

## Part B Insider (Multispecialty) Coding Alert

### Part B Coding Coach: Can You Place the Proper Place of Service Code in Box 24B?

6 expert Q&A's will prevent the wrong POS from causing you denials or incorrect reimbursement

Place of Service codes are taking center stage with the HHS Office of Inspector General, which means coders need to be on high alert.

Recent OIG reviews of **Trailblazer** and **Empire Medicare** revealed that 75 to 88 percent of sampled practices were reporting office setting Place of Service (POS) codes for facility-rendered Physician Services . Because nonfacility fees are higher to compensate for staff and practice overhead, Medicare may have overpaid Empire alone over \$1.4 million between 2000 and 2002.

**What you can do:** POS coding is tricky, but if you choose the wrong code for Box 24B on the CMS 1500 form you could face an investigation for billing fraud or abuse. To help you steer clear of disaster, our experts answer seven of your most pressing - and confusing - POS questions.

**1. Question:** What criteria should I use to differentiate between POS 31 (Skilled Nursing Facility), 32 (Nursing Facility), and 33 (Custodial Care Facility) when dealing with nursing facilities?

**Answer:** There's a lot of confusion concerning the use of these three codes, part of which arises because a facility can have both skilled nursing and non-skilled nursing beds at the same time.

**31:** You should use skilled nursing facility code 31 when your physician treats a patient who is in a skilled bed at the time of service. This means the patient has a medical condition that requires skilled nursing care, such as injections or ventilation. Medicare must authorize skilled nursing services and considers them a Medicare Part A expense.

A patient is only allowed a certain number of SNF days per year, explains **Kathleen Jillson**, director of practice administration at **Erickson Retirement Communities** in Catonsville, MD. If a nursing facility brings a patient to the physician's office, you should report POS code 11 (Office) on the claim form.

**32:** You should choose nursing facility POS code 32 if the patient is not on Part A Medicare, but instead is on long-term care and receiving medical, nursing or rehabilitative services.

Because determining what type of bed the patient has can be difficult, you need to maintain close communication with the administrative or billing office in the nursing facility to determine if the patient is in a skilled bed or not when a physician sees a patient there, advises **Barbara J. Cobuzzi, CPC, CPC-H, CHBME**, president of **Cash Flow Solutions, Inc.** in Brick, NJ.

**33:** You would report POS code 33 for a custodial care facility - a facility providing patients with personal assistance services on a long term basis, but which does not provide medical care (but does provide assistance, such as dispensing medications). Patients are mobile in a custodial care facility, so there must be medical necessity for a physician to see a patient at the facility and not in his office.

**Example:** If a patient in the custodial facility has a hip fracture and is unable to go to the physician's office, the physician would be able to see the patient at the custodial care facility.

**2. Question:** We rushed a patient into surgery from the emergency room. The physician did not admit the patient to the

hospital until after the surgery. Should I use POS 21 or 23 for the surgery claim?

**Answer:** Remember that the hospital admission code (initial inpatient care) includes all the physician's treatment on the given date of service, starting with the very first hour of the visit, notes **Terri Fischer, CPC, CMC**, manager of Health Care Group at **Larson Allen Weishair LLP** in St. Louis, MO. Therefore, the appropriate inpatient care code will cover the time spent in the ER. You should use POS 21 (Inpatient Hospital) for any initial care the physician performed in the ER as well as care after admission.

For the surgery codes, you would also use POS code 21, as long as the physician admits the patient afterward. If the physician never admits the patient and performs the surgery in the actual emergency room, then you should use POS 23 (Emergency Room - Hospital).

**3. Question:** Physicians in our office are certified to interpret EKG and sleep study results for patients of other physicians. Our physicians do not see the patients, they only interpret the test results. What POS is appropriate?

**Answer:** The answer will depend on where the physician performed the service, says Fischer. If the physician interprets the results in the hospital, you should code the service with POS 22 (Outpatient Hospital). If the physician is interpreting the test in your office, then report POS 11 (Office).

**Idea:** If the physician is not in the habit of interpreting test results in one place, you might help your staff to avoid POS billing errors by creating a form that allows the physician to circle where he rendered the interpretive service.

**4. Question:** Our physician had a patient under observation status for 12 hours in the ER. We reported the service with POS code 23. The carrier told us to use 22 instead. Why?

**Answer:** "If you're going to bill an observation code, then the place of service is 22," says **Catherine A. Brink, CMM, CPC**, president of **Healthcare Resource Management Inc**, in Spring Lake, NJ. Make sure that "observation" noted in a patient's chart means the patient was under observation status. If the physician did not officially place the patient "under observation," the service does not warrant an observation service code, and POS code 22 may not be appropriate, Brink says.

Even though a patient is physically in the ER, when the physician registers him to observation status, he is considered a hospital outpatient. The provider can perform observation anywhere: in a room, a clinic or a hallway. The patient's status - not his physical location - determines the POS, notes Cobuzzi.

**For example:** The physician's documentation may state that the physician "observed" a patient while treating him in the emergency room. You would report this service with the appropriate emergency department procedure code and POS code 23 because the physician did not clearly document that the patient was under actual "observation status."

**5. Question:** A patient came to our office complaining of stomach pain and shortness of breath, and our physician subsequently rushed the patient to the hospital and admitted him for treatment of dehydration and asthma. Which POS is appropriate for this service?

**Answer:** "You can't bill for both the hospital admission and the office visit," says **Roz Laakso, RHIT, CCS-P**, director of physician coding and compliance for **Erickson Retirement Communities** in Catonsville, MD.

Because initial hospital care includes both admission and other services earlier in the day, you would bill the physician's services with the appropriate initial hospital care code and report POS 21 for an inpatient hospital visit. The physician should combine his documentation from the office visit and the hospital admission, resulting in an appropriately higher initial inpatient care code that will reimburse you for the office services.

**6. Question:** What POS should I report if the physician's office is on hospital property?

**Answer:** The question you need to ask: "Is the physician paying fair market rent for the facility?" says Fisher. If the

physician is paying appropriate rent to the hospital, then the space is considered an office, and you should select POS 11.

If the physician is not paying rent at fair market value for the space, then POS 22 is appropriate. When the physician is not paying for use of the facility, he should not receive any extra reimbursement for it, Fischer says. If renting, the physician would receive the higher nonfacility fee (called for by POS 11) that includes the costs of running a practice.

The same rule applies to a laboratory or rehabilitation facility located on hospital property. If the providers do not rent the space and it belongs to the hospital, then providers are performing services on someone else's property - and you should select POS 22, explains Fischer. If the laboratory or rehab facility pays rent to the hospital, report POS 81 (Independent Laboratory) or POS 62 (Comprehensive Outpatient Rehabilitation Facility).