



## How observant are you?

Did you know that the CPT book contains codes for physician services provided to patients who are in observation status? Recent audits have revealed low usage of the CPT codes for observation. The observation codes should be used when a patient is being observed for possible admission to the hospital and is designated as observation status. Observation services can be initiated in any place of service including a physician's office, nursing facility, or emergency department. Common conditions that might require observation are chest pain, congestive heart failure and asthma.

## 99218-99220 are used for initial observation

There are two groups of observation codes. 99218 - 99220 are used for the initial observation day. In the rare circumstance when a patient is held in observation status for more than two calendar dates, the physician must bill subsequent services furnished before the date of discharge using the outpatient/office visit codes. If another physician evaluates the patient during this period based on medical necessity and by request of the ER physician during the period of observation care, he/she must bill these services under the applicable outpatient evaluation and management services (CPT code 99212-99215) or outpatient consultation services (CPT code 99241-99245). 99217, observation discharge, may be used if applicable. The physician may not use the subsequent hospital care codes since the patient is not an inpatient of the hospital.



Mark Siegel, M.D.



Kathryn Engle, R.N.



Brenda Dombkowski



Steve Gentile

## Compliance Award Winners

Each year, the Compliance Office presents an award to individuals who demonstrated diligence in their medical billing compliance efforts. The recipients in FY07 were Mark Siegel, M.D. (Internal Medicine-Pulmonary), Kathryn Engle, R.N. (Internal Medicine -Pulmonary), Steven Gentile (Neurosurgery), and Brenda Dombkowski (Internal Medicine).

Dr. Siegel, Kathryn Engle and Steven Gentile were all selected due to their efforts in implementing systems to correctly bill for patients in clinical research studies. Brenda Dombkowski has furthered and strengthened compliance in Internal Medicine by working in a collaborative effort as a partner with the physicians. She has met one-on-one with them, and has even shadowed some physicians in the clinical setting to assist in their understanding of proper documentation procedures. The recipients received a gift certificate to a popular local restaurant.

## Codes for same day admitting and discharge

The second group of codes is used for patients admitted and discharged from observation or inpatient status on the same day. Medicare requirements to utilize these codes mandate that the patient is in observation status for a minimum of eight (8) hours.

There must be an observation record which contains dated and timed admitting physician orders regarding the care the patient is to receive while

in observation, nursing notes and progress notes prepared by the physician. This record must be in addition to any other record prepared as a result of an ER or clinic visit. The need for the patient to be admitted to observation status must be clearly documented in the patient's medical record in order to qualify to report the observation services code. It is critical that the observation physician clearly communicates and documents the patient's observation status to the hospital and the university for proper billing to take place.

The Yale Medical Group (YMG) Compliance

Department has documentation and coding tools to assist providers in billing these codes. One tool is a laminated E&M card that identifies the necessary elements that need to be documented for each code. The second is a laminated 8 1/2 by 11" card which provides different scenarios for observation and how each of the scenarios should be billed. If you provide observation services, please contact Judy Harris at 785-3868 or [judy.harris@yale.edu](mailto:judy.harris@yale.edu) to obtain these billing tools.

Observation Status Codes - Admitted as Observation status for less than 8 hours				
Code	History	Exam	Medical Decision Making	
99218	Detailed or Comprehensive (detailed = 4 elements of HPI, 2-9 ROS, 1 from PFSH); comp = 4 elements of HPI, ROS=10+ 3/3 PFSH	Detailed or Comprehensive (minimum doc.= 5-7 body areas or organ systems; comp=8 organ systems)	Straightforward or low	When a physician admits a patient initially to Observation and on a different calendar day is admitted as Inpatient, use the hospital admission codes 99221-99223 and for subsequent visits, 99231 - 99233 are used. Do not bill the Observation discharge code 99217.
99219	Comprehensive comp = 4 elements of HPI, ROS=10+ 3/3 PFSH	Comprehensive = 8 or more organ systems	Moderate	If a patient is admitted & discharged from Observation on same calendar day (less than 8 hrs), use codes 99218 99220. The observation discharge code may not be used.
99220	Comprehensive comp = 4 elements of HPI, ROS=10+ 3/3 PFSH	Comprehensive = 8 or more organ systems	High	
Yale Medical Group THE PHYSICIANS OF YALE UNIVERSITY			Medical Billing Compliance <a href="http://yalemedicalgroup.org/comply">http://yalemedicalgroup.org/comply</a>	

## IN THE NEWS

### UCONN settles for \$475,000

The University of Connecticut Health Center (UCONN) has agreed to pay more than \$475,000 to settle allegations that it overcharged Medicare for cancer treatments.

