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Chapter 12 –Physicians/Non Physician Practitioners
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PHYSICIANS CORRECT CODING POLICY

Hospital Observation Services (99218-99220)
Observation or Inpatient Care Services (Including Admission and Discharge Services (99234-99236)

Who may bill Observation Care?
1. **Physician** who admitted the patient to hospital observation and was responsible for the patient during his/her stay in observation. 2. **Physician who does not have inpatient admitting privileges** but who is authorized to admit a patient to observation status. **Note:** All other physicians who see the patient while he or she is in observation must bill the office and other outpatient service codes or outpatient consultation codes as appropriate when they provide services to the patient.

Documentation requirements for billing Initial Observation   or Inpatient Care Services (Including Admission and Discharge Services)

The physician shall satisfy the E/M documentation guidelines for admission to and discharge from observation care or inpatient hospital care. In addition to meeting the documentation requirements for <u>History</u>, <u>Examination</u>, and <u>Medical Decision Making</u> documentation in the medical record shall include:
   1. Documentation stating the stay for observation care or inpatient hospital care involves 8 hours, but less than 24 hours.
 	
   2. Documentation identifying the billing physician was present and personally performed the services; and
 	
   3. Documentation identifying the admission and discharge notes were written by the billing physician.
 	
There must be a medical observation record for the patient which contains:
   1. Dated and timed physician's admitting orders regarding the care the patient is to receive while in observation,
   2. Nursing notes, and
   3. Progress notes prepared by the physician while the patient was in observation status.
This record must be in addition to any record prepared as a result of an emergency department or outpatient clinic encounter.

Physician Billing for Observation Care Following Admission to Observation

➢ For a patient admitted for observation care for <u>less than 8 hours on the same calendar date</u>, the physician shall report :

CPT Code Range	Description
99218 - 99220	Initial Observation Care

Do not report Observation Care Discharge Service CPT code 99217 for this scenario.

➢ For a patient admitted for observation care for <u>a minimum of 8 hours, but less than 24 hours and discharged on the same calendar date</u>, the physician shall report:

CPT Code Range	Description
99234-99236	Observation or Inpatient Care Services (Including Admission and Discharge Services)

Do not report Observation Care Discharge Service CPT code 99217 for this scenario.

➢ For a patient admitted for observation care and then <u>discharged on a different calendar date</u>, the physician shall report:

CPT Code Range	Description
99218-99220	Initial Observation Care
99217	Observation Care Discharge Service

➢ In the rare circumstance when a patient is held in observation status for <u>more than 2 calendar dates</u>, the physician shall bill a visit furnished before the discharge date using the Office or Other Outpatient Services visit codes.

The physician may not use the Subsequent Hospital Care codes since the patient is not an inpatient of the hospital.

Physician Billing: Admission to Inpatient Status from Observation Status

➢ If the same physician who admitted a patient to observation status also admits the patient to inpatient status on the <u>same calendar date</u>, bill only:

CPT Code Range	Description
99221-99223	Initial Hospital Care

The physician <u>may not bill</u> an initial observation care code for services on the date that he/she admits the patient to inpatient care.

➢ If the patient is admitted to inpatient status from observation <u>subsequent</u> to the date of admission to observation, the physician must bill:

CPT Code Range	Description
99221-99223	Initial Hospital Care

The physician <u>may not bill</u> the hospital observation discharge management code (99217) or an outpatient/office visit for the care provided in observation on the date of admission to inpatient status.

Note: Medicare contractors are instructed to <u>pay only</u> an initial hospital visit for the E&M services provided for that date. The Medicare payment for the initial hospital visit includes all services provided to the patient on the date of admission by that physician regardless of the site of service.

Hospital Observation During Global surgical Period

The <u>global surgical fee</u> includes payment for hospital observation (CPT codes 99217, 99218-99219, and 99234-99236) services unless the criteria for use of CPT modifiers -24, -25, -57 are met.

Medicare contractors are instructed to pay for the observations services in addition to the global surgical fee only if both of the following requirements are met:

➢ The hospital observation service meets the criteria needed to justify billing it with one of the following CPT modifiers:

-24	Unrelated evaluation and management service by the same physician during a post operative period
-25	Significant, separately identifiable evaluation and management service by the same physician on the same day of the procedure or other service
-57	Decision for surgery

➢ The hospital observation service furnished by the surgeon meets all of the criteria for the hospital observation billed.

Example: Decision for surgery during a hospital observation period

1. A patient is admitted by a neurosurgeon to a hospital Observation Unit for observation of a head injury. During the observation period, the neurosurgeon makes the decision for surgery.
    <u>The surgeon would bill</u>:

    Appropriate level of hospital observation code with CPT modifier **-57** to indicate that the <u>decision for surgery</u> was made while the surgeon was providing hospital observation care.

Examples: Hospital observation services during the postoperative period of a surgery

1. A patient at the 80th day following TURP is admitted to observation with abdominal pain from a kidney stone by the surgeon who performed the procedure. The surgeon decides that the patient does not require surgery.
    <u>The surgeon would bill</u>:

    Appropriate level of hospital observation code with CPT modifier **-24** and documentation to support that the observation services are <u>unrelated to the surgery.</u>

2. A patient at the 80th day following a TURP is admitted to observation with abdominal pain by the surgeon who performed the procedure. While the patient is in hospital observation, the surgeon decides that patient requires kidney surgery.

The surgeon would bill:

Appropriate level of hospital observation code with CPT modifier **-57** to indicate that the decision for surgery was made while the patient was in hospital observation. The subsequent procedure would be reported with modifier -79 (Unrelated procedure or service by the same physician during the postoperative Period).

3. A patient at the 20th day following a resection of the colon is admitted to observation for abdominal pain by the surgeon who performed the surgery. The surgeon determines that the patient requires no further colon surgery and discharges the patient.

The surgeon <u>may not bill</u> for the observation services furnished during the global period because they were related to previous surgery.

Example: Billable hospital observation service on the same day as procedure

Patient is admitted to the hospital observation unit for observation of head injury by a physician who repaired a laceration of the scalp in the emergency department.
<u>The physician would bill:</u>

Appropriate level of observation code with a CPT modifier -25 and the procedure code.

Disclaimer:
This material is a compilation of information from the listed reference sites. While every effort has been made to ensure the accuracy of the information provided according to the most current Medicare advices pertaining to the subject, periodic change to policies, rules, and coverage may occur. Please refer to CMS website for updates.

References:
Medicare Claims Processing Manual, Chapter 12-Physicians/Nonphysician Practitioners, Sect. 30.6.8
Correct Coding Policy, 7/18/08
http://www.cms.hhs.gov/home/medicare.asp