

# September 2020 Observation Coding and Billing

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## 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



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## 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



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## 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



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## 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



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## 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)

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## Coding Scenarios Observation Services

Observation Level of Care	Care All on the Same Day	Care Covers Two Calendar Days
1	99234	99218 + 99217
2	99235	99219 + 99217
3	99236	99220 + 99217

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## Keys to Physician Documentation

- All but the lowest level Obs require very significant Hx and PE documentation
- Comprehensive Hx and PE:  
99219/99220 & 99235/99236
  - 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



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## Summary Documentation Requirements

Level	HPI	ROS	PFSHx	PE
99234	4	2	1	5
<b>99235</b>	4	10	<b>3</b>	8
<b>99236</b>	4	10	<b>3</b>	8

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

25 Years Ago!



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## 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.

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## 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

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## 2020 Typical Times for Observation

CPT Code	Typical Times	CPT Code	Typical Times
99234	40 minutes	99218	30 minutes
99235	50 minutes	99219	50 minutes
99236	55 minutes	99220	70 minutes

See Appendix for detail

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## 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

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## 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.

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## 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 30<sup>th</sup> CMS IFR page 103/221

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## 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.”* 2021 Physician Proposed Rule page 186

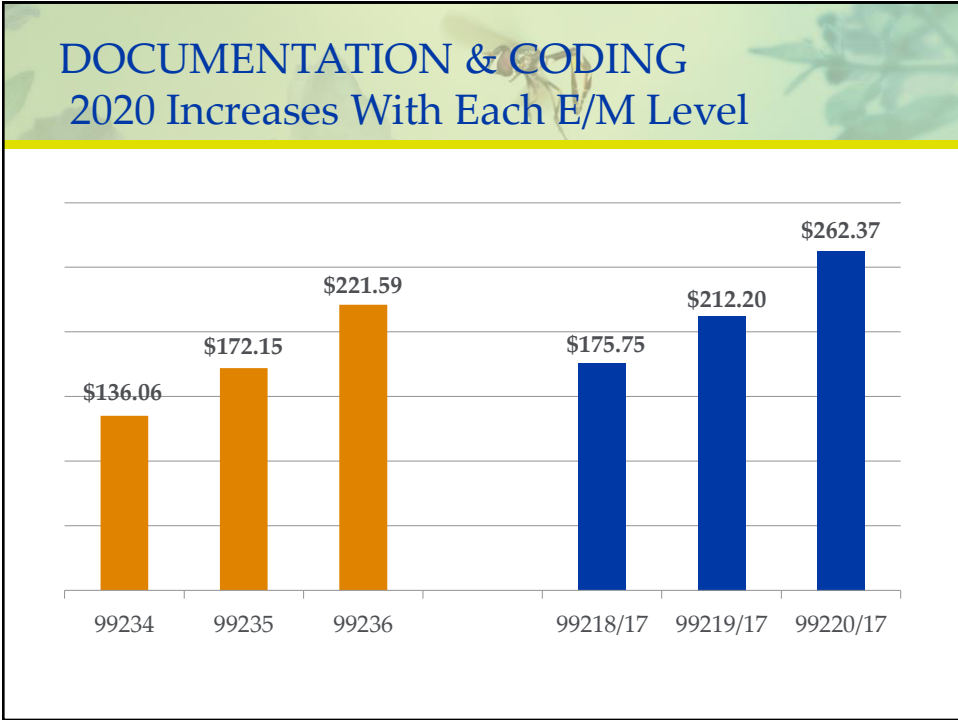
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## 2020 RVU Values for Observation Services

