Related MLN Matters Article #: MM4259

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January 2006 Update of the Hospital Outpatient Prospective Payment System (OPPS) Manual Instruction: Changes to Coding and Payment for Observation

Key Words

MM4259, CR4259, Transmittal R787CP, OPPS, manual, instruction, changes, coding, payment, observation, hospital

Provider Types Affected

Providers billing fiscal intermediaries (FIs) for hospital observation services provided to Medicare beneficiaries and paid under the OPPS

Key Points

- The effective date of the instruction is January 1, 2006.
- The implementation date is January 3, 2006.
- Change Request (CR) 4259 describes changes to coding and payment for hospital observation care paid under the OPPS to be implemented in the January 2006 OPPS update (including OPPS OCE and OPPS PRICER changes), as well as changes to observation care under the OPPS.
- Observation care is a well-defined set of specific, clinically appropriate services, which include ongoing short term treatment, assessment, and reassessment, before a decision can be made regarding whether patients will require further treatment as hospital inpatients or whether they can be discharged from the hospital.
- Observation status is commonly assigned to patients who present to the emergency department and who then require a significant period of treatment or monitoring before a decision is made concerning their admission or discharge.
- Observation services are covered only when provided by the order of a physician or another individual authorized by state licensure law and hospital staff bylaws to admit patients to the hospital or to order outpatient tests.
- For complete details and specific new instructions regarding observation care, affected providers should see the revised portions of the *Medicare Claims Processing Manual* attached to CR4259 at *http://www.cms.hhs.gov/transmittals/downloads/R787CP.pdf* and the *Medicare Benefit Policy*

Manual attached to CR4259 at *http://www.cms.hhs.gov/transmittals/downloads/R42BP.pdf* on the Centers for Medicare & Medicaid Services (CMS) website.

- Beginning January 1, 2006, the following two new G-codes should be reported by hospitals for observation services and direct admission for observation care:
  - G0378 – Hospital observation services, per hour
  - G0379 – Direct admission of patient for hospital observation care
- Beginning January 1, 2006, the following Current Procedural Terminology (CPT) codes should not be reported by hospitals for observation services:
  - 99217, 99218, 99219 and 99220
  - 99234, 99235, 99236
- The following three G-Codes are discontinued as of January 1, 2006:
  - G0244 – Observation care by facility to patient
  - G0263 – Direct admission with congestive heart failure, chest pain, or asthma
  - G0264 – Assessment other than congestive heart failure, chest pain, or asthma
- CR4047 (Transmittal 763, dated November 25, 2005) explains that some non-repetitive OPPS services provided on the same day by a hospital may be billed on different claims, provided that all charges associated with each procedure or service being reported are billed on the same claim with the HCPCS code which describes that service.
- The MLN Matters article that corresponds to CR4047 can be reviewed at *http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4047.pdf* on the CMS website.

Important Links

http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM4259.pdf

For complete details, affected providers should see the official instruction issued to their intermediary regarding this change. That instruction may be viewed at *http://www.cms.hhs.gov/transmittals/downloads/R787CP.pdf* on the CMS website.