non-covered service has been ordered and that it is the recipient's choice whether to receive the service and accept financial responsibility for it. Financial liability statements signed by the recipient for this purpose must specifically list "observation" as the non-covered service, the date(s) of service, and the time of transition from emergency to observation.