



Reporting Hospital Observation Hours

Effective July 1, 2024, NCTracks will implement claims editing for observation reporting related to NC Medicaid Clinical Coverage Policy Acute Inpatient Hospital Services 2A-1, Section 3.2.1.b:

- Observation status billed on a claim line for a single date of service cannot exceed 24 hours (units).
- Observation hours (units) should reflect the actual number of hours the patient was under observation care for a single stay.
- A claim with observation status of 30 total hours or less does not require an entry in the 'Non-Covered Charges' field.
- Charges exceeding the 30-hour observation limit must be reported on a separate claim line and the 'Non-Covered Charges' field must be populated.
- Claim lines with services billed beyond the 30 observation hours must have the same amount reported in both the 'Total Charges' and 'Non-Covered Charges' fields for those services.

Please refer to examples below to clarify compliant billing to assist providers with observation claims submitted to NCTracks.

Example 1 Observation Hours exceeding 30 hrs

Line FDOS	Line TDOS	Revenue Code	Units	Total Charges	Non-Covered Charges
5/1/2024	5/2/2024	762	31	1000	0

Claim will deny. Observation hours exceed 30.

Example 2 Observation Hours exceeding 30 hrs

Line FDOS	Line TDOS	Revenue Code	Units	Total Charges	Non-Covered Charges
5/1/2024	5/2/2024	762	30	1000	0
5/2/2024	5/2/2024	762	1	300	300

Claim will not deny for observation. Hour(s) over 30 reported on separate line with 'Total Charges' and 'Non-Covered Charges' fields showing **same amount**.



Example 3 Observation exceeding 30 hours and services after the 30 hours

Line FDOS	Line TDOS	Revenue Code	Units	Total Charges	Non-Covered Charges
5/1/2024	5/2/2024	762	30	1000	0
5/2/2024	5/2/2024	762	1	300	300
5/3/2024	5/3/2024	401	1	300	

Claim will deny. Services provided after 30 hours of observation do not include an amount the 'Total Charges' in the 'Non-Covered Charges' field.

Example 4 Observation exceeding 30 hours and services after the 30 hours

Line FDOS	Line TDOS	Revenue Code	Units	Total Charges	Non-Covered Charges
5/1/2024	5/2/2024	762	30	1000	0
5/2/2024	5/2/2024	762	1	300	300
5/3/2024	5/3/2024	401	1	300	300

Claim will not deny for services provided after the 30 hrs of observation. The services provided after 30 hours of observation do include the same amount in the 'Total Charges' and the 'Non-Covered Charges' field.