The U.S. Attorney's Office alleged that between 2002 to 2004, the staff at UCONN's John Dempsey Hospital regularly overcharged Medicare for chemotherapy and infusion therapy.

Instead of billing Medicare a per-patient fee, the hospital regularly charged Medicare based on the number of hours the patient received treatment. As a result, bills to Medicare were two to seven times greater than allowable under insurance reimbursement guidelines for the procedures. In addition, the hospital submitted improper bills for the breast-cancer drug Herceptin between 2001 and 2006.

The health center did not admit liability under the agreement, but acknowledged submitting incorrect claims to Medicare between 2001 and 2006. UCONN entered into a settlement agreement as a condition of the settlement.

Source: United States Attorney's Office District of Connecticut Press Release

### Get ready for a PERM

In the February Alert, we reported on the Centers for Medicare and Medicaid Services (CMS) Recovery Audit Contractors (RAC), entities that are expected to be in all 50 states by 2010 to conduct Medicare audits. On top of that, CMS has initiated the PERM program or as it is officially known, the Payment Error Rate Measurement. The purpose of the PERM program is to measure improper payments in the Medicaid program and the State Children's Health Insurance Program (SCHIP). Reviews are

being conducted in both fee for service and managed care Medicaid plans. The Compliance Department has already received its' first request for medical records from Health Data Insights (HDI), the medical review PERM contractor. Please fax any correspondence from HDI to 785-7955, the Compliance Department, to the attention of Judy Harris.

### State changes PA licensing requirements

Effective July 1, 2007, the State of Connecticut is eliminating the requirement that licensed physicians who supervise physician assistants (PAs) register with the Department of Public Health (DPH) and pay a \$37.50 registration fee. This requirement is being eliminated under Public Act 07-119, An Act Concerning Supervising Physicians For Physician Assistants.

Each PA practicing in the state or participating in a resident PA program must continue to have a clearly identified supervising physician who has the final responsibility for patient care and the PA's performance. The act also specifies that licensed PAs who are part of the Connecticut Disaster Medical Assistance Team, the Medical Reserve Corps, or the Connecticut Urban Search and Rescue Team may provide patient services under the supervision, control, responsibility, and direction of a licensed physician.

### Ready, set, discharge!

Effective July 1, 2007, new rules issued by the Centers for Medicare & Medicaid Services (CMS) will change how hospitals will notify their Medicare patients of their rights to appeal being discharged from the hospital. This means that it is more important than ever for our faculty to notify nurses and care coordinators of impending discharges.

Under the current rules, hospitals must deliver, at or about the time of admission, the "Important Message From Medicare," Form CMS-R-193 (IM) to all hospital inpatients who are Medicare patients to explain their rights as patients, including their right to appeal discharge decisions. The new rule states that a hospital must deliver the IM within two calendar days of admission or at pre-admission and once the hospital determines the date of a patient's discharge, a follow-up notice can be no more than two calendar days before the day of discharge. The Medicare patient must sign that he or she has received such notification.

Without good communication between the faculty and hospital staff, this will be a very difficult process to implement especially in circumstances where discharge decisions often depend on diagnostic test results or, in situations where a patient has a complicated medical condition, a decision must be agreed to by multiple physicians. To view the complete requirements, go to <http://www.cms.hhs.gov/transmittals/downloads/R1257CP.pdf>

### Compliance Seminar Dates

Medical billing compliance training is an annual requirement. General Audience Seminars will be held in the Fitkin Amphitheater from 5:30 to 6:30 PM on these dates: September 13th and 25th, October 10th and 23rd, November 14th and 28th, and December 4th and 18th.

To register for one of these seminars contact Tony Fusco 203-785-3438, [anthony.fusco@yale.edu](mailto:anthony.fusco@yale.edu) or register yourself online at TMS at <http://www.yale.edu/training/>



Published by the Yale Medical Group

*Compliance Programs—Preventative  
Medicine for Healthcare Providers*

P.O. Box 9805

New Haven, CT 06536

1 (800) 351-2831 hotline

[www.yalemedicalgroup.org/comply](http://www.yalemedicalgroup.org/comply)

Director: David J. Leffell, MD

Director of Compliance: Judy L. Harris

[judy.harris@yale.edu](mailto:judy.harris@yale.edu) | (203) 785-3868