

Perioperative Charge Process

The charge process for surgical services includes eight components:

1. Pre-Operative Care
2. Anesthesia
3. Operating Room Time Charges
4. Equipment Charges
5. Recovery/Post-Anesthesia Care Unit (PACU)
6. Supplies
7. Drugs
8. Post PACU Care

Below is a summary of how each of these components applies to charging for surgical services.

Pre-Operative Care:

The pre-operative care includes the starting of IVs, administration of drugs, scrubbing and shaving of the patient. Pre-operative antibiotic IV therapy is separately billable as a nursing service if there is medical justification and a physician order.

It is not appropriate to charge for pre-operative care, the majority of hospitals have a cost center dedicated to this process; zero charges are used for the recording of workload.

Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing Rx / Supplies Filters CDM Calculator Advisor Admin RAC CAT PARA													
CDM Summary										CDM Detail		Replacement / Explode Codes	
CDM: 8/18/2011 Department: All - Items: 139 (139 loaded)										UB Code: 036, Description: surg		Filters	
Quantity Date Range: 7/1/2009 to 6/30/2010										Left mouse click on code to add to additional search			
Procedure Code	Procedure Description	ExC	Qty	Price	OPT®	CPT® / HCPCS			Dflt	Revenue Code			
						Medicare	Medicaid	Other		OPPS	Part B	Other Only	
01 - 4400 - 04201305	MAJOR SURG C-SEC 15 MIN INCR	-	-	495.00	-	-	Z7506	-	0360	-	-	-	
02 - 4400 - 04201306	MAJOR SURG C-SEC 1 HR	-	-	1,983.00	-	-	Z7506	-	0360	-	-	-	
03 - 4400 - 04201307	MAJOR SURG C-SEC 1 1/4 HR	-	-	2,478.00	-	-	Z7506	-	0360	-	-	-	
04 - 4400 - 04201308	MAJOR SURG C-SEC 1 1/2 HR	-	-	2,972.00	-	-	Z7506	-	0360	-	-	-	
05 - 4400 - 04201309	MAJOR SURG C-SEC 1 3/4 HR	-	-	3,467.00	-	-	Z7506	-	0360	-	-	-	
06 - 4400 - 04201310	MAJOR SURG C-SEC 2 HRS	-	-	3,964.00	-	-	Z7506	-	0360	-	-	-	
07 - 4400 - 04201311	MAJOR SURG C-SEC 2 1/4 HR	-	-	4,459.00	-	-	Z7506	-	0360	-	-	-	
08 - 4400 - 04201312	MAJOR SURG C-SEC 2 1/2 HR	-	-	4,954.00	-	-	Z7506	-	0360	-	-	-	
09 - 4400 - 04201313	MAJOR SURG C-SEC 2 3/4 HRS	-	-	5,448.00	-	-	Z7506	-	0360	-	-	-	
10 - 4400 - 04201314	MAJOR SURG C-SEC 3 HRS	-	-	5,943.00	-	-	Z7506	-	0360	-	-	-	
11 - 4400 - 04201990	SURG GENERAL I ACUITY II	-	-	1,713.00	-	-	-	-	0360	-	-	-	
12 - 4400 - 04201991	SURG GENERAL I ACUITY II-1/2HR	-	-	857.00	-	-	-	-	0360	-	-	-	
13 - 4400 - 04201995	SURG GENERAL SET UP I	-	-	275.00	-	-	-	-	0360	-	-	-	
14 - 4420 - 03120550	SURG EPIDURAL/STEROID INJ	-	-	1,435.00	-	-	-	-	0360	-	-	-	
15 - 4420 - 03140000	SURG GENERAL SET UP I	-	-	-	-	-	-	-	0360	-	-	-	
16 - 4420 - 03140010	SURG GENERAL SET UP II	-	-	342.00	-	-	-	-	0360	-	-	-	
17 - 4420 - 03140020	SURG GENERAL I ACUITY II	-	-	2,173.00	-	-	-	-	0360	-	-	-	
18 - 4420 - 03140021	SURG GEN I ACUITY II 1/2 HR	-	-	1,025.00	-	-	-	-	0360	-	-	-	
19 - 4420 - 03140025	SURG GENERAL I ACUITY III	-	-	2,046.00	-	-	-	-	0360	-	-	-	

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Anesthesia:

There are eight different types of anesthesia:

1. Local
2. Block
3. Epidural
4. Moderate Sedation
5. Monitored Anesthesia Care
6. TIVA
7. General
8. General with Block

Anesthesia services can be either charged individually for supplies, drugs, and gasses, but more common is a time-based charge for the type of anesthesia provided. Some managed care contracts do not allow the combination of both an itemized anesthesia service with a time-based charge.