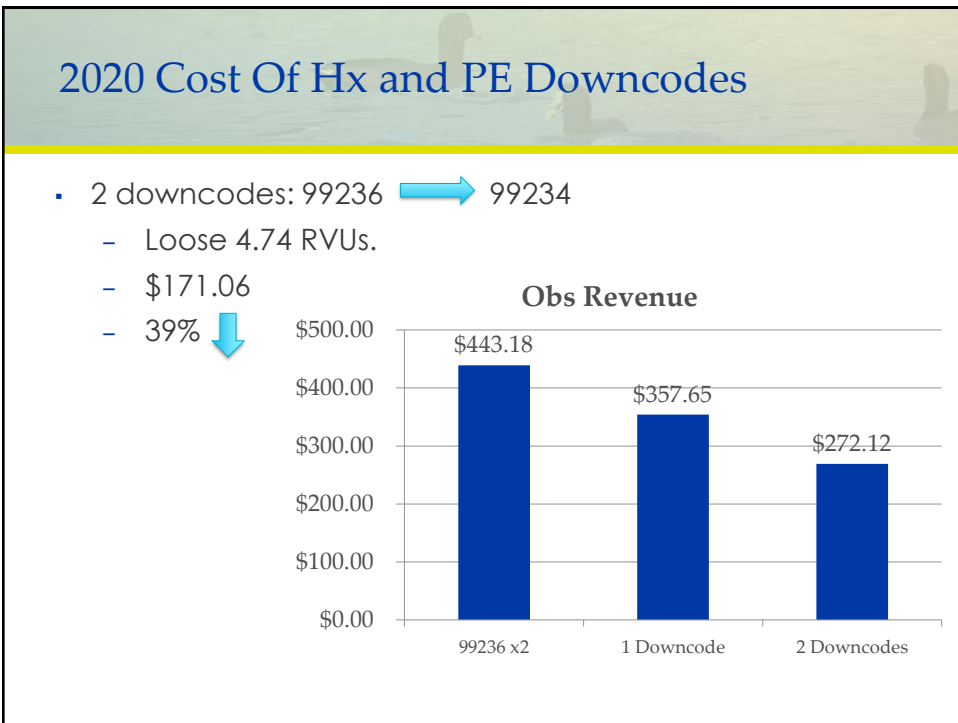
Same Day Obs	Total RVU	Over Midnight Obs	Total RVU	ED E/M Service	Total RVU
99234	3.77	99217	2.05	99284	3.38
99235	4.77	99218	2.82	99285	4.91
99236	6.14	99219	3.83		
		99220	5.22		

99217 + 99220 = 7.27 RVUs Total

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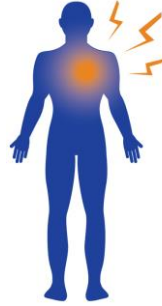
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## Obs Coding Methodology

- 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



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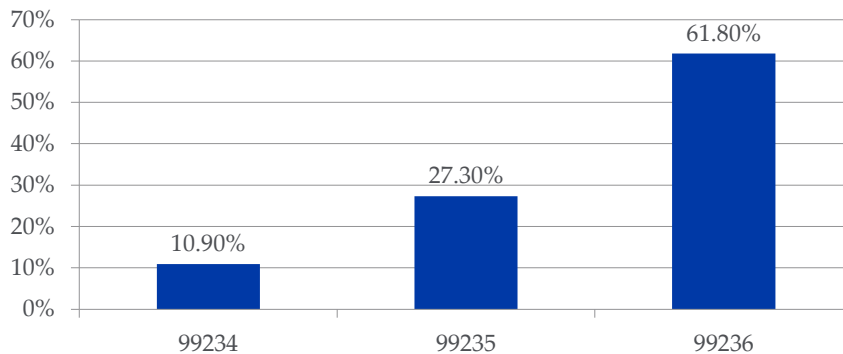
## Clinical Benchmarks of Patient Complexity

- 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**.

