

Part B Insider (Multispecialty) Coding Alert

PART B REVENUE BOOSTER: Don't Write Off Those Pre- or Postop Observation Care Dollars

Hint: Keep an eye on modifier choice

If you've been eating the cost of preoperative observation care, now's your time to re-examine those charges.

You probably know that the global surgical fee includes hospital observation service payment--but what you may not know is that you can report those observation services separately in some cases.

Although many other insurers have allowed you to bill certain observation services within the global period for years, CMS' stance was vague. But that changes with the introduction of new Medicare guidance that can make the issue easier to understand.

According to recent CMS Transmittal 1466, you can report observation codes 99217-99220 and 99234-99236 along with the global surgical fee as long as you meet the following two criteria:

- You can justify billing the observation service with modifier 24 (Unrelated evaluation and management service during a postoperative period), 25 (Significant, separately identifiable evaluation and management service by the same physician) or 57 (Decision for surgery)

- The observation service meets all of the conditions for billing the observation code.

-What they're saying is that you can't bill for observation for anything surgery-related, but you can report the observation separately if the observation stay supports the use of a global-breaking modifier,- says **Barbara J. Cobuzzi, MBA, CPC-OTO, CPC-H, CPC-P, CPC-I, CHCC**, president of **CRN Healthcare Solutions** in Tinton Falls, NJ.

Postop example: A patient undergoes abdominal surgery and is about to be discharged from the hospital when he begins to experience respiratory problems. The physician admits the patient to observation so the physician can evaluate the respiratory issue.

Solution: In this case, -you'd bill the observation care with modifier 24 appended because the observation care is unrelated to the surgery,- Cobuzzi says.

Preop example: A patient is admitted to observation care so the physician can observe his vertebral injury. During the observation period, the surgeon decides that the patient requires surgical intervention.

Solution: In this case, you should charge the observation code with modifier 57 appended, as well as the surgery, says **Jacqui Jones**, office manager for **Benjamin F. Balme, MD, PC**, in Klamath Falls, Ore.

Remember to check the hospital records to determine whether the patient was admitted to observation care, inpatient status, etc., -because it really matters if the physician billing differs from the hospital billing as far as place of service,- Jones says.

To read CMS Transmittal 1466, visit www.cms.hhs.gov/transmittals/downloads/R1466CP.pdf

