

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1465	Date: February 22, 2008
	Change Request 5793

SUBJECT: Payment for Initial Hospital Care Services (Codes 99221 - 99233) and Observation or Inpatient Care Services (Including Admission and Discharge Services) (Codes 99234 - 99236)

I. SUMMARY OF CHANGES: This transmittal updates Chapter 12, §30.6.9.1 with initial hospital care policy including Admission and Discharge Services on the same calendar date of service. This physician payment policy was finalized in the Physician Fee Schedule Final Rule, dated November 1, 2000, Vol. 65, No. 212, pp. 65408 - 65409 with the implementation of the American Medical Association Current Procedural Terminology (CPT) codes for CPT 2001.

Physicians are advised which codes to correctly use when inpatient hospital care is less than 8 hours on the same calendar date, when a patient is admitted and discharged on a different calendar date, and when admitted for 8 hours but less than 24 hours. Documentation requirements are identified.

New / Revised Material

Effective Date: April 1, 2008

Implementation Date: April 7, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
R	12/Table of Contents
R	12/30/30.6.9.1/Payment for Initial Hospital Care Services (Codes 99221 - 99223) and Observation or Inpatient Care Services (Including Admission and Discharge Services) (Codes 99234 - 99236)

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements

Manual Instruction

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Business Requirements

Pub. 100-04	Transmittal: 1465	Date: February 22, 2008	Change Request: 5793
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SUBJECT: Payment for Initial Hospital Care Services (Codes 99221 – 99223) and Observation or Inpatient Care Services (Including Admission and Discharge Services) (Codes 99234 – 99236)

Effective Date: April 1, 2008

Implementation Date: April 7, 2008

I. GENERAL INFORMATION

A. Background: This transmittal updates the internet only manual (IOM), Publication 100-04, Chapter 12, §30.6.9.1 with initial hospital care policy including Admission and Discharge Services on the same calendar date of service. This physician payment policy was finalized in the Physician Fee Schedule Final Rule, dated November 1, 2000, Vol. 65, No. 212, pp. 65408 – 65409 with the implementation of the American Medical Association Current Procedural Terminology (CPT) codes for CPT 2001.

B. Policy: When a patient is admitted to inpatient hospital care for less than 8 hours on the same calendar date, the physician shall report Initial Hospital Care using a code from CPT code range 99221 – 99223. The Hospital Discharge Day Management Service, CPT code 99238 or 99239, shall not be reported for this scenario.

When a patient is admitted for inpatient hospital care and discharged on a different calendar date, the physician shall report Initial Hospital Care using a code from CPT code range 99221 – 99223 and CPT code 99238 or 99239 for a Hospital Discharge Day Management Service.

When a patient is admitted to inpatient hospital care for a minimum of 8 hours, but less than 24 hours and discharged on the same calendar date, the physician shall report the Observation or Inpatient Hospital Care Services (Including Admission and Discharge Service Same Day) using a code from CPT code range 99234 – 99236, and no additional discharge service.

Physician documentation shall meet the evaluation and management (E/M) documentation requirements for history, examination and medical decision making. In addition, the physician shall identify he/she was physically present and that he personally performed the initial hospital care service. The physician shall personally document the admission and discharge notes and include the number of hours the patient remained in inpatient hospital care status.

II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	A / B M A C	D M E M A C	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
5793.1	Contractor shall instruct physicians and qualified nonphysician practitioners (NPPs) to report Initial Hospital Care using a code from CPT code range 99221 – 99223 when a patient is admitted to inpatient hospital care for less than 8 hours on the same calendar date,	X			X						
5793.1.1	Contractor shall instruct physicians and qualified NPPs the Hospital Discharge Day Management Service, CPT code 99238 or 99239, shall not be reported for this scenario.	X			X						
5793.2	Contractor shall instruct physicians and qualified NPPs to report Initial Hospital Care using a code from CPT code range 99221 – 99223 and CPT code 99238 or 99239 for a Hospital Discharge Day Management Service when a patient is admitted for inpatient hospital care and discharged on a different calendar date.	X			X						
5793.3	Contractor shall instruct physicians and qualified NPPs to report the admission and discharge same day service from the CPT code range 99234 – 99236, Observation or Inpatient Hospital Care Services (Including Admission and Discharge Services) and no additional discharge service when a patient is admitted to inpatient hospital care for a minimum of 8 hours but less than 24 hours and discharged on the same calendar date.	X			X						
5793.4	Contractor shall instruct physicians and qualified NPPs they shall document his/her physical presence.	X			X						
5793.4.1	Contractor shall instruct physicians and qualified NPPs they shall document that he/she personally performed the initial hospital care service.	X			X						
5793.4.2	Contractor shall instruct physicians and qualified NPPs they shall document the number of hours the patient remained in the inpatient hospital care status.	X			X						
5793.4.3	Contractor shall instruct physicians and qualified NPPs they shall personally document the admission and discharge notes.	X			X						

III. PROVIDER EDUCATION TABLE

Number	Requirement	A / B M A C	D M E M A C	F I	C A R R I E R	R H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
							5793.5	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLN MattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web site and include information about it in a listserv message within 1 week of the availability of the provider education article. In addition, the provider education article shall be included in your next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		

IV. SUPPORTING INFORMATION

A. For any recommendations and supporting information associated with listed requirements, use the box below:

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

B. For all other recommendations and supporting information, use this space: Physician Fee Schedule Final Regulation November 1, 2000, Vol. 65, No. 212, pp. 65408 - 65409

