CPT CODES: 99218-99220, 99224 - 99226

FACT SHEET

Background

Observation care is a well-defined set of specific, clinically appropriate services, which include:

- · Ongoing short term treatment,
- · Assessment,
- Reassessment

These are furnished while a decision is being made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital.

Observation services are commonly ordered for patients who present to the emergency department and who then require a significant period of treatment or monitoring in order to make a decision concerning their admission or discharge.

In only rare and exceptional cases do reasonable and necessary outpatient observation services span more than 48 hours.

In the majority of cases, the decision whether to discharge a patient from the hospital following resolution of the reason for the observation care or to admit the patient as an inpatient can be made in less than 48 hours, usually in less than 24 hours.

Initial Observation Care (New/Established Patients)

Components Required: 2 of 3	99218	99219	99220
History & Exam			
Detailed or comprehensive	•		
Comprehensive		•	•
Medical Decision Making			
Straightforward or low	•		
Moderate		•	
High			•
Presenting Problem (Severity)			
Low	•		
Moderate		•	
High			•
Typical Time: Bedside/Floor/Unit	30	50	70

Medicare allows only the medically necessary portion of a face-to-face visit. Even if a complete note is generated, only the necessary services for the condition of the patient at the time of the visit can be considered in determining the level/medical necessity of any service.

This Fact Sheet is for informational purposes only and is not intended to guarantee payment for services, all services submitted to Medicare must meet Medical Necessity guidelines. The definition of "medically necessary" for Medicare purposes can be found in Section 1862(a)(1)(A) of the Social Security Act – Medical Necessity (http://www.ssa.gov/OP Home/ssact/title18/1862.htm).

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FACT SHEET

CPT CODES: 99218-99220, 99224 - 99226

Subsequent Observation Care (New/Established Patients)

Components Required: 2 of 3	99224	99225	99226
History & Exam			
Problem focused	•		
Expanded problem focused		•	
Detailed			•
Medical Decision Making			
Straightforward or low	•		
Moderate		•	
High			•
Presenting Problem (Severity)			
Stable/recovering/improving	•		
Responding inadequately/minor complication		•	
Unstable/significant complication/new problem			•
Typical Time: Bedside/Floor/Unit	15	25	35

Who May Bill

- Contractors pay for initial observation care billed by only the physician/non physician
 practitioner who have hospital admitting privileges, who ordered hospital outpatient
 observation services, and who was responsible for the patient during his/her
 observation care. A physician who does not have inpatient admitting privileges
 but who is authorized to furnish hospital outpatient observation services may bill
 these codes.
- For a physician to bill observation care codes, there must be a medical observation record for the patient which contains dated and timed physician's orders regarding the observation services the patient is to receive, nursing notes, and progress notes prepared by the physician while the patient received observation services.
 This record must be in addition to any record prepared as a result of an emergency department or outpatient clinic encounter.
- Payment for an initial observation care code is for all the care rendered by the
 ordering physician on the date the patient's observation services began. All other
 physicians who furnish consultations or additional evaluations or services while the
 patient is receiving hospital outpatient observation services must bill the appropriate
 outpatient service codes.
 - For example, if an internist orders observation services and asks another
 physician to additionally evaluate the patient, only the internist may bill the
 initial and subsequent observation care codes. The other physician who
 evaluates the patient must bill the new or established office or other outpatient
 visit codes as appropriate.

Significance of Time as a Factor

The inclusion of time as an explicit factor beginning in CPT 1992 is done to assist in selecting the most appropriate level of E/M services. Please note that the specific times expressed in the CPT visit code descriptors are averages and , therefore, represent a range of times that may be higher or lower depending on actual clinical circumstances.

- Intraservice times are defined as face-to-face time for office and other outpatients visits and as unit/floor time for hospital and other inpatient visits
 - Unit/Floor time includes the time present on the patient's hospital unit and at the bedside rendering services for that patient; includes time to establish and/or review patient's chart, examine the patient, write notes, and communicate with other professionals and the patient's family.
 - » Pre and Post-visit time is not included in the time component described in these codes (pre and post include time spent off the patient's floor performing such tasks as reviewing pathology/radiology findings in another part of the hospital).

