September 2020 Observation Coding and Billing

Michael Granovsky MD, CPC, FACEP
President, LogixHealth

General Documentation Requirements

- Timed/dated order to place in observation status
- A short treatment plan regarding the goals of observation
- Clinically appropriate progress notes
  - Asthma different than chest pain
- A discharge summary reviewing the course in observation, findings, and plan
2020 Professional Observation CPT Codes

- Same day admit and discharge CPT Codes:
  - **99234** – Low severity
    - Low-complexity MDM
  - **99235** – Moderate severity
    - Moderate-complexity MDM
  - **99236** – High severity
    - High-complexity MDM

**CMS 8 Hour Rule**

- Medicare requires 8 hours of Obs. on the same calendar date to bill 99234-99236
  - CPT does not define a time threshold
- If the Obs. stay spans 2 calendar days, no time constraints for CMS or CPT payers
2020 Professional Observation CPT Codes

- Admit and discharge more than one calendar day:
  - Initial day CPT codes:
    - **99218** – Low severity
      - Low-complexity MDM
    - **99219** – Moderate severity
      - Moderate-complexity MDM
    - **99220** – High severity
      - High-complexity MDM

Professional Observation Discharge Code

- **Discharge day CPT Code:**
  - **99217**- Discharge Day
  - Includes final exam, discussion of observation stay, follow-up instructions, and documentation
  - Used with codes from the initial observation day codes series (99218/99219/99220)
Coding Scenarios Observation Services

<table>
<thead>
<tr>
<th>Observation Level of Care</th>
<th>Care All on the Same Day</th>
<th>Care Covers Two Calendar Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>99234</td>
<td>99218 + 99217</td>
</tr>
<tr>
<td>2</td>
<td>99235</td>
<td>99219 + 99217</td>
</tr>
<tr>
<td>3</td>
<td>99236</td>
<td>99220 + 99217</td>
</tr>
</tbody>
</table>

Keys to Physician Documentation

- All but the lowest level Obs require very significant Hx and PE documentation
- Comprehensive Hx and PE:
  - HPI: 4 elements
  - PFSHx: 3 areas* (Requires Family Hx)
  - ROS: 10 systems
  - PE: 8 organ systems

  **Obs services typically require a family history**
- Beware overuse of macros for ROS and PE
Summary Documentation Requirements

<table>
<thead>
<tr>
<th>Level</th>
<th>HPI</th>
<th>ROS</th>
<th>PFSHx</th>
<th>PE</th>
</tr>
</thead>
<tbody>
<tr>
<td>99234</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>99235</td>
<td>4</td>
<td>10</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>99236</td>
<td>4</td>
<td>10</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

The Devil We Knew: 1995 Documentation Guidelines Going Away—For The Office Codes

25 Years Ago!
MDM or Time Will Determine 2021 Office Code Choice

2021 Office Visit Code Scoring

“The CPT code changes allow clinicians to choose the E/M visit level based on either medical decision making or time.”  

2020 CMS Physician Final Rule Press Release

Requires performance of history and exam only as medically appropriate.

Obs Timeline: Transition To Updated Guidelines?

NO APPLICATION FOR OBS YET

“The proposed changes only apply to office codes: 99201 – 99215.
We may address sections of the E/M code set beyond the office/outpatient codes in future years.”

CMS Physician Rule page 332/1473
### 2020 Typical Times for Observation

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>Typical Times</th>
<th>CPT Code</th>
<th>Typical Times</th>
</tr>
</thead>
<tbody>
<tr>
<td>99234</td>
<td>40 minutes</td>
<td>99218</td>
<td>30 minutes</td>
</tr>
<tr>
<td>99235</td>
<td>50 minutes</td>
<td>99219</td>
<td>50 minutes</td>
</tr>
<tr>
<td>99236</td>
<td>55 minutes</td>
<td>99220</td>
<td>70 minutes</td>
</tr>
</tbody>
</table>

See Appendix for detail

### COVID Observation Telemedicine Changes

- CMS expanded eligible telehealth services to include ED and Observation during COVID

  "We are adding the following codes to the existing list of telehealth services.
  CPT codes 99281-99285, 99217-99220, 99224-99226, 99234-99236."

  CMS-1744-IFC page 19/221
2020 Student Documentation Expanding

- Everyone can use student documentation:
  - “Physicians, physician assistants, or advanced practice registered nurses can review and verify, rather than re-document, information included in the medical record by physicians, residents, nurses, students.”

- Definition of student expanding: CMS is explicitly naming PA and NP, CNS, CNM, and CRNA students, along with medical students, as the types of students who may document notes for review and verification.

