§ 2805-v. Observation services. 1. If a general hospital provides observation services, such services shall be provided in accordance with this section, and regulations adopted by the council and approved by the commissioner.

2. Observation services may be provided for such period of time as is permitted by the commissioner by regulation. Such regulations shall be consistent with federal policies for providing observation services to beneficiaries, as set forth in title XVIII of the federal social security act (medicare), except where necessary, in the discretion of the commissioner, to protect and promote patient care and safety.

3. Based on the clinical needs of the patient, which shall be determined in prompt fashion by appropriate staff, and the availability of services to meet those needs and patient safety, a general hospital shall determine (a) the proper clinical location for the care of a specific patient requiring observation services, including whether or not to provide such services in a distinct physical space, and (b) the appropriate oversight of observation services.

4. Every general hospital providing observation services shall develop and adopt policies and procedures for observation services, including: (a) assignment of a provider who will be responsible for the care of the patient and timely discharge from observation services; (b) clinical criteria for observation assignment and discharge; and (c) integration with quality assurance activities of the hospital.

5. The commissioner shall develop outpatient rates for observation services provided in accordance with this section to patients eligible for payments made by state governmental entities.