Observation Services

Peggy Hapner, RHIA, CCS, CASCC
Consulting Services Manager
Medical Learning Inc.
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Purpose / Objectives

To provide an overview of observation services and their related nursing and physician documentation requirements and to understand the current hospital environment in relation to the reporting of observation services.
Learning Objectives:

Understand just what the term observation means.

– Apply documentation requirements that will support observation services.
– Understand why nursing documentation is important.
– Become aware of additional services that should be reported while the patient is in observation status.
Today’s Agenda

• Definition of observation
• Difference between observation and recovery
• Standards of care
• Documentation requirements
• Additional services that should be reported
What is Observation

• Outpatient
• Furnished by a hospital on its premises
• Includes the use of a bed
• Includes periodic monitoring by the nursing staff
What is Observation

- Must be reasonable and necessary to:
  - Evaluate the patient’s condition
  - Determine the need for a possible admission

- Must be ordered by a physician
What is Observation

- A covered service when provided under a physician order or by others that are authorized by state law and hospital bylaws to admit to inpatient status or order outpatient tests.
- Decision to admit or discharge should be made within 48 hours.
What is Observation

- Usually assigned to patients who present to the emergency department and then require treatment or monitoring before a decision can be made to admit or discharge.
- A “direct admit” to observation status is a patient who is admitted to this status by a community physician.
What is Observation

Medical Observation:
A patient who is being observed for a clinical symptom or condition. No procedures were performed prior to that status.
What is Observation

Post Surgical Observation:
A patient who does not meet discharge criteria at the end of a normal procedural recovery period.
What is not Observation

• Services that are provided for the convenience of either the patient, his or her family or the physician
• Routine recovery services considered part of diagnostic testing
What is not Observation

- Routine post-operative monitoring during a normal recovery period
- Substituting an outpatient observation placement for a medically appropriate inpatient admission
- Standing orders for observation after an outpatient surgery
Recovery

• Defined as the monitoring of the patient by nursing staff after a surgical or diagnostic procedure

• CMS defines this recovery period as lasting 4-6 hours

• Recovery is associated with pain management procedures, radiological diagnostic procedures, cardiac catheterization procedures and surgical procedures
Recovery

- Recovery that is associated with pain management, radiology procedures and cardiac catheterizations are considered part of that procedure and not separately reportable
- Recovery is not observation
Standard of Care

Defined as:
A written statement describing the rules, actions or conditions that direct patient care.

It is also defined as:
Patient care services that are considered part of the routine care for a specific procedure or service.
Physician Documentation Requirements

Patient must be under the care of a physician during observation and documentation will reflect:

• An order for outpatient observation services with date and time
Physician Documentation Requirements

- The physician has assessed the patient’s risks and have determined that observation is appropriate
- Timed and signed admission notes, progress notes and discharge notes

Source: IOM Pub 100-4, Chapter 4, Section 290.43
Terminology

Medicare recognizes TWO patient status categories:
INPATIENT and OUTPATIENT
Physician should document the reason why the patient was placed in observation status.

• Physician must indicate status:
  – Inpatient vs. Outpatient Observation
Terminology

- Order should indicate intent:
  - Why the patient needs to be assessed
  - What is the goal for the care
Observation Goal

• To allow the physician to make a decision and then **rapidly** move the patient to the most appropriate setting.

• Observation is not a **holding zone**.