V. CONTACTS

Pre-Implementation Contact(s): Kit Scally (Cathleen.Scally@cms.hhs.gov)

Post-Implementation Contact(s): Appropriate Regional Office staff

VI. FUNDING

A. For Fiscal Intermediaries (FIs), Carriers, and Regional Home Health Carriers (RHHs), use only one of the following statements:

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

B. *For Medicare Administrative Contractors (MAC), use the following statement:*

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the contracting officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the contracting officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

Medicare Claims Processing Manual

Chapter 12 - Physicians/Nonphysician Practitioners

Table of Contents

(Rev.1465, 02-22-08)

Transmittals for Chapter 12

Crosswalk to Old Manuals

30.6.9.1 – Payment for Initial Hospital Care Services (Codes 99221 – 99223
*and Observation or Inpatient Care Services (Including Admission
and Discharge Services) (Codes 99234 – 99236)*

30.6.9.1 - Payment for Initial Hospital Care Services (Codes 99221–99223 and Observation or Inpatient Care Services (Including Admission and Discharge Services) (Codes 99234 – 99236)

(Rev.1465, Issued: 02-22-08, Effective: 04-01-08, Implementation: 04-07-08)

A. Initial Hospital Care From Emergency Room

Contractors pay for an initial hospital care service or an initial inpatient consultation if a physician sees his/her patient in the emergency room and decides to admit the person to the hospital. They do not pay for both E/M services. Also, they do not pay for an emergency department visit by the same physician on the same date of service. When the patient is admitted to the hospital via another site of service (e.g., hospital emergency department, physician's office, nursing facility), all services provided by the physician in conjunction with that admission are considered part of the initial hospital care when performed on the **same date** as the admission.

B. Initial Hospital Care on Day Following Visit

Contractors pay both visits if a patient is seen in the office on one date and admitted to the hospital on the next date, even if fewer than 24 hours has elapsed between the visit and the admission.

C. Initial Hospital Care and Discharge on Same Day

When the patient is admitted to inpatient hospital care for less than 8 hours on the same date, then Initial Hospital Care, from CPT code range 99221 – 99223, shall be reported by the physician. The Hospital Discharge Day Management service, CPT codes 99238 or 99239, shall not be reported for this scenario.

When a patient is admitted to inpatient initial hospital care and then discharged on a different calendar date, the physician shall report an Initial Hospital Care from CPT code range 99221 – 99223 and a Hospital Discharge Day Management service, CPT code 99238 or 99239.

When a patient has been admitted to inpatient hospital care for a minimum of 8 hours but less than 24 hours and discharged on the same calendar date, Observation or Inpatient Hospital Care Services (Including Admission and Discharge Services), from CPT code range 99234 – 99236, shall be reported.

D. Documentation Requirements for Billing Observation or Inpatient Care Services (Including Admission and Discharge Services), CPT codes 99234 - 99236

The physician shall satisfy the E/M documentation guidelines for admission to and discharge from inpatient observation or hospital care. In addition to meeting the documentation requirements for history, examination and medical decision making documentation in the medical record shall include:

- *Documentation stating the stay for hospital treatment or observation care status involves 8 hours but less than 24 hours;*

- *Documentation identifying the billing physician was present and personally performed the services; and*
- *Documentation identifying the admission and discharge notes were written by the billing physician.*

E. Physician Services Involving Transfer From One Hospital to Another; Transfer Within Facility to Prospective Payment System (PPS) Exempt Unit of Hospital; Transfer From One Facility to Another Separate Entity Under Same Ownership and/or Part of Same Complex; or Transfer From One Department to Another Within Single Facility

Physicians may bill both the hospital discharge management code and an initial hospital care code when the discharge and admission do not occur on the same day if the transfer is between:

- Different hospitals;
- Different facilities under common ownership which do not have merged records; or
- Between the acute care hospital and a PPS exempt unit within the same hospital when there are no merged records.

In all other transfer circumstances, the physician should bill only the appropriate level of subsequent hospital care for the date of transfer.

F. Initial Hospital Care Service History and Physical That Is Less Than Comprehensive

When a physician performs a visit or consultation that meets the definition of a Level 5 office visit or consultation several days prior to an admission and on the day of admission performs less than a comprehensive history and physical, he or she should report the office visit or consultation that reflects the services furnished and also report the lowest level initial hospital care code (i.e., code 99221) for the initial hospital admission.

Contractors pay the office visit as billed and the Level 1 initial hospital care code.

G. Initial Hospital Care Visits by Two Different M.D.s or D.O.s When They Are Involved in Same Admission

Physicians use the initial hospital care codes (codes 99221-99223) to report the first hospital inpatient encounter with the patient when he or she is the admitting physician.

Contractors consider only one M.D. or D.O. to be the admitting physician and permit only the admitting physician to use the initial hospital care codes. Physicians that participate in the care of a patient but are not the admitting physician of record should bill the inpatient evaluation and management services codes that describe their participation in the patient's care (i.e., subsequent hospital visit or inpatient consultation).

H. Initial Hospital Care and Nursing Facility Visit on Same Day

Pay only the initial hospital care code if the patient is admitted to a hospital following a nursing facility visit on the same date by the same physician. Instruct physicians that

they may not report a nursing facility service and an initial hospital care service on the same day. Payment for the initial hospital care service includes all work performed by in all sites of service on that date.