

## Part B Insider (Multispecialty) Coding Alert

### EVALUATION AND MANAGEMENT: CMS Reminds Practices That Observation Codes Differ Greatly

**MLN Matters provides guidance on observation and hospital care coding**

**Think fast:** Do you know which code to report if your patient spends between eight and 24 hours in observation care?

**Hint:** It's not observation care codes 99218-99220 (Initial observation care).

On Feb. 22, CMS issued new MLN Matters articles that offer coding tips for initial and subsequent hospital care, observation services and hospital discharge day management coding.

The new MLN Matters articles don't offer any big surprises, but do remind providers of best practices for billing these E/M codes.

For a quick reminder on billing observation care services, follow these three quick tips:

**1. Double-check the documentation for patient status.** -The patient has to be admitted to observation status to use observation CPT codes,- says **Cheryl K. Allard, RHIT, of Howard County Medical Clinic.** -The patient does not have to be in an observation unit--he or she can be in a separate unit in the hospital, emergency department, etc.,- she says.

**2. Differentiate codes based on observation stay.** If a patient is in observation for more than eight hours but is still discharged on the same day, you should choose the appropriate code from the 99234-99236 set.

As article MM5793 confirms, if you're reporting a code in the 99234-99236 range, you must maintain -documentation stating the stay for hospital treatment or observation care status involves 8 hours but less than 24 hours.-

Some coders, however, are confused about what differentiates the 99234-99236 series from the 99218-99220 range.

-Basically, the difference is that the 99234-99236 series is for scenarios when the patient is admitted to observation and discharged from observation on the same calendar day,- says **Jim Strafford**, vice president of client services with **Omega Healthcare.**

**Example:** Suppose a patient presents to the hospital at 6 a.m. with asthma. The patient doesn't respond to a nebulizer and other interventions, so the physician admits the patient to observation care at 9 a.m. The patient improves during that period, and the physician discharges him at 9 p.m. the same day.

-In this scenario, you'd use one of the codes in the 99234-99236 range,- Strafford says. -You cannot use the ED codes (99281-99285) for any part of the patient's visit,- he says. Instead, reimbursement for the three hours that the patient spent in the ED will be rolled into the observation charge.

**Rationale:** Medicare won't pay you for both the ED visit and the observation charge, but that shouldn't hurt your wallet because the 99234-99236 codes pay significantly better than the 99281-99285 comparable codes. For instance, the level-one code in the same-day observation care series (99234) reimburses approximately \$132--which is higher than the \$120 that you'll collect for level-four ED code 99284.

**Keep in mind:** If, in the example above, the patient instead spent the night in observation care, you would bill a code from the 99218-99220 range.

**Example:** A patient is admitted to observation at 3 p.m. and remains in observation until 5 a.m. the next calendar day. - In this scenario, you'd use the 99218-99220 codes depending on documentation and medical necessity for the first day, and you'll report the observation discharge code 99217 for the second day,- Strafford says.

During the discharge, the physician -will perform a final examination, a review of the patient's stay, and instructions for the continuing care,- Allard says. The discharge code also includes the preparation of discharge records, she notes.

**3. Select service level based on documentation.** Although you'll select the appropriate code set based on whether the patient was in observation care for a day or less, you won't use time as the deciding factor when choosing the service level.

For example, if the physician reports 99220, your documentation must support a medically necessary comprehensive history, comprehensive examination and medical decision-making of high complexity.

The new MLN Matters articles are available online at [www.cms.hhs.gov](http://www.cms.hhs.gov).