• If the physician believes that the condition will resolve within 24 hours, admit to observation status.
Observation Goal

• If the physician has doubt that the patient meets criteria for inpatient admission, admit to observation status and aggressively manage the condition and move the patient to inpatient or discharge home.
Observation Goal

• If the physician’s original intent was for an inpatient admission and during evaluation the patient meets inpatient criteria but recovers within 24 hours, this is still an inpatient admission.
CMS Guidelines

“Observation is an active treatment to determine if a patient’s condition is going to require that he or she be admitted as an inpatient or if it resolves itself so that the patient may be discharged.”
CMS Guidelines

“Observation services are those services furnished on a hospital premises, including use of a bed and periodic monitoring by nursing or other staff, which are reasonable and necessary to evaluate an outpatient condition or determine the need for a possible as an inpatient.”
CMS Guidelines

• **Observation** 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 a patient will require further treatment as hospital inpatients or if they are able to be discharged from the hospital.
CMS Guidelines

- Observation status is commonly assigned to patients with unexpectedly prolonged recovery after surgery and 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 next placement.
Nursing Documentation

- Time begins at the clock time documented in the patient’s medical record, which coincides with the time that observation services are initiated in accordance with a physician’s order for observation services.

  – CMS Transmittal 1745 – May 22, 2009
Nursing Documentation

• Time ends when all clinical or medical interventions have been completed, including follow-up care furnished by hospital staff and physicians that may take place after a physician has ordered the patient be released or admitted as an inpatient.

• Time must be reported in hourly increments.
  – Should round to nearest hour
Nursing Documentation

• When a patient is ordered from observation to inpatient status, documentation must indicate the time that this occurred.

• Physician needs to document this time when order written.

• If physician does not document this time, nursing notes are reviewed for the time.
Nursing Documentation

• Nursing documentation is tied to the physician orders.
• Nursing will help keep the physician involved in the status of the original order being met and requesting a new status such as discharge home, admit inpatient or a change in orders.
Nursing Documentation

• The physician and the nurse work together.
  – Nursing documentation indicates the patient’s condition, updates of that condition and corresponding orders
  – Nursing will actively manage the patient at the bedside
  – Nursing will have ongoing discussions with the physician such as updating the physician on the patient’s status and receiving new orders
Reporting Observation Services

• The following codes are reported for Medicare:
  – G0378 – Hospital observation services, per hour; and
  – G0379 – Direct admission of patient for hospital observation care
Reporting Observation Services

Assigned by hospitals to report all observation services whether separately payable or packaged and direct admission for observation care whether separately payable or packaged. The OPPS claims processing logic will determine whether observation services are separately payable or whether payment for the observation services will be packaged into payment for other services provided during the same encounter.
Reporting Observation Services

• Code G0378 indicates to Medicare how long the patient remained in observation. This code should be thought of as a time-based code.

• The one unit of G0379 represents more of an evaluation and management service that is provided when the patient is directly admitted to observation.
Additional Services During Observation

• Hospitals should bill for infusion therapy, hydration therapy and injections provided during a separately payable observation stay using the appropriate drug administration codes.
Additional Services During Observation

• May be reported for infusions / hydration started in the emergency department, clinic or observation area, as long as the infusion continues during the observation stay.

• Documentation is crucial for start and stop times, route of administration, drug and dosage.
Additional Services During Observation

• In the Medicare Manual it states that observation services should not be billed concurrently with diagnostic or therapeutic services for which active monitoring is a part of the procedure. They provide examples of colonoscopy and chemotherapy.
Additional Services During Observation

• In situations where such a procedure interrupts observation services, hospitals would record for each period of observation services the beginning and ending times during the hospital outpatient encounter and add the length of time for the periods of observation services together to reach the total number of units reported on the claim for the hourly observation services.
Condition Code 44

• Utilized when an inpatient admission is changed to outpatient status.
• This code addresses cases when the physician may order a patient to be admitted as an inpatient but during review of the case the utilization review committee determines that an inpatient level of care does not meet the facility’s admission criteria.
Condition Code 44

- The hospital may change the patient’s status to outpatient and submit a claim provided that all of the following are met:
  - The change in patient status from inpatient to outpatient is made prior to discharge, while the patient is still a patient at the hospital
Condition Code 44

– The hospital has not submitted a claim to Medicare for the inpatient admission
– The physician agrees with the utilization review committee’s decision
– The physician’s concurrence with the utilization review committee’s decision is documented in the patient’s medical record
Observation Admissions That Should Have Been Inpatient Admissions

- Patient who has failed intense outpatient therapy
- Patient that comes in for an emergency procedure that is normally performed outpatient such as a cardiac catheterization
  - Patient with multiple co-morbid conditions, whose condition would make the outpatient workup too dangerous
Observation in Critical Access Hospital

• Criteria and coverage for medically necessary observation is the same as in prospective payment hospital
• Payment is based on cost
• Observation must not be substituted for covered inpatient services or other outpatient services
  • Subject to 48 hour limit
  • Not subject to minimum 8 hour stay
Case Study # 1

• 70-year-old female, with past medical history of MI and coronary artery bypass surgery, presented to the emergency department with intermittent chest pain for the last couple of days which was exacerbated by deep inspiration
Case Study # 1

- Initial enzymes & EKG are unremarkable
- Pain resolved in the emergency department
- Plan to order serial EKGs & enzymes
- Admission to observation status appropriate
Case Study #2

- 66-year-old female with a past medical history or coronary artery disease, hypertension and a prior MI
- Presented to the emergency department with sharp chest pain, dyspnea & diaphoresis
- Pain increases with minimal exertion and is relieved with rest and nitroglycerine
Case Study # 2

- Pain has recurred several times while in the emergency department
- Initial impression is unstable angina, rule out MI
Case Study # 2

• Initial enzymes are within normal limits and the EKG indicates non-specific ST-T changes
• Admitted to the telemetry unit with rule out MI protocol
• New onset angina in setting of prior MI
  • Inpatient admission is appropriate
Case Study # 3

• A 68-year-old female presented to the emergency department with the complaint that she felt dizzy and blacked out
• Patient denies chest pain or headaches
• Past medical history is diabetes
Case Study # 3

- Vital signs are within normal limits; blood sugar is 188; enzymes are normal; EKG is normal and CT of head is normal
- Physician questions etiology of dizziness. Wants to observe for a couple of hours
- Admission to observation status is appropriate
Case Study # 4

- An 80-year-old patient presents to ambulatory surgery for a cystoscopy with transurethral resection of the prostate
- Surgery completed and patient sent to PACU for post-op recovery
  - Nurse observed abnormal blood and clots in Foley catheter leg bag. Contacted physician with information
Case Study # 4

- Physician concerned of excessive post-op bleeding. Continuous bladder irrigation ordered
- Admission to observation status appropriate
Case Study #5

- A 67-year-old male admitted to observation status prior to arthroscopy with rotator cuff repair for pain control
- Patient was given a pain injection at the conclusion of the procedure
- Patient’s surgery completed satisfactory and patient in PACU for post op recovery
Case Study #5

- After 5 hours of recovery patient is awake in minor pain and requesting water to drink
- Patient placed in observation bed
Case Study #5

- Observation services inappropriate due to the following:
  - Patient was admitted to observation status prior to the ambulatory surgery procedure
  - Patient awoke in PACU with no severe complaint of pain. It is expected for some pain to be present after surgery
  - Medical necessity for observation not met
Recovery Auditor Contractors

- Purpose of the program is to reduce Medicare improper payments thru the detection and collection of overpayments and the implementation of actions that will prevent further improper payments.
Recovery Auditor Contractors

• The identification of overpayments and the recovery of these overpayments will occur for those claims paid under the Medicare program for services which payment is made under Part A and B of title XVII of the Social Security Act.
Recovery Auditor Contractors

- Observation findings:
  - Observation without 4-6 hours of recovery time
  - Standing orders for observation
  - Outpatient procedure with observation service
  - Reporting hours in a bed rather than medically necessary hours
Observation Wrap Up

• Develop an observation policy
• Documentation is crucial to support observation services
• Greater understanding of the guidelines for observation
• Providing education throughout your facility on observation services
References

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• MedLearn Letter to CMS June 2009