Timing of anesthesia (CS, MAC and General) charges is based on the start/stop time recorded on the anesthesia record. The base time period is 30 minutes, with an add-on charge for each additional 15 minutes. Add-on periods are charged after the first five minutes of usage within the period.

CDM Summary											
CDM: 8/18/2011 Department: All - Items: 27 (27 loaded) UB Code: 0370											
Quantity Date Range: 7/1/2009 to 6/30/2010											
Procedure Code	Procedure Description	ExC	Qty	Price	CPT®	CPT® / HCPCS			Revenue Code		
						Medicare	Medicaid	Other	Dflt	OPPS	Part B Other Only
01 - 4400 - 04130602	ANESTHESIA PUDENDAL BLOCK	-	-	92.00	-	-	-	-	0370	-	-
02 - 4400 - 04130604	ANESTHESIA CAUDEL EPIDURL	-	-	92.00	-	-	-	-	0370	-	-
03 - 4400 - 04130606	ANESTHESIA SPINAL	-	-	151.00	-	-	-	-	0370	-	-
04 - 4400 - 04200150	ANESTHESIA CAUDEL EPIDURAL	-	-	92.00	-	-	-	-	0370	-	-
05 - 4400 - 04200152	ANESTHESIA PUDENDAL BLOCK	-	-	92.00	-	-	-	-	0370	-	-
06 - 4400 - 04201320	MED GAS DELIV. 1/2 HR INCRMNTS	-	-	136.00	-	-	Z7506	-	0370	-	-
07 - 4400 - 04201321	MED GAS DELIV. 1 HR	-	-	269.00	-	-	Z7506	-	0370	-	-
08 - 4400 - 04201322	MED GAS C-SEC 1 1/2 HR	-	-	321.00	-	-	Z7506	-	0370	-	-
09 - 4400 - 04201323	MED GAS C-SEC 2 HRS	-	-	377.00	-	-	Z7506	-	0370	-	-
10 - 4400 - 04201324	MED GAS C-SEC 2 1/2 HR	-	-	429.00	-	-	Z7506	-	0370	-	-
11 - 4400 - 04201325	MED GAS C-SEC 3 HRS	-	-	483.00	-	-	Z7506	-	0370	-	-
12 - 4400 - 04201326	MED GAS C-SEC 3 1/2 HRS	-	-	537.00	-	-	Z7506	-	0370	-	-
13 - 4400 - 04201330	MED GAS C-SEC SPINAL	-	-	289.00	-	-	Z7506	-	0370	-	-
14 - 4450 - 03210002	SURG MED GAS 1ST HR	-	-	237.00	-	-	-	-	0370	-	-
15 - 4450 - 03210003	SURG MED GAS 1-1 1/2 HR	-	-	358.00	-	-	-	-	0370	-	-
16 - 4450 - 03210004	SURG MED GAS 1 1/2-2 HR	-	-	472.00	-	-	-	-	0370	-	-
17 - 4450 - 03210005	SURG MED GAS 2-2 1/2HR	-	-	592.00	-	-	-	-	0370	-	-
18 - 4450 - 03210006	SURG MED GAS 2 1/2-3 HR	-	-	712.00	-	-	-	-	0370	-	-
19 - 4450 - 03210007	SURG MED GAS 3-3 1/2HR	-	-	832.00	-	-	-	-	0370	-	-
20 - 4450 - 03210008	SURG MED GAS 3 1/2-4 HR	-	-	953.00	-	-	-	-	0370	-	-

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Operating Room Time Charges:

The operating room costs are classified into three different components, which are relieved by billing a time based level charge. The components of the OR room costs are:

1. Room Set-Up Time
2. Staff Surgical Time Charge (Nurses, Tech, and First Assistant) Charges
3. Rental/Special Equipment Charges

ParaRev recommends that the OR time charge be based on levels which are determined by the set-up, staff, and equipment charges.

OR room time charges are based on the start/stop surgical time on the anesthesia record or “wheels in to wheels out.” Add-on periods are charged after the first five minutes of usage within a period.

Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing Rx / Supplies Filters CDM Calculator Advisor Admin RