

## Part B Insider (Multispecialty) Coding Alert

### Observation Care: Don't Make this \$259 Observation Coding Mistake

**WPS Medicare outlines exactly why one provider's documentation didn't pass muster.**

You may save a few minutes at the hospital by skimping on documentation so you can move onto the next patient, but you'll hurt yourself in the end when your MAC requests repayments due to insufficient medical records. Don't believe it? Consider this example that Part B payer WPS Medicare recently reported among its Comprehensive Error Rate Testing (CERT) issues.

**Example:** A provider billed 99220 (Initial observation care) for date of service Oct. 23 and CPT® 99217 (Observation care discharge day management) on Oct. 24, according to WPS Medicare's Q3 2015 CERT Error Summary. The provider was "missing clinical documentation supporting the billing provider's date and timed physician's order regarding the observation services the beneficiary was to receive, along with nursing notes, progress notes prepared by the physician while the patient received observation services, and any record prepared as a result of an emergency department or outpatient clinic encounter," WPS said.

The doctor did submit an authenticated history and physical (H&P) dated Oct. 23 which showed that the patient had a possible transient ischemic attack, as well as a plan that failed to show any intention of observation care. He also submitted a progress note showing "possible discharge later today" and a discharge summary dated Oct. 24, WPS added. "Also received an emergency room note dated Oct. 23 written by the ER physician, not the billing provider, which shows observation admission and does not show time of observation admission; and other duplicate documentation. Documentation submitted is insufficient to support this claim per Medicare guidelines."

In other words, although the physician submitted some documentation, it wasn't enough to authenticate the claim and didn't support the codes that the physician billed. This typically means the insurer will ask for you to reimburse the money you collected for the service—which in this case totals about \$259.

#### **Know These Observation Realities**

To ensure that you can hang onto all of your observation pay, consider the following quick coding and documentation tips.

Tip 1: Differentiate 'Per Day' Codes From 'Same Day' Series

#### **CPT® includes two sets of codes for observation services.**

Codes 99218, 99219, and 99220 (Initial observation care, per day, for the evaluation and management of a patient which requires these 3 key components ...) represent initial observation care. Similarly, the subsequent observation care codes (99224-99226) are per-day services that apply when you see an observation patient on a day other than the first or last day in observation care.

By contrast, codes 99234, 99235, and 99236 (Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components ...) apply to patients who are admitted and discharged on the same day.

As with most other E/M codes, you'll base your code choice on the history, exam, and medical decision making, while also considering the amount of time your provider spends with the patient. These factors will help you pinpoint the best code within a group.

### **Tip 2: Only Report One Observation Code Per Day**

When submitting your claim, verify that you aren't reporting two observation codes on the same day. A common mistake is to report an initial observation care code (99218-99220) along with the observation discharge code (99217, Observation care discharge day management ...). Most payers will not cover both codes reported on the same day.

CPT® created codes specifically for same day admission and discharge from observation (99234-99236, Observation or inpatient care services [including admission and discharge services]). Use a code from 99234-99236 when the patient is admitted and discharged to and from observation on the same calendar date. Once the patient's observation stay crosses midnight and the stay includes multiple dates of service, you revert back to the 99218-99220 series for the admission on the first date, 99224-99226 for the "middle days" and 99217 for the discharge.

### **Tip 3: Get Ready for Changes in August**

Last summer, President Obama signed into law the Notice of Observation Treatment and Implication for Care Eligibility (NOTICE) Act that would require hospitals to fully inform patients who spend more than 24 hours in observation without being admitted as an inpatient. The goal was to address some drawbacks to observation status, including obstacles to Medicare payment for subsequent skilled nursing facility (SNF) stays and potential higher copayments.

**What it means:** According to the (NOTICE) Act, hospitals are required to provide "written notification" to patients under observation in hospitals for more than 24 hours. The notice must be clear about the implications for cost-sharing as an outpatient and for subsequent eligibility for SNF coverage, and must explain why the patient is in observation status and is not an inpatient.

**Must do:** The notification must be written in "plain language" and be signed by the patient or his or her representative.

The legislation was prompted by continued concerns about the "two-midnight rule," which was passed in 2013 and established the rule of thumb that a patient reasonably expected to require necessary hospital care for a time period that would span at least two midnights would be considered appropriate for inpatient services and, therefore, payable under Medicare Part A. Similarly, a hospital stay not spanning at least two midnights would be presumed as an outpatient stay and more correctly reported as observation rather than an inpatient admission.

**Resource:** To read WPS Medicare's Q3 2015 CERT Error Summary, visit [www.wpsmedicare.com/j5macpartb/departments/cert/2015-3rd-quarter-error-summary.shtml](http://www.wpsmedicare.com/j5macpartb/departments/cert/2015-3rd-quarter-error-summary.shtml).