
INFORMATIONAL LETTER NO. 2704-MC-FFS

DATE: August 27, 2025

TO: Iowa Medicaid Hospitals (Excluding Indian Health Service Providers)

APPLIES TO: Managed Care (MC) and Fee-for-Service (FFS)

FROM: Iowa Department of Health and Human Services (HHS),
Iowa Medicaid

RE: Observation Care Services - Updated

EFFECTIVE: Upon Receipt

*****This informational letter (IL) updates previous guidance in [Information Letter 1042](#)¹ dated August 22, 2011*****

This IL provides revised information regarding **reimbursement for a separate Ambulatory Payment Classification (APC) payment.**

Beginning January 1, 2016, qualifying extended assessment and management encounters are reimbursed under Comprehensive APC (C-APC) 8011, titled “Comprehensive Observation Services.” Services within this APC are assigned Status Indicator (SI) **J2**.

To qualify for payment under C-APC 8011, claims must meet all of the following criteria:

1. The claim does **not** include any procedure described by a Healthcare Common Procedure Coding System (HCPCS) code assigned SI **T**.
2. The claim includes **eight or more units** of HCPCS code G0378 (Observation services, per hour).
3. The claim includes services provided **on the date of service or one day prior** for HCPCS code G0378, in conjunction with one of the following visit codes:
 - **Direct Referral:** HCPCS code G0379 (same date of service)

¹[1042 Observation Care Services.pdf](#)

- **Type A Emergency Department Visit:** CPT codes 99281–99285
 - **Type B Emergency Department Visit:** HCPCS codes G0380–G0384
 - **Critical Care Visit:** CPT code 99291
 - **Outpatient Clinic Visit:** HCPCS code G0463
4. The claim does **not** include any service described by a HCPCS code assigned SI J1.

All other content outlined in IL 1042 remains unchanged.

If you have questions, please contact Iowa Medicaid Provider Services or the appropriate MCO:

Iowa Medicaid Provider Services:

- Phone: 1-800-338-7909
- Email: IMEProviderServices@HHS.Iowa.Gov

Iowa Total Care:

- Phone: 1-833-404-1061
- Email: providerrelations@iowatotalcare.com
- Website: <https://www.iowatotalcare.com>

Molina Healthcare of Iowa:

- Phone: 1-844-236-1464
- Email: iaproviderrelations@molinahealthcare.com
- Website: <https://www.molinahealthcare.com/providers/ia/medicaid/home.aspx>
- Provider Portal: <https://www.availity.com/molinahealthcare>

Wellpoint Iowa, Inc.:

- Phone: 1-833-731-2143
- Email: ProviderSolutionsIA@wellpoint.com
- Website: <https://www.provider.wellpoint.com/iowa-provider/home>