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PAYMENT POLICY ID NUMBER: 16-047

Original Effective Date 10/01/2016

Revised: 07/11/2024

Initial Hospital Inpatient or Observation Evaluation & Management Services

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DESCRIPTION:

According to Current Procedure terminology (CPT®) instructions, Initial Hospital Inpatient or Observation Care codes 99221, 99222 and 99223 are used to report the first hospital inpatient or observation encounter of a new or established patient. These codes are used per day. Effective for dates of service on or after January 01, 2023, these codes required a medically appropriate history and/or examination. In addition, the appropriate level of Evaluation and Management (E/M) services should be selected based on the level of the Medical Decision Making (MDM) as defined for each service, or the total time for the E/M service performed on the date of the encounter.

REIMBURSEMENT INFORMATION:

Florida Blue allows payment for initial hospital care service when the patient has not received any professional services from the physician or other qualified health care professional or another physician or other qualified health care professional of the same specialty who belongs to the same group practice during the stay. When advanced practice nurses and physician assistants are working with physicians, they are considered as working in the exact same specialty as the physician.

Providers who are the admitting physician may bill modifier AI (Principal Physician of Record) to note they are the admitting physician.

Inpatient or observation consultation codes 99252, 99253, 99254, 99255 are used to report physician or other qualified health care professional consultations provided to hospital inpatients, observation-level patients, residents of nursing facilities, or patients in a partial hospital setting.

Subsequent hospital inpatient or observation care codes 99231, 99232, 99233 should be reported for initial inpatient or observation services if the service is a consultation services and an encounter in another site of service was reported or a prior consultation was performed in anticipation of, or related to, an admission by another physician or other qualified health care professional.

BILLING AND CODING:

CPT® Codes:

The following codes may be used to describe Initial Hospital Inpatient or Observation Care Services:

99221	Initial hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and straightforward or low-level medical decision making. When using total time on the date of the encounter for code selection, 40 minutes must be met or exceeded.
99222	Initial hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and moderate level of medical decision making. When using total time on the date of the encounter for code selection, 55 minutes must be met or exceeded.
99223	Initial hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and high level of medical decision making. When using total time on the date of the encounter for code selection, 75 minutes must be met or exceeded.

The following codes may be used to describe Initial Inpatient Consultation services:

99252	Inpatient or observation consultation for a new or established patient, which requires a medically appropriate history and/or examination and straightforward medical decision making. When using total time on the date of the encounter for code selection, 35 minutes must be met or exceeded.
99253	Inpatient or observation consultation for a new or established patient, which requires a medically appropriate history and/or examination and low-level medical decision making. When using total time on the date of the encounter for code selection, 45 minutes must be met or exceeded.
99254	Inpatient or observation consultation for a new or established patient, which requires a medically appropriate history and/or examination and moderate level of medical decision making. When using total time on the date of the encounter for code selection, 60 minutes must be met or exceeded.
99255	Inpatient or observation consultation for a new or established patient, which requires a medically appropriate history and/or examination and high level of medical decision making. When using total time on the date of the encounter for code selection, 80 minutes must be met or exceeded.

The following codes may be used to describe Subsequent Hospital Inpatient or Observation Care Services:

99231	Subsequent hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and straightforward or low-level medical decision making. When using total time on the date of the encounter for code selection, 25 minutes must be met or exceeded.
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99232	Subsequent hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and moderate level of medical decision making. When using total time on the date of the encounter for code selection, 35 minutes must be met or exceeded.
99233	Subsequent hospital inpatient or observation care, per day, for the evaluation and management of a patient, which requires a medically appropriate history and/or examination and high level of medical decision making. When using total time on the date of the encounter for code selection, 50 minutes must be met or exceeded.

RELATED PAYMENT POLICIES:

Consultation Services 17-055

REFERENCES:

1. American Medical Association, Current Procedural Terminology (CPT®), Professional Edition
2. American Medical Association, Current Procedural Terminology (CPT®) E/M Companion 2023

GUIDELINE UPDATE INFORMATION:

06/16/2016	Payment Policy Approved by Payment Policy Committee
07/13/2017	Reimbursement Information updated to include how inappropriately submitted initial hospital E&M procedures will be handled.
07/19/2018	Annual Review
07/18/2019	Annual Review, no changes
07/09/2020	Annual Review, no changes
07/15/2021	Annual Review, no changes
07/14/2022	Annual Review, no changes
01/01/2023	Revision – Policy revised to align with new reporting guidelines for E/M services and Initial Hospital or Observation Care CPT® codes.
07/13/2023	Annual Review – References reviewed and updated.
07/11/2024	Annual Review – References reviewed and updated.

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