

Internal Medicine Coding Alert

READER QUESTION ~ Location Won't Drive Observation Service Coding

Question: Our internist performed an observation service on a patient who was not in the observation area of the hospital. Can we still report an observation code?

Texas Subscriber

Answer: Location is not the most important factor when deciding whether to use an observation E/M code or not. The patient does not have to be in a designated observation unit for you to use the codes.

Remember it this way: Observation is a status, not a location where the service occurs.