

Part B Insider (Multispecialty) Coding Alert

OBSERVATION CODING: Observation Stays Are on the Rise -- 4 Tips Help Code Them

Hint: Roll office visit, observation stay into one code.

Physicians are admitting more patients than ever to observation status -- so Medicare analysts will be scrutinizing these claims like never before.

Many hospitals have tightened the criteria of what constitutes an inpatient stay -- causing some patients to linger in observation care for longer than the average period-- in some cases up to two weeks, according to a Dec. 11, 2008 notice from the Center for Medicare Advocacy.

As hospital policymakers set standards regarding which patients qualify for observation care and which should be inpatients, Part B coders need to ensure that their observation coding practices are pristine, because all eyes are focusing on claims for these services.

1. Bill just one E/M visit: If your physician sees a patient in his office and decides to subsequently admit that patient to observation status, you cannot report both the office E/M (such as 99213) and observation code (such as 99218).

"If the provider sees the patient in the office and then sees the patient in observation, then the office visit rolls into the initial observation code," says **Sherry Gann, CPC**, with Shawnee Health Service.

2. Only use 99234-99236 for one-day visits: If your physician admits a patient to observation status and discharges the patient on the same date, report a code from the 99234-99236 range. "The physician should not report these codes when the patient is admitted one day and discharged the next day," according to the June 2002 CPT Assistant.

3. Bill for discharges performed on subsequent dates: If the physician sees a patient for observation care (such as 99220) and discharges him on a different date, you can bill 99217 (Observation care discharge) on the discharge date, says **Rhonda Hardison, CPC**, coder with the Head and Neck Center in Baton Rouge, La.

4. Watch for adjustment to inpatient status: "CPT instructs that once a patient is admitted you should no longer use the observation procedure codes; you should use the inpatient codes," says **Kim French, CIRCC**, of Crouse Radiology Associates in Syracuse, N.Y.