

Observation and Discharge Policy, Professional

IMPORTANT NOTE ABOUT THIS REIMBURSEMENT POLICY

You are responsible for submission of accurate claims. This reimbursement policy is intended to ensure that you are reimbursed based on the code or codes that correctly describe the health care services provided. UnitedHealthcare reimbursement policies may use Current Procedural Terminology (CPT®), Centers for Medicare and Medicaid Services (CMS) or other coding guidelines. References to CPT or other sources are for definitional purposes only and do not imply any right to reimbursement.

This reimbursement policy applies to all health care services billed on CMS 1500 forms and, when specified, to those billed on UB04 forms. Coding methodology, industry-standard reimbursement logic, regulatory requirements, benefits design and other factors are considered in developing reimbursement policy.

This information is intended to serve only as a general reference resource regarding UnitedHealthcare's reimbursement policy for the services described and is not intended to address every aspect of a reimbursement situation. Accordingly, UnitedHealthcare may use reasonable discretion in interpreting and applying this policy to health care services provided in a particular case. Further, the policy does not address all issues related to reimbursement for health care services provided to UnitedHealthcare enrollees. Other factors affecting reimbursement may supplement, modify or, in some cases, supersede this policy. These factors may include, but are not limited to: legislative mandates, the physician or other provider contracts, the enrollee's benefit coverage documents and/or other reimbursement, medical or drug policies. Finally, this policy may not be implemented exactly the same way on the different electronic claims processing systems used by UnitedHealthcare due to programming or other constraints; however, UnitedHealthcare strives to minimize these variations.

UnitedHealthcare may modify this reimbursement policy at any time by publishing a new version of the policy on this Website. However, the information presented in this policy is accurate and current as of the date of publication.

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Application

This reimbursement policy applies to services reported using the 1500 Health Insurance Claim Form (a/k/a CMS-1500) or its electronic equivalent or its successor form. This policy does not apply to claims billed on a UB-04 form. This policy applies to all products and all network and non-network physicians and other qualified health care professionals, including, but not limited to, non-network authorized and percent of charge contract physicians and other qualified health care professionals.

Policy

Overview

Initial Observation Care CPT® codes 99218-99220 and subsequent Observation Care CPT codes 99224-99226 are used to report evaluation and management (E/M) services provided to new or established patients designated as "observation status" in a hospital.

Observation service (including admission and discharge) CPT codes 99234-99236 are used to report E/M services provided to patients admitted and discharged on the same date of service.

For the purpose of this policy, the Same Specialty Physician or Other Qualified Health Care Professional is defined as a physician and/or health care professional of the same group and same specialty reporting the same Federal Tax Identification number.

Reimbursement Guidelines

Initial Observation Care

The physician supervising the care of the patient designated as "observation status" is the only physician who can report an initial Observation Care CPT code (99218-99220). It is not necessary that the patient be located in an observation area designated by the hospital, although in order to report the Observation Care codes the physician must:

- indicate in the patient's medical record that the patient is designated or admitted as observation status;
- clearly document the reason for the patient to be admitted to observation status; and
- initiate the observation status, assess, establish and supervise the care plan for observation and perform periodic reassessments.

The CPT codebook states that "When 'observation status' is initiated in the course of an encounter in another site of service (eg, hospital emergency department, office, nursing facility) all evaluation and management 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 observation care level of service reported by the supervising physician or other qualified health care professional should include the services related to initiating 'observation status' provided in the other sites of services as well as in the observation setting."

UnitedHealthcare follows the Centers for Medicare and Medicaid Services (CMS) Claims Processing Manual which provides the instructions to "pay for initial observation care billed by only the physician who ordered hospital outpatient observation services and 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."

Consistent with CMS guidelines, UnitedHealthcare requires that an initial Observation Care CPT code (99218-99220) should be reported for a patient admitted to Observation Care for less than 8 hours on the same calendar date.

Subsequent Observation Care

In the instance that a patient is held in observation status for more than two calendar dates, the supervising physician should utilize a subsequent Observation Care CPT code (99224 - 99226). Physicians other than the supervising physician providing care to a patient designated as "observation status" should report subsequent Observation Care.