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FACT SHEET

CPT CODES: 99218-99220, 99224 - 99226

 For information regarding hospital billing of observation services, see CMS Pub 100-04, Chapter 4, §290

Initial Observation Care (CPT code range 99218-99220)

- · Included in Initial Observation Care:
 - Initiation of observation status
 - Supervision of the care plan for observation
 - Performance of periodic reassessments
- When a patient receives observation care for less than 8 hours on the same calendar date, the Initial Observation Care, from CPT code range 99218 – 99220, shall be reported by the physician.
- When a patient is admitted for observation care and then is discharged on a different calendar date, the physician shall report Initial Observation Care, from CPT code range 99218 – 99220, and CPT observation care discharge CPT code 99217.
- To report services provided to patient who is admitted to the hospital after receiving hospital observation care services on the same date, see initial hospital care notes in the American Medical Association (AMA) Current Procedural Terminology (CPT) Publication.
- To report hospital admission on a date subsequent to the date of observation status, use appropriate initial hospital care codes (CPT 99221 99223)
- Observation status that is initiated in the course of an encounter in another site of service (eg. hospital emergency department, office, nursing facility) all E/M services provided by the supervising physician or other qualified health care professional in conjunction with initiating "observation status" are considered part of the initial observation care when performed on the same date
 - The level of service reported should include the services related to initiating "observation status" provided in the other sites of service as well as in the observation setting
- On the rare occasion when a patient remains in observation care for 3 days, the physician shall report an initial observation care code (99218-99220) for the first day of observation care, a subsequent observation care code (99224-99226) for the second day of observation care, and an observation care discharge CPT code 99217 for the observation care on the discharge date.
- Admitted and discharges from observation or inpatient status on the same date report CPT codes 99234-99236 as appropriate; do NOT report observation discharge in conjunction with a hospital admission.
- These codes may NOT be utilized for post-operative recovery if the procedure is considered part of the surgical "package."

Subsequent Observation Care

(CPT code range 99224 - 99226)

- All levels of subsequent observation care include:
 - Reviewing the medical record
 - Reviewing the results of diagnostic studies
 - Changes in the patient's status (ie, changes in history physical condition, and response to management) since the last assessment
- When observation care continues beyond three days, report subsequent observation care for each day between the first day of observation care and the discharge date

When a patient receives observation care for a minimum of 8 hours, but less than 24 hours, and is discharged on the same calendar date, observation or inpatient care services (including admission and discharge services) CPT code range.

Discharge Observation Care

(CPT code 99217)

- Included in CPT code 99217
 - Final Examination of the patient
 - Discussion of the hospital stay
 - Instructions for continuing care
 - Preparation of discharge records
- For observation or inpatient hospital care including the admission and discharge of the patient on the same date see CPT codes 99234 - 99236.

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FACT SHEET

CPT CODES: 99218-99220, 99224 - 99226

Additional Information

- These codes are used to report E/M services provided to patients designated/admitted
 as "observation status" in a hospital. It is not necessary that the patient be located in an
 observation area designated by the hospital.
- Similar to initial observation codes, payment for a subsequent observation care code is for all the care rendered by the treating physician on the day(s) other than the initial or discharge date. All other physicians who furnish consultations or additional evaluations or services while the patient is receiving hospital outpatient observation services must bill the appropriate outpatient service codes.
- Please note that ALL services ordered or rendered to Medicare beneficiaries MUST
 be signed. Signatures may be handwritten or electronically signed; exceptions for stamped
 signatures are described in MLN Matters article MM8219. (http://www.cms.gov/Outreachand-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM8219.
 pdf). You should NOT add late signatures to a medical record but instead make use of the
 signature authentication process outlined in MLN Matters article MM6698. (http://www.
 cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/
 Downloads/MM6698.pdf) A sample attestation statement is available on the CGS website
 (http://www.cgsmedicare.com/partb/cert/attestation_form.pdf). Guidelines regarding signature
 requirements are located in CMS Publication 100-08, Chapter 3, section 3.3.2.4 (http://www.
 cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/pim83c03.pdf).

References

- · American Medical Association 2015 CPT Professional Edition
- CMS Publication 100-04 Medicare Claims Processing Manual, Chapter 12 Physician/ Nonphysician Practitioners, (<a href="http://www.cms.gov/Regulations-and-Guidance/Guidance
 - Section 30.6.8 and Payment for Hospital Observation Services & Observation or Inpatient care Services (Including Admission and Discharge Services(A-E)
 - Section 30.6.9.1 Payment for initial Hospital Care Services and Observation or Inpatient Care Services