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## E Med Obs E/M Distribution

E Med Obs Codes Reported  
RUC Data Base Analysis



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## 2020 Facility Charge Considerations

- 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)

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## 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

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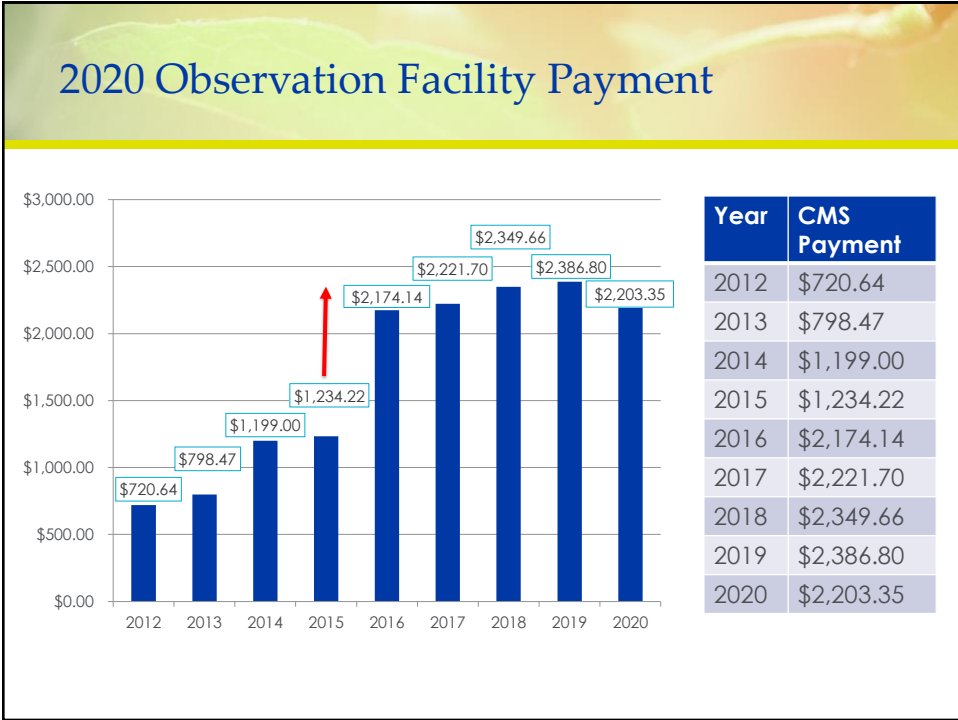
## 2020 Observation Comprehensive APC

- 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 OPSS payment and implemented 25 C-APCs beginning in CY 2015*

- OPSS Final Rule page 124/1221
- Observation C- APC 8011 continues for 2020

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## 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.”*

- OPSS Final Rule page 73/1182

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## 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

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## Contact Information

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## Educational Appendix

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 A hummingbird is shown in flight, blurred in the background. The bird is small and has a bright orange-red throat. The background is a soft, out-of-focus yellow and green.
 

## 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.”

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### Risk Table

**Highest Level in Any Category Prevails**  
**Risk of Complications and/or Morbidity or Mortality**

Presenting Problem	Diagnostic Tests*	Management Options	Risk
1 self-limited/minor problem	Lab w/ venipuncture, CXR, EKG, U/A	Rest, Gargle, Ace, Superficial dressing	Minimal 99281
2 or more self-limited/minor 1 stable chronic illness, Acute uncomplicated	Lab w/ arterial puncture Superficial needle biopsies	OTC drugs, IV w/o additives	Low 99282
1 chronic illness w/ exacerbation, 2 or more stable chronic illnesses, New problem w/ uncertain progress, Acute problem	LP, Thoracentesis, Culdocentesis	<b>Prescription provided</b> , IV w/ additives TX of Fx w/o manipulation Minor surgery w/ identified risk factors	Moderate 99283 99284
1 or more chronic illnesses w/ severe exacerbation, Life threatening illness/injury, Suicidal or homicidal ideation, <b>Neurostatus change</b>	Endoscopy with identified risk factors	<b>Parental controlled drug therapy</b> Drug therapy requiring monitoring Emergency major surgery	High 99285
	*This column is rarely applicable in the ED		

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### Obs Subsequent Day RVUs

Code	Total RVUs
99224	1.12
99225	2.05
99226	2.95

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## 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

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## 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

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## 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

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## 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

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