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**PAYMENT POLICY ID NUMBER 21-075**

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**Revised:** N/A

## **Observation and Discharge Policy**

**THIS PAYMENT POLICY IS NOT AN AUTHORIZATION, CERTIFICATION, EXPLANATION OF BENEFITS, A GUARANTEE OF PAYMENT, NOR DOES IT SUBSTITUTE FOR OR CONSTITUTE MEDICAL ADVICE. ALL MEDICAL DECISIONS ARE SOLELY THE RESPONSIBILITY OF THE PATIENT AND PHYSICIAN. BENEFITS ARE DETERMINED BY THE GROUP CONTRACT, MEMBER BENEFIT BOOKLET, AND/OR INDIVIDUAL SUBSCRIBER CERTIFICATE IN EFFECT AT THE TIME SERVICES WERE RENDERED. THIS PAYMENT POLICY APPLIES TO ALL LINES OF BUSINESS AND PROVIDERS OF SERVICE. IT DOES NOT ADDRESS ALL POTENTIAL ISSUES RELATED TO PAYMENT FOR SERVICES PROVIDED TO FLORIDA BLUE MEMBERS AS LEGISLATIVE MANDATES, PROVIDER CONTRACT DOCUMENTS OF THE MEMBER'S BENEFIT COVERAGE MAY SUPERSEDE THIS POLICY.**

**DESCRIPTION:**

Current Procedure Terminology (CPT®) codes 99217, 99218-99220, and 99224-99226 are used to report evaluation and management (E/M) services provided to patients designated/admitted as "observation status" in a hospital. Per the Centers for Medicare & Medicaid Services (CMS), observation care is a well-defined set of specific, clinically appropriate services, which include ongoing short-term treatment, assessment, and reassessment, that 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. It is not necessary that the patient be located in an observation area designated by the hospital.

Observation or Inpatient Hospital Care (including admission and discharge) CPT® codes 99234-99236 are used to report observation or initial hospital services for a patient that is admitted and discharged on the same date of service.

CPT® defines Hospital Discharge Day Management codes 99238 and 99239 as E/M codes used to report the total duration of time spent by a physician for final hospital discharge of a patient. The codes include the 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.

This policy is intended to address Observation and Discharge E/M services and applies to all services reported on a CMS-1500 form or its electronic equivalent. Services and subsequent payment are pursuant to the member's benefit plan document, medical necessity review, where applicable, and provider contract.

## **REIMBURSEMENT INFORMATION:**

### Hospital Observation Services

Initial Hospital Observation Service CPT® codes 99218–99220 describe the first visit of a new or established patient's admission for outpatient hospital observation care. 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. The Initial Observation Care CPT® code reported should incorporate other services related to the hospital outpatient observation admission that were provided on the same date of service (e.g., physician's office or the emergency department).

CPT® and CMS guidelines indicate that initial observation services are reported only by the Admitting/Supervising Physician or Other Qualified Health Care Professional who ordered hospital outpatient observation services and was responsible for the patient during his/her observation care.

Similar to initial observation codes (99218–99220), payment for subsequent observation care codes 99224-99226 is for all the care rendered by the Admitting/Supervising Physician or Other Qualified Health Care Professional on the day(s) other than the initial or discharge date. Subsequent Observation Care CPT® codes 99224-99226 are used in instances that a patient is held in observation status for more than two calendar dates.

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.

In accordance with CMS, Florida Blue requires that an Initial Observation Care CPT® code 99218-99220 be reported for a patient admitted to "observation status" for less than 8 hours on a calendar date. 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 is discharged on a different calendar date, the physician shall report the Initial Observation Care and the Observation Care Discharge CPT® code 99217.

Observation care discharge services (CPT® 99217) include all E/M services provided on the date of discharge from observation status and should only be reported if the discharge from observation status is on a date other than the date of the initial observation care.

### Observation or Inpatient Care Services (Including Admission and Discharge Services)

Observation or Inpatient Hospital Care (Including Admission and Discharge) CPT® codes 99234-99236 are used to report observation or initial hospital services for a patient that is admitted and discharged on the same date of service.

When a patient receives observation care or is admitted to inpatient hospital 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) from CPT® code range 99234-99236 are reported. The observation discharge, CPT® code 99217, cannot also be reported for this scenario.

### Hospital Discharge Day Management Services

Hospital Discharge Day Management Services, CPT® code 99238 or 99239 is a face-to-face E/M service between Admitting/Supervising Physician or Other Qualified Health Care Professional and the patient.

The E/M discharge day management visit shall be reported for the date of the actual visit by the physician or Other Qualified Health Care Professional 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 Other Qualified Health Care Professional, 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.

If multiple claims are received with one of the hospital discharge day management service CPT® codes, the first claim received will be allowed and the subsequent claim(s) will be denied with instruction to rebill with the appropriate subsequent hospital care code. If, however, it is determined that the subsequent claim was the proper claim for the discharge service, then recovery of the first submission will be initiated with a request for such claim to be rebilled with the appropriate subsequent hospital care procedure.

**BILLING/CODING INFORMATION:**

**CPT® Codes**

The following codes may be used to describe Initial Observation Care (New or Established):

<b>Code</b>	<b>Descriptor</b>
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.
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.
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.

The following codes may be used to describe Subsequent Observation Care:

<b>Code</b>	<b>Descriptor</b>
99224	Subsequent observation care, per day, for the evaluation and management of a patient which requires at least 2 of these 3 key components: A problem focused interval history; A problem focused examination; and Medical decision making that is straightforward or of low complexity.
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; and Medical decision making of moderate complexity.
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; and Medical decision making of high complexity.

The following code may be used to describe Observation Care Discharge Day Management:

Code	Descriptor
99217	Observation care discharge day management

The following codes may be used to describe Observation or Inpatient Care Services (Including Admission and Discharge Services):

Code	Descriptor
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.
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.
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.

The following codes may be used to describe Hospital Discharge Day Management:

Code	Descriptor
99238	Hospital discharge day management; 30 minutes or less
99239	Hospital discharge day management; more than 30 minutes

**RELATED MEDICAL COVERAGE GUIDELINES OR PAYMENT POLICIES:**

N/A

**REFERENCES:**

1. American Medical Association, *Current Procedural Terminology (CPT®)*, Professional Edition.
2. Centers for Medicare & Medicaid Services website. Medicare Claims Processing Manual, Chapter 12 Physicians/Nonphysician Practitioners, Section 30.6.8 - Payment for Hospital Observation Services and Observation or Inpatient Care Services (Including Admission and Discharge Services) <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c12>

**GUIDELINE UPDATE INFORMATION:**

09/16/2021	New policy established

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