COVID Teaching Physician Oversight via Telehealth

- Teaching Physicians may meet the supervisory requirements using telehealth during the PHE
- Does not need to be in person

“The requirement for the presence of a teaching physician can be met, through direct supervision by interactive telecommunications technology... the teaching physician must provide supervision either with physical presence or be present through interactive telecommunications technology during the key portion of the service.”

March 30th CMS IFR page 103/221
Teaching Physician Telemedicine: 2021 and Into The Future

- TP telemedicine oversight may be extended beyond the public health emergency – CMS has directly solicited commentary

“While we have concerns about extending our interim policy to permit virtual presence of the teaching physician, whether on a temporary or permanent basis, we believe public comment would be helpful. We are considering extending our policy until the end of the calendar year in which the PHE ends.”  

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2020 RVU Values for Observation Services

<table>
<thead>
<tr>
<th>Same Day Obs</th>
<th>Total RVU</th>
<th>Over Midnight Obs</th>
<th>Total RVU</th>
<th>ED E/M Service</th>
<th>Total RVU</th>
</tr>
</thead>
<tbody>
<tr>
<td>99234</td>
<td>3.77</td>
<td>99217</td>
<td>2.05</td>
<td>99284</td>
<td>3.38</td>
</tr>
<tr>
<td>99235</td>
<td>4.77</td>
<td>99218</td>
<td>2.82</td>
<td>99285</td>
<td>4.91</td>
</tr>
<tr>
<td>99236</td>
<td>6.14</td>
<td>99219</td>
<td>3.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>99220</td>
<td>5.22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

99217 + 99220 = 7.27 RVUs Total
**DOCUMENTATION & CODING**

2020 Increases With Each E/M Level

- 2020 Cost Of Hx and PE Downcodes
  - 2 downcodes: 99236 ➔ 99234
    - Loose 4.74 RVUs.
    - $171.06
    - 39%
Obs Coding Methodology

- Most ED run Observation units see higher acuity patients
- Chest pain or clinically equivalent complexity is very common
- ED Observation E/M distribution influenced by pre-selected complexity

Clinical Benchmarks of Patient Complexity

- No AMA CPT Appendix C Obs code vignettes

CMS RUC database vignettes
- **99234**: 19 y.o. pregnant patient (9 weeks gestation) presents to the ED with vomiting X 2 days. The patient is admitted for observation and discharged later on the same day.
- **99235**: 48 y.o. presents with an asthma exacerbation in moderate distress.
- **99236**: 52 y.o. patient comes to the ED with chest pain.
Facility observation is a **composite** APC

- Requires a qualifying visit **and** 8 hours of facility time
  - 2015 limited ED visit types qualified
- 2020 Observation **all** visits potentially qualify
  - 99281-99285 (Type A) or G0381- G0385 (Type B)
  - 99291
  - G0463 (hospital outpatient clinic visit)
  - G0379-(direct referral for observation)
2020 Observation Facility Requirements

- Qualifying Visit 9928x, 99291, outpatient clinic G0463
- 8 hours reported as units of G0378 (in the units field)
- There must be a physician order for observation
- No T status procedure

2020 Observation Comprehensive APC

- CMS has continued to expand the concept of outpatient packaging
  - Comprehensive APCs
    A C-APC is defined as a classification for the provision of a primary service and all adjunctive services provided to support the delivery of the primary service. We established C-APCs as a category broadly for OPPS payment and implemented 25 C-APCs beginning in CY 2015
    - OPPS Final Rule page 124/1221
- Observation C- APC 8011 continues for 2020
2020 Observation Facility Payment

<table>
<thead>
<tr>
<th>Year</th>
<th>CMS Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$720.64</td>
</tr>
<tr>
<td>2013</td>
<td>$798.47</td>
</tr>
<tr>
<td>2014</td>
<td>$1,199.00</td>
</tr>
<tr>
<td>2015</td>
<td>$1,234.22</td>
</tr>
<tr>
<td>2016</td>
<td>$2,174.14</td>
</tr>
<tr>
<td>2017</td>
<td>$2,221.70</td>
</tr>
<tr>
<td>2018</td>
<td>$2,349.66</td>
</tr>
<tr>
<td>2019</td>
<td>$2,386.80</td>
</tr>
<tr>
<td>2020</td>
<td>$2,203.35</td>
</tr>
</tbody>
</table>

Observation Increased Payments

What's the Catch?

- Observation is a Comprehensive APC
  - mini DRG
- Bundling: Most Labs, ancillaries, radiology, procedures, hydration/injection/infusion

“A C-APC is defined as a classification for the provision of a primary service and all adjunctive services provided to support the delivery of the primary service.”

