

Medicare Claims Processing Manual

Chapter 12 - Physicians/Nonphysician Practitioners

(Rev.1465, 02-22-08)

30.6.9.1 - Payment for Initial Hospital Care Services (Codes 99221–99223 and Observation or Inpatient Care Services (Including Admission and Discharge Services) (Codes 99234 – 99236)

(Rev.1465, Issued: 02-22-08, Effective: 04-01-08, Implementation: 04-07-08)

A. Initial Hospital Care From Emergency Room

Contractors pay for an initial hospital care service or an initial inpatient consultation if a physician sees his/her patient in the emergency room and decides to admit the person to the hospital. They do not pay for both E/M services. Also, they do not pay for an emergency department visit by the same physician on the same date of service. When the patient is admitted to the hospital via another site of service (e.g., hospital emergency department, physician's office, nursing facility), all services provided by the physician in conjunction with that admission are considered part of the initial hospital care when performed on the **same date** as the admission.

B. Initial Hospital Care on Day Following Visit

Contractors pay both visits if a patient is seen in the office on one date and admitted to the hospital on the next date, even if fewer than 24 hours has elapsed between the visit and the admission.

C. Initial Hospital Care and Discharge on Same Day

When the patient is admitted to inpatient hospital care for less than 8 hours on the same date, then Initial Hospital Care, from CPT code range 99221 – 99223, shall be reported by the physician. The Hospital Discharge Day Management service, CPT codes 99238 or 99239, shall not be reported for this scenario.

When a patient is admitted to inpatient initial hospital care and then discharged on a different calendar date, the physician shall report an Initial Hospital Care from CPT code range 99221 – 99223 and a Hospital Discharge Day Management service, CPT code 99238 or 99239.

When a patient has been admitted to inpatient hospital care for a minimum of 8 hours but less than 24 hours and discharged on the same calendar date, Observation or Inpatient Hospital Care Services (Including Admission and Discharge Services), from CPT code range 99234 – 99236, shall be reported.

D. Documentation Requirements for Billing Observation or Inpatient Care Services (Including Admission and Discharge Services), CPT codes 99234 - 99236

The physician shall satisfy the E/M documentation guidelines for admission to and discharge from inpatient observation or hospital care. In addition to meeting the documentation requirements for history, examination and medical decision making documentation in the medical record shall include:

- *Documentation stating the stay for hospital treatment or observation care status involves 8 hours but less than 24 hours;*

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- *Documentation identifying the billing physician was present and personally performed the services; and*
- *Documentation identifying the admission and discharge notes were written by the billing physician.*

30.6.8 - Payment for Hospital Observation Services (Codes 99217 – 99220) and Observation or Inpatient Care Services (Including Admission and Discharge Services – (Codes 99234 – 99236)) (Rev.1466, Issued: 02-22-08, Effective: 04-01-08, Implementation: 04-07-08)

B. Physician Billing for Observation Care Following Admission to Observation

When a patient is admitted for 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. The Observation Care Discharge Service, CPT code 99217, shall not be reported for this scenario.

When a patient is admitted for observation care and then 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.

When a patient has been admitted for observation care for a minimum of 8 hours, but less than 24 hours and discharged on the same calendar date, Observation or Inpatient Care Services (Including Admission and Discharge Services) from CPT code range 99234 – 99236, shall be reported. The observation discharge, CPT code 99217, cannot also be reported for this scenario.

C. Documentation Requirements for Billing Observation or Inpatient Care Services (Including Admission and Discharge Services (Codes 99234 – 99236))

The physician shall satisfy the E/M documentation guidelines for admission to and discharge from observation care or inpatient hospital care. In addition to meeting the documentation requirements for history, examination, and medical decision making documentation in the medical record shall include:

- *Documentation stating the stay for observation care or inpatient hospital care involves 8 hours, but less than 24 hours;*
- *Documentation identifying the billing physician was present and personally performed the services; and*
- *Documentation identifying the admission and discharge notes were written by the billing physician.*

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In the rare circumstance when a patient is held in observation status for more than 2 calendar dates, the physician *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.