

Internal Medicine Coding Alert

CPT 2011: New Observation Codes 99224, 99225, 99226 Help Answer the 'Middle Day' Code Dilemma

Expanded choices eliminate payer-to-payer coding variation.

2011 brings a new coding option when reporting the middle day of observations that last longer than two days. Check out this expert advice on how CPT additions will affect your FP's observation care services coding starting on Jan. 1, 2011.

New Codes Offer Clarity

Until this point, coding for the "middle days" of an observation service caused problems. Although not the norm, there are times when a physician admits a patient to observation and she remains in that status for three or more days. CPT 2011 addresses these middle days between admission and discharge by introducing three new E/M codes. The additions parallel the hospital subsequent care series in terms of component requirements and time frames:

- 99224 -- Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: Problem focused interval history; Problem focused examination; Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is stable, recovering, or improving. Physicians typically spend 15 minutes at the bedside and on the patient's hospital floor or unit.
- 99225 -- ... an expanded problem focused interval history; an expanded problem focused examination; Medical decision making of moderate complexity. Counseling and/ or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is responding inadequately to therapy or has developed a minor complication. Physicians typically spend 25 minutes at the bedside and on the patient's hospital floor or unit.
- 99226 -- ... a detailed interval history; a detailed examination; Medical decision making of high complexity. Counseling and/or coordination of care with other providers or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is unstable or has developed a significant complication or a significant new problem. Physicians typically spend 35 minutes at the bedside and on the patient's hospital floor or unit.

99224-99226 Stamp Out Insurer Variances

The new subsequent observation codes eliminate the confusion of how to report the middle day for observation cases that transcend three calendar days.

Variations: Prior guidance for these "extended" observation and middle day observation stays created some confusion and led to several different policies, such as the Spring 1993 edition of CPT Assistant, which instructed coders to "use the unlisted evaluation and management service code (99499, Unlisted evaluation and management service) to report these services." Payers often took their own path, however, when setting policy on "middle day" observation coding. Payers would often call for 99499; some carriers, however, preferred 99231-99233 (Subsequent hospital care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: ...) or 99211-99215 (Office or other outpatient visit for the evaluation and management of an established patient, ...).

Technically, observation codes are outpatient codes.

Prepare for Disappointing Reimbursement

Coders and physicians who were excited about the new subsequent care observation codes won't be jumping for joy when they hear the accepted Medicare values for these codes. The Relative Value Scale Update Committee had compared new codes 99224-99226 for subsequent observation care to subsequent hospital care and had requested the same work values. The Centers for Medicare and Medicaid Services, however, disagreed with the proposal.

"Instead, to recognize the differences in patient acuity between the two settings, we have removed the pre- and post-services times from the values, reducing the values to 75 percent of the value for subsequent hospital care codes," says **Kenneth B. Simon, MD, MBA**, CMS senior medical officer, in "Medicare Physician Payment Schedule 2010 Changes and Beyond" at the AMA CPT and RBRVS 2010 Annual Symposium in Chicago.

Beware: Many insurers have lists of ICD-9 codes that they allow for observation care. If the diagnosis is not on the approved list, your observation care service will be denied. Query your contractors for such lists.