NEW SUBSEQUENT OBSERVATION CODES

By Richard D. Pinson, FACP

All of us know about America’s growing concern with the high costs of health care. To that end, multiple recovery audit contractor organizations have been employed by public and private payers to scrutinize the medical necessity of inpatient admissions. As a result, the number and duration of hospital observation cases are steadily increasing.

To address longer-stay observation care, three new codes for subsequent hospital observation care (codes 99224-99226) have been developed and published in the 2011 edition of the AMA’s Current Procedural Terminology©. Initial observation care codes (99218-99220) have not changed and are assigned for the first day. The subsequent observation codes are used for each day after that, but not for the date of discharge from observation care.

Code 99217 (observation care discharge-day management) is still used for all observation services provided on the day of discharge, except when discharge occurs on the same date as admission. In this case, an entirely different set of codes is used to describe the combination of those one-day services: 99234-99236.

Obviously, subsequent observation care codes would only be used if observation status lasts for three days or more: an initial observation code for the first day, code 99217 on the date of discharge, and subsequent observation codes for any days in between. Days of care are counted by the date beginning at 12:01 a.m., and not by 24-hour periods. There is no distinction between new and established patients for observation care.

Subsequent observation codes are assigned based on the highest level that meets at least two of three key components, as shown in the sidebar. Expected physician time* and patient stability are not per se definitive but can provide some guidance. The codes are:

- 99224: patient stable, recovering, or improving; about 15 minutes of physician time.
- 99225: patient responding inadequately or having a minor complication; about 25 minutes of physician time.
- 99226: patient unstable or having a significant new complication or problem; about 35 minutes of physician time.

Presumably code 99226 would not be used very often, since an unstable patient or a significant new problem would probably require conversion to inpatient status. Whenever an observation patient is converted to inpatient status, the services provided on that date are described by the appropriate initial inpatient care code (99221-99223), not an observation code.

*Physician time is determined by minutes spent at the bedside and providing services for the patient on the floor or unit, including time spent with the patient’s family.

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### Key components for subsequent observation codes

Note: At least 2 of the 3 components must be met in order to correctly use a given code.

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<th>Examination</th>
<th>Medical decision making</th>
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<td>99224</td>
<td>Problem focused</td>
<td>Problem focused</td>
<td>Straightforward or low</td>
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<tr>
<td>99225</td>
<td>Expanded problem focused</td>
<td>Expanded problem focused</td>
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<td>99226</td>
<td>Detailed</td>
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