- OPPS Final Rule page 73/1182
Conclusions

- Observation services will be an expanding determinant of our financial success
- Documentation and correct coding methodology drive the revenue per patient
- Packaging of services will lead to resource use pressure and efficiency pressure!
- A throughput focused culture is ideally suited to maximize observation financial success

Contact Information

Michael Granovsky, MD, CPC, FACEP

mgranovsky@logixhealth.com

www.logixhealth.com
Educational Appendix

CMS PFSHx Observation Requirement

- CMS requires that comprehensive observation histories have 3 of 3 PFSH elements rather than the 2 of 3 requirement for ED E/M codes

  Medicare 1995 DGs page 6
  - May utilize the nurse's notes but beware
    - Rarely document a Family Hx

“A review of all three history areas is required for services that by their nature include a comprehensive assessment or reassessment of the patient.”
# Risk Table

Highest Level in Any Category Prevails

Risk of Complications and/or Morbidity or Mortality

<table>
<thead>
<tr>
<th>Presenting Problem</th>
<th>Diagnostic Tests*</th>
<th>Management Options</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 self-limited/minor problem</td>
<td>Lab w/ venipuncture, CXR, EKG, U/A</td>
<td>Rest, Gargle, Ace, Superficial dressing</td>
<td>Minimal 99281</td>
</tr>
<tr>
<td>2 or more self-limited/minor 1 stable chronic illness, Acute</td>
<td>Lab w/ arterial puncture Superficial</td>
<td>OTC drugs, IV w/o additives</td>
<td>Low 99282</td>
</tr>
<tr>
<td></td>
<td>needle biopsies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 chronic illness w/ exacerbation, 2 or more stable chronic illnesses, New</td>
<td>LP, Thoracentesis, Culdocentesis</td>
<td>Prescription provided, IV w/ additives Minor</td>
<td>Moderate 99283</td>
</tr>
<tr>
<td>problem w/ uncertain progress, Acute problem</td>
<td></td>
<td>surgery w/ identified risk factors</td>
<td>99284</td>
</tr>
<tr>
<td>1 or more chronic illnesses w/ severe</td>
<td>Endoscopy with identified risk factors</td>
<td>Parental controlled drug therapy Drug therapy</td>
<td>High 99285</td>
</tr>
<tr>
<td>exacerbation, Life Threatening illness/injury, Suicidal or homicidalideation,</td>
<td></td>
<td>requiring monitoring Emergency major surgery</td>
<td></td>
</tr>
<tr>
<td>Neurostatus change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*This column is rarely applicable in the ED

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# Obs Subsequent Day RVUs

<table>
<thead>
<tr>
<th>Code</th>
<th>Total RVUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>99224</td>
<td>1.12</td>
</tr>
<tr>
<td>99225</td>
<td>2.05</td>
</tr>
<tr>
<td>99226</td>
<td>2.95</td>
</tr>
</tbody>
</table>
### What is Included In Professional Obs. Time?

- CPT defines time as “unit/floor time” - time in the observation area as well as time at the patient’s bedside.
- Consider all applicable time spent related to the patient
- Bedside time with patient
  - Documenting and/or reviewing patient chart
  - Examination
  - Entering additional notes
  - History from family, other medical providers, patient
  - Directing and formulating care plan

### Patient Responsibility: Inpatient and Outpatient Financial Construct

- Obs is an outpatient service covered under Medicare part B
- Concerned beneficiaries may pay more as outpatients than if they were admitted as inpatients
  - 80/20 co-insurance under part B
- Medicare Part A covers inpatient care, but with a substantial deductible
  - Recurs more than once a year
  - 2018 Inpatient expense: deductible $1,340
Patient 20% Co Pay

- Being an outpatient may affect what you pay in a hospital:
- When you’re a hospital outpatient, your observation stay is covered under Medicare Part B.
- For Part B services, you generally pay: A copayment for each outpatient hospital service you get. Part B copayments may vary by type of service.
- 20% of the Medicare-approved amount for most doctor services, after the Part B deductible

SNF Not Covered

- If you need skilled nursing facility (SNF) care after you leave the hospital, Medicare Part A will only cover SNF care if you’ve had a 3-day minimum, medically necessary, inpatient hospital stay for a related illness or injury.
- An inpatient hospital stay begins the day the hospital admits you as an inpatient based on a doctor’s order and doesn’t include the day you’re discharged
Contact Information

Michael Granovsky, MD, CPC, FACEP
781.280.1575

mgranovsky@logixhealth.com

www.logixhealth.com