



Network Notification

Date: October 5, 2010

Number: OH-P-2010-27

To: Ohio Providers

From: CareSource

Subject: Observation Billing Policy

CPT Codes Involved: 99218-99220, 99234-99236 & 99217

REV Codes: 0760 and 0762

This policy outlines how to bill CareSource for Physician and Outpatient Facility Observation charges for proper reimbursement.

Coding for Observation Services:

Physicians must use these CPT codes when billing for Observation services:

- 99218 (Initial observation care, per day, low complexity)
- 99219 (Initial observation care, per day, moderate complexity)
- 99220 (Initial observation care, per day, high complexity)
- 99234 (Observation, admission, discharge on same date, low complexity)
- 99235 (Observation, admission, discharge on same date, moderate complexity)
- 99236 (Observation, admission, discharge on same date, high complexity)
- 99217 (Observation care discharge)

Additional Details:

- Codes 99218-99220 must be billed in day units not by hours. There should not be more than 1 unit per day when billed or the observation charges will be denied.
- Codes 99234-99236 should not be billed with more than 1 unit.
- Code 99217 is to be utilized by the physician to report all services provided to a patient on discharge "Observation status" if the discharge is on another date other than the initial date of "Observation status."

Observation codes may not be utilized for post-operative recovery if the service is considered a global surgical procedure.

Examples:

Observation & Discharge on same day:

-99234 (low complexity) 1 unit

Observation & Discharge on second day:

-99218 (low complexity) 1 unit

-99217 (discharge) 1 unit

Observation & Discharge on second day:

-99218 (low complexity) 2 units - this line will be denied

-99217 (discharge) 1 unit

Hospital CPT codes for Observation (with the revenue codes 0760 or 0762)

- 99218 (Initial observation care, per day, low complexity)
- 99219 (Initial observation care, per day, moderate complexity)
- 99220 (Initial observation care, per day, high complexity)
- 99234 (Observation, admission, discharge on same date, low complexity)
- 99235 (Observation, admission, discharge on same date, moderate complexity)
- 99236 (Observation, admission, discharge on same date, high complexity)

Additional Details:

- Codes 99218-99220 must be billed in day units not by hours. There should not be more than 1 unit per day when billed or the observation charges will be denied.
- Codes 99234-99236 should not be billed with more than 1 unit.

Examples:

Observation & Discharge on same day

-0762 + 99234 (low complexity) 1 unit

Observation & Discharge on second day

-0762 + 99218 (low complexity) 1 unit