Part B Insider (Multispecialty) Coding Alert

Observation: Learn The TAO Of Observation Coding

3 simple rules for when to bill for observation

Many providers are confused about when they can bill for observation for a patient who's kept in the hospital for a while. Luckily, consultant **James Blakeman** with Health Care Business Resources in Bala Cynwyd, Pa., has a simple set of rules, which he sums up with the initials TAO, to check whether your observation coding measures up:

Time should be a diagnostic factor, not a matter of convenience. You're keeping the patient for observation because you're not sure what you're going to do for him, not simply because you're already sure what to do next and you're just waiting to do it.

Admission is a real possibility, but not a foregone conclusion. "That rules out all the patients we're babysitting in the ER while they're waiting for a bed upstairs," Blakeman says.

The **order** for observation needs to appear in the patient's chart. "Somewhere in that record it needs to be clear that at a point in time the physician decided to observe this patient," Blakeman says. Otherwise, it may look as if the physician decided after the fact to claim that the patient was under observation.