According to the CPT codebook, "All levels of subsequent observation care include reviewing the medical record and reviewing the results of diagnostic studies and changes in the patient's status (ie, changes in history, physical condition, and response to management) since the last assessment."

Observation Care Discharge Services

Per CPT, Observation Care discharge day management CPT code 99217 "includes final examination of the patient, discussion of the hospital stay, instructions for continuing care and preparation of discharge records."

Observation Care discharge services include all E/M services on the date of discharge from observation services and should only be reported if the discharge from observation status is on a date other than the date of initial Observation Care.

UnitedHealthcare follows CMS guidelines that physicians should not report an Observation Care discharge service when the Observation Care is a minimum of 8 hours and less than 24 hours and the patient is discharged on the same calendar date.

Observation Care Admission and Discharge Services on Same Date

Physicians who admit a patient to Observation Care for a minimum of 8 hours, but less than 24 hours and subsequently discharge on the same calendar date shall report an Observation or Inpatient Care Service (Including Admission and Discharge Services) CPT code (99234-99236).

In accordance with CMS' Claims Processing Manual, when reporting an Observation Care admission and discharge service CPT code (99234-99236) the medical record must include:

- documentation meeting the E/M requirements for history, examination and medical decision making;
- documentation stating the stay for hospital treatment or Observation Care status involves 8 hours but less than 24 hours;
- documentation identifying the billing physician was present and personally performed the services; and
- documentation identifying that the admission and discharge notes were written by the billing physician.

Observation Care Services During a Surgical Period

Observation Care codes are not separately reimbursable services when performed within the assigned global period as these codes are included in the global package.

Refer to the UnitedHealthcare "Global Days" policy for guidelines on reporting services during a global period.

Inpatient Hospital Discharge Day Management Services

Per CPT, the hospital discharge day management codes are to be used to report the total duration of time spent by a physician for final hospital discharge of a patient. The codes include, as appropriate, final examination of the patient, discussion of the hospital stay, even if the time spent by the physician on that date is not continuous, instructions for continuing care to all relevant caregivers, and preparation of discharge records, prescriptions and referral forms.

In accordance with CMS' Claims Processing Manual, Hospital Discharge Day Management Services, CPT code 99238 or 99239 is a face-to-face evaluation and management (E/M) service between the attending physician and the patient. The E/M discharge day management visit shall be reported for the date of the actual visit by the physician or qualified nonphysician practitioner even if the patient is discharged from the facility on a different calendar date. Only one hospital discharge day management service is payable per patient per hospital stay.

Only the attending physician of record reports the discharge day management service. Physicians or qualified nonphysician practitioners, other than the attending physician, who have been managing concurrent health care problems not primarily managed by the attending physician, and who are not acting on behalf of the attending physician, shall use Subsequent Hospital Care (CPT code range 99231 - 99233) for a final visit.

Definitions

Observation Care	Evaluation and management services provided to patients designated as "observation status" in a hospital. This refers to the initiation of observation status, supervision of the care plan for observation and performance of periodic reassessments.
Same Specialty Physician or other Qualified Health Care Professional	Physicians and/or other qualified health care professionals of the same group and same specialty reporting the same Federal Tax Identification number.

Questions and Answers

1	<p>Q: Can Observation Care code 99217 and codes 99218-99220 be reported on the same date of service?</p> <p>A: No. CPT codes 99234 - 99236 should be reported for patients who are admitted to and discharged from observation status on the same calendar date for a minimum of 8 hours but less than 24. An initial Observation Care code (99218 - 99220) should be reported for patients admitted and discharged from observation status for less than 8 hours on the same calendar date. CPT code 99217 can only be reported for a patient discharged on a different calendar date.</p>
2	<p>Q: Does the patient need to be in an observation unit in order to report the Observation Care codes?</p> <p>A: It is not necessary that the patient be located in an observation area designated by the hospital as long as the medical record indicates that the patient was admitted as observation status and the reason for Observation Care is documented.</p>
3	<p>Q: What code should be reported for a patient who continues to be in observation status for a second date and has not been discharged?</p> <p>A: A subsequent Observation Care CPT code (99224-99226) should be reported in the instance a patient is held in observation status for more than 2 calendar dates. When observation discharge services are provided to the patient, report CPT code 99217 on that calendar date. For example, report CPT 99218-99220 for a patient designated as observation on Day 1, report CPT 99224-99226 on Day 2 and finally report CPT 99217 when the patient receives discharge services on Day 3.</p>
4	<p>Q: Why are Observation Codes G0378 and G0379 not addressed in this policy?</p> <p>A: These HCPCS codes are not to be reported for physician services. These codes are to be billed by facilities on a UB-04 claim form.</p>

