

## Part B Insider (Multispecialty) Coding Alert

### READER QUESTION: Is Inpatient Code OK for Observation Patient?

Know the right way to bill observation care for your patients.

Question: I've been told to use a standard consult code (99241-99244) for a patient admitted for observation and use POS 22 (outpatient). But I've also heard that for a visit the following day, when the patient is still in observation, I should use a daily hospital visit code (99231-99233) with POS 21 (inpatient). Is this correct?

Answer: You are correct in using the outpatient codes and place of service (POS) on the first day. And you should do the same on the second day, reporting the appropriate outpatient visit code based on the doctor's documentation.

The Medicare Claims Processing Manual ([www.cms.hhs.gov/manuals/downloads/clm104c12.pdf](http://www.cms.hhs.gov/manuals/downloads/clm104c12.pdf)) explains that inpatient codes are not correct for patients in observation. Consider the following excerpts:

- "Payment for an initial observation care code is for all the care rendered by the admitting physician on the date the patient was admitted to observation. All other physicians who see the patient while he or she is in observation must bill the office and other outpatient service codes or outpatient consultation codes as appropriate when they provide services to the patient."

Lesson: If the doctor is not the physician who admits the patient to observation, he should bill his visits using office/outpatient codes.

- "For example, if an internist admits a patient to observation and asks an allergist for a consultation on the patient's condition, only the internist may bill the initial observation care code. The allergist must bill using the outpatient consultation code that best represents the services he or she provided. The allergist cannot bill an inpatient consultation since the patient was not a hospital inpatient."

Lesson: Again, office/outpatient codes are appropriate for observation visits and inpatient codes are not appropriate.

- "In the rare circumstance when a patient is held in observation status for more than 2 calendar dates, the physician [who admits to observation] shall bill a visit furnished before the discharge date using the outpatient/office visit codes. The physician may not use the subsequent hospital care codes since the patient is not an inpatient of the hospital."

Lesson: Even the physician who admits the patient to observation uses office/outpatient codes when the patient is in observation for multiple dates. Other physicians who visit the patient should use office/outpatient codes, as well.

Inpatient codes are not appropriate for patients in observation.