

# Internal Medicine Coding Alert

## Navigate Place-of-Service Codes Carefully to Avoid Denials

Where you perform a service is just as important for coding as what was done (CPT code) and why it was done (ICD-9 code). But pinpointing the proper place-of-service (POS) code is not always easy and choosing the wrong one can cause a denial or even lower your reimbursement.

Medicare has designated nearly 40 POS codes, ranging from 03 (School) to 99 (Other place of service), including several new POS codes that will take effect in 2003, along with changes in facility designations that affect reimbursement.

### Reimbursement, POS Code Linked

You should understand POS codes because they are key to your reimbursement rate. Medicare designates each site of service as either a "nonfacility" or "facility," and it bases reimbursement on the type of location. At a nonfacility location, such as the internists office, Medicare assumes that the physician bears the overhead cost and therefore reimburses physicians for necessary overhead or practice expenses. In a facility location, such as a hospital, Medicare assumes that the facility covers most of the overhead and therefore reduces the amount paid to the physician for practice expenses, says **Barbara Pross, CPC, CMPM**, a consultant with DoctorsManagement, a medical practice management firm in Knoxville, Tenn.

The difference in payment is significant. For example, a level-three E/M code (e.g., 99213) pays \$50.31 (nationally, not adjusted for region) in a nonfacility setting, while it pays \$34.02 in a facility.

Medicare now designates only hospitals (21-23), skilled nursing facilities (31), ambulatory surgical centers (24) when they are performing a service on the Medicare ASC list, and community mental-health centers (53) as facilities. In 2003, it is changing the designation of several other places of service to facility. Most will not affect the majority of internists.

For example, most internists won't provide services at an Indian Health Service provider-based facility (06), a military treatment facility (26) or in an ambulance (41-42), but they may occasionally be called on to see patients at a psychiatric facility partial hospitalization (52) or a psychiatric residential treatment facility (56). Medicare will consider all of these "facilities" in 2003, so physicians seeing patients at these facilities will no longer receive the "practice expense" component from Medicare.

(See CMS 1204-P at <http://www.cms.gov/physicians/pfs/default.asp> for more information on these changes.)

### Consider the Places You Can Go

POS 11 (Office) is the most-used code in internists offices for obvious reasons, but other codes are sometimes appropriate including some that may not be on your radar screen.

For example, if your practice operates a separate urgent care facility, you should be aware of new POS code 20 (Urgent care facility), which Medicare will add in 2003 for a "location distinct from a hospital emergency room, an office, or a clinic, whose purpose is to diagnose and treat illness or injury for unscheduled ambulatory patients seeking immediate medical attention."

Be careful when using POS 20, however, because the verbiage expressly states it is for "unscheduled" patients, Pross warns. This code is appropriate for a facility where patients can come spur of the moment for urgent medical problems. However, you should use 11 not 20 for patients scheduled for Saturday appointments or other after-hours appointments

in the office, Pross says.

POS 60 (Mass immunization center) is an existing code you should but may not know about if your office does flu or other mass shot clinics. Medicare states this POS can be used for mass immunizations done in the office or at a mall, pharmacy, public-health center or other location, and Pross recommends using it even when the location is the office. If you give hundreds of flu shots in one day and bill the office POS, it may prompt a red flag, Pross says. "They know there's no way in a normal day that someone is going to give 300 flu shots."

Ask for Directions If You're Lost

A number of POS codes may be particularly confusing to coders and nursing homes top the list.

POS code 31 is for a skilled nursing facility, whereas you should use 32 for a nursing facility. The major difference between the two is that Medicare Part A will pay the facility for care only when it is designated as POS 31. POS 32 is for facilities that provide long-term care not covered by Medicare Part A. However, Medicare will pay physicians for their services in either type of facility, says **Kathy Pride, CPC, CCS-P**, HIM applications specialist with the San Rafael, Calif.-based QuadraMed, a national healthcare information technology and consulting firm.

"Be aware that one facility can have both designations, with POS 31 the code for some beds and POS 32 the code for others," Pride says.

Coders puzzled about which POS to use should ask the facility how it designates the bed where the patient is located, Pride says. If the facility designates the bed as POS 31, Medicare considers it a facility and will reimburse the physician at a lower rate. Medicare considers POS 32 a nonfacility, which means the physician will recoup a larger amount for practice expenses.

Physicians are also unsure which location to report when a patient resides in a nursing facility that includes other levels of care, such as assisted living. Again, you should ask the facility what the designation is for the area where the patient lives, Pride says. If the patient is in assisted living, 33 (Custodial care facility) is the correct POS. Many coders try to use 12 (Home) for assisted living, but Medicare maintains that you can use this code only for a "location, other than a hospital or other facility, where the patient receives care in a private residence."

Three POS Codes Apply in Hospital

Internists also frequently use the hospital POS codes. You should use POS 21 (Inpatient hospital) for patients who have been formally admitted to the hospital. POS 22 (Outpatient hospital) applies when patients have not been admitted but are undergoing surgery, observation or another service on an outpatient basis. POS 23 (Emergency room hospital) is for patients seen for emergency diagnosis and treatment in the hospital's emergency department.

Patients admitted to observation status will often confound coders, who are unsure which POS code to select, particularly when the hospital doesn't have a dedicated observation unit. Even if the hospital places observation patients in the same area as inpatients, you should still use the outpatient POS code (22) for patients admitted to observation, Pride says.

"The important point is not where the patient's bed is located, but what the patient's status is," Pride says. "A patient who has been admitted to observation status has not been admitted to the hospital, so you cannot use the inpatient POS code."

Avoid Denials by Matching Locations

Whether choosing a POS code for the hospital or elsewhere, be careful to check your choice against your CPT code before submitting a claim, Pross advises.

"If you use a hospital consultation code (99251-99263) and POS 11 (Office), they are not going to pay the claim," Pross says. "The POS is not going to match the location in the CPT code."