Codes	
99217	Observation care discharge day management (This code is to be utilized to report all services provided to a patient on discharge from outpatient hospital "observation status" if the discharge is on other than the initial date of "observation status." To report services to a patient designated as "observation status" or "inpatient status" and discharged on the same date, use the codes for Observation or Inpatient Care Services [including Admission and Discharge Services, 99234-99236 as appropriate.]
99218	Initial observation care, per day, for the evaluation and management of a patient which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of low severity. Typically, 30 minutes are spent at the bedside and on the patient's hospital floor or unit.
99219	Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of moderate severity. Typically, 50 minutes are spent at the bedside and on the patient's hospital floor or unit.
99220	Initial observation care, per day, for the evaluation and management of a patient, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the problem(s) requiring admission to outpatient hospital "observation status" are of high severity. Typically, 70 minutes are spent at the bedside and on the patient's hospital floor or unit.
99224	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least

	2 of these 3 key components: Problem focused interval history; Problem focused examination; Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is stable, recovering, or improving. Typically, 15 minutes are spent at the bedside and on the patient's hospital floor or unit.
99225	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: An expanded problem focused interval history; An expanded problem focused examination; Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is responding inadequately to therapy or has developed a minor complication. Typically, 25 minutes are spent at the bedside and on the patient's hospital floor or unit.
99226	Subsequent observation care, per day, for the evaluation and management of a patient, which requires at least 2 of these 3 key components: A detailed interval history; A detailed examination; Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually, the patient is unstable or has developed a significant complication or a significant new problem. Typically, 35 minutes are spent at the bedside and on the patient's hospital floor or unit.
99234	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A detailed or comprehensive history; A detailed or comprehensive examination; and Medical decision making that is straightforward or of low complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of low severity. Typically, 40 minutes are spent at the bedside and on the patient's hospital floor or unit.
99235	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of moderate complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of moderate severity. Typically, 50 minutes are spent at the bedside and on the patient's hospital floor or unit.
99236	Observation or inpatient hospital care, for the evaluation and management of a patient including admission and discharge on the same date, which requires these 3 key components: A comprehensive history; A comprehensive examination; and Medical decision making of high complexity. Counseling and/or coordination of care with other physicians, other qualified health care professionals, or agencies are provided consistent with the nature of the problem(s) and the patient's and/or family's needs. Usually the presenting problem(s) requiring admission are of high severity. Typically, 55 minutes are spent at the bedside and on the patient's hospital floor or unit.
99238	Hospital discharge day management; 30 minutes or less
99239	Hospital discharge day management; more than 30 minutes

Resources

American Medical Association, *Current Procedural Terminology (CPT®)* and associated publications and services
Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services

History



9/1/2019	Policy Version Change Policy Title: Policy name change to Observation and Discharge Policy, Professional Policy Reimbursement Guidelines Section updated to add Inpatient Hospital Discharge Day Management Services Codes Section Updated
2/1/2019	Annual Anniversary Date and Version Change Title section: Removed Annual Approval information & moved policy # to the header Added 'Professional' to the policy title; removed reference to Community and State and Medicare and Retirement in the Application section, Initial Observation Care Policy verbiage updated History Section: Entries prior to 1/1/2017 archived
3/14/2018	Policy Approval Date Change (no new version)
1/1/2018 – 1/31/2019	Annual Policy Version Change Policy Change: Logo, Preamble and Footer updated Code Section: CPT codes 99217, 99218, 99219 and 99220 Updated History Section: Entries prior to 1/1/2016 archived
3/8/2017	Policy Approval Date Change (no new version)
1/1/2017 - 12/31/2017	Annual Policy Version Change History Section: Entries prior to 1/1/2015 archived