

WHAT EVERY COMPLIANCE OFFICER  
SHOULD KNOW ABOUT CODING  
EVALUATION AND MANAGEMENT  
SERVICES FURNISHED BY PHYSICIANS  
AND HOSPITALS

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Andrew Ruskin

Vinson & Elkins L.L.P.

Washington, D.C.

## A. What is it?

1. Essentially, these are codes that are used to describe a common clinic visit where a physician reviews one or more particular problems posed by a patient, does an analysis, makes a diagnosis, and prescribes a treatment. Hospital services are those that are ancillary to the physician's treatment, including registration, patient education, and discharge.

# Evaluation and Management Issues

(con't.)

## B. What E/M coding systems do not meet CMS standards?

1. Keying off of physician billing (longstanding policy);
2. Systems based on the number or type of interventions;
  - a. Including a system designed by the American College of Emergency Physicians
3. Systems based on time staff spent with patient;

# Evaluation and Management Issues

(con't.)

4. Point systems that weight time, intensity and staff type involved in each intervention; and
5. Systems based on patient complexity.

## C. Why don't these systems work?

1. CMS claims that they lead to upcoding, incentives for overutilization, and a need for extrapolating where there are gaps in a coding system.

# Evaluation and Management Issues

(con't.)

## D. What does CMS expect hospitals to do?

1. Hospitals must have their own system for classifying E/M codes.
2. Hospitals should use CMS' limited guidance in building their own systems.
  - a. Break into ER visits and clinic visits, which now each have their own codes associated with them.
  - b. Tie hospital level 1 visits to the CMS definition:
    - 1) Basic services, including registration, triage, initial nursing assessment, minimal monitoring, minimal diagnostic and therapeutic services (such as a rapid strep test or a urine dipstick), nursing discharge, and exam room set up and clean up.

# Evaluation and Management Issues

(con't.)

- c. Level 2 and up is not determined.
3. Hospitals must all now create documentation guidelines.
    - a. Must reflect resource consumption.
    - b. Must be designed in such a way that “a medical reviewer can easily infer the type, complexity, and medical necessity of the services provided and validate the level of service reported.”

# Evaluation and Management Issues

(con't.)

## E. Implementation date.

1. January, 2004.

## F. Remaining compliant.

1. Evaluate existing coding systems.
2. Do due diligence on any proposed system.
3. Keep documentation standards to a minimum.
4. Get your fiscal intermediary involved.
5. Don't underbill.