



How to Earn Optimal Reimbursement for Observation Status

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Observation - What, Why, Where?

What?

- Determination of disposition - Admission or Discharge not a foregone conclusion

Why?

- Diagnostic uncertainty
- Therapeutic intensity
- Time is the treatment

Where?

Observation **is a status** rather than a place.

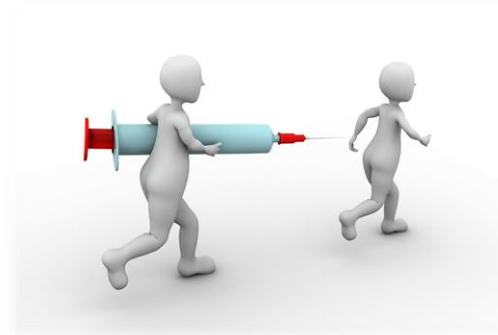
“Observation may take place in a regular bed in the ED, in a special observation area of the ED, a formal observation unit, or even in an inpatient bed”...

Observation – Who?



Diagnostic Uncertainty

Abdominal Pain
Syncope
Chest Pain
Head Injury



Therapeutic Intensity

Asthma
CHF
Croup
Dehydration
Allergic reactions



Time = Treatment

ETOH
Psych

Observation? Probably Not.

- Admission or discharge is a foregone conclusion
- The patient remained in the ED until tests could be performed
- The patient is waiting for transportation
- The patient is held in the ED waiting for an inpatient bed
- Physician was waiting for another provider to evaluate the patient
- Retrospective observation assignment

Observation – Single Day Stay

99234 Observation or inpatient hospital care	99235 Observation or inpatient hospital care	99236 Observation or inpatient hospital care
HPI 4+	HPI 4+	HPI 4+
ROS 2+	ROS 10+	ROS 10+
PFSH 1 of 3 Past Medical, Family, <u>or</u> Social	PFSH 3 of 3 Past Medical, Family, <u>and</u> Social	PFSH 3 of 3 Past Medical, Family, <u>and</u> Social
Exam 5 OS	Exam 8 OS	Exam 8 OS
MDM straightforward or low complexity	MDM moderate complexity	MDM high complexity

- Requires all three key elements
- Admission and discharge on the same calendar day
- Discharge service does not apply

Observation - Two Day Stay

99218 Initial Observation Care; per day	99219 Initial Observation Care; per day	99220 Initial Observation Care; per day	99217 Observation Care Discharge Services
HPI 4+ elements	HPI 4+ elements	HPI 4+ elements	Final exam
ROS 2+ systems	ROS 10+ systems	ROS 10+ systems	Discussion of stay
PFSH 1 of 3 Past Medical, Family, <u>or</u> Social	PFSH 3 of 3 Past Medical, Family, <u>and</u> Social	PFSH 3 of 3 Past Medical, Family, <u>and</u> Social	Instruction for follow-up
Exam 5 OS	Exam 8 OS	Exam 8 OS	Preparation discharge
MDM straightforward or low complexity	MDM moderate complexity	MDM high complexity	

- Requires all three key elements
- Patients admitted to observation status, and discharged after 12:00am the following day
- Admitted (day 1) and discharged after 12:00am the following day (day 2)
- Discharge day second CPT code



Observation – Three Day Stay

99224 Subsequent observation care, per day	99225 Subsequent observation care, per day	99226 Subsequent observation care, per day
Interval Hx	Interval Hx	Interval Hx
Problem Focused Exam	Expanded Problem Focused Exam	Detailed Exam
MDM straightforward or low complexity	MDM moderate complexity	MDM high complexity

- **Two of the three** elements required
- Suggest MDM be one of the key elements
- Codes used for day 2, 3, etc...



Does Time Matter?

- Medicare requires 8 hours of Obs. on the same calendar date to bill 99234-99236.
- Applies to **only Medicare patients.**
- CPT has no clear time constraint.
- If the Obs stay spans 2 calendar days, no time constraints for CMS or CPT payers.



And the Clock Starts... When?

- Time starts when the EP begins the ED encounter – the emergency department and observation services are bundled into one CPT becoming a single service
- Calendar day issues - need clear tracking tools



Multiple Physicians and Observation

How do we bill for two doc's providing Obs?

- “Same” physician - means **any physician in the same group**
- You may not have the first ED physician bill an emergency E&M and the second emergency physician bill an observation E&M



Key Documentation Elements

Documentation should include:

- Documentation of a formal timed admission to observation “status” order (i.e. the patient was admitted to observation status at _____”)
- Indication for observation
- Documentation of all physician orders, **reassessments**, and MDM involved while the patient was in observation status. This may include:
 - The current condition of the patient
 - **Progress notes**
 - Medications given, IV’s infused, labs reviewed, any procedure performed (if applicable)
- Summary of the patient’s condition at the end of observation status

Observation Scenarios-Same Day Admit and Discharge

Patient is placed into Observation status at 1400 on 4/15

Discharged to Inpatient status at 2315 on 4/15

Admit and discharge on the same date.

CPT 99234-99236
CMS 99234-99236*

* 8 hour stay same day admit and discharge

ED E/M	RVU	OBS Admit & Discharge	RVU
99283	1.76	99234	3.86
99284	3.36	99235	4.83
99285	4.93	99236	6.24

Observation Scenarios - Two Day Stay

Patient admitted to
Observation status
At 1800 on 4/15

Discharged to home at
0600 4/16

Admission and discharge
over two calendar days

CPT Day 1 99219-99220
Day 2 99217

CMS SAME

Potential
Total RVU
7.38

Initial	RVU
99283	
99284	
99285	



Observation Scenarios - Three Day Stay

Patient admitted to
Observation status
At 0945 on 4/15

Discharged to home at
1145 on 4/17

Admission and discharge
over three calendar days

CPT Day 1 99219-99220
Day 2 99224-99226
Day 3 99217

CMS SAME

ED E/M	RVU	Initial Obs Status	RVU	Subseq Obs Care	RVU
99283	1.76	99218	2.84	99224	1.14
99284	3.36	99219	3.87	99225	2.06
99285	4.93	99220	5.30	99226	2.97
		99217	2.08		

Revenue Impact and Considerations

- Already providing the care...?
- Good partnership service for your hospital.
- **Is Observation Profitable for your Group?**
- Check payer observation policies for top 10 payers
- Verify observation CPT's are covered under your contracts