

Part B Insider (Multispecialty) Coding Alert

EVALUATION & MANAGEMENT: Avoid Observation Denials By Using POS 22

State law may govern whether a patient is inpatient or outpatient

Coders often become confused about when to use POS code 21 (Inpatient hospital) and when to use POS 22 (Outpatient hospital) for observation services. The wrong POS code can spell denials and delays in getting paid. But don't worry: Choosing the right POS code for observation is pretty straightforward, say experts.

You should use POS 22 only for observation codes 99217-99220, says **Lisa Center**, physician billing certified professional coder with **Mt. Carmel Regional Medical Center** in Pittsburg, KS. "These codes are observation codes: The patient has not been admitted to the hospital, so you would not use 21 for these codes."

But if the facility discharges the patient on the third day of observation or later, you should use office visit codes 99211-99215 for any visit on the second day, says Center. You should also use 99211-99215 for any visits on days when the patient isn't discharged.

For example: The patient is admitted to observation on Monday and is discharged on Wednesday. For any visits on Tuesday, you'd bill 99211-99215, says coder **Stephanie Fiedler**. Exceptions: If the patient was new to your physician, you'd bill 99201-99205, or if another physician requested a consult, you'd bill the applicable consult code.

You can use either POS 21 or 22 for same-day admission and discharge codes 99234-99236, says Center. These codes are for either observation or inpatient care codes where the patient was let go within the same day.

Check with your carrier: Some carriers may prefer POS 21 with observation codes, says Fiedler--even if this may make less sense because the facility hasn't admitted the patient.

CPT Assistant has stated that you should ask your individual payor which POS codes to use with observation codes, says **Collette Shrader**, compliance/education coordinator with **Wenatchee Valley Medical Center** in Wenatchee, WA.

Check state law: Medicare usually decides whether the patient is a same-day admission or discharge based on whether the patient leaves by midnight, says Fiedler. But some states have laws that say that the patient can stay in observation up to 24 hours without being admitted, and Medicare usually bows to those states' laws. So whether your patient is an inpatient or outpatient may depend on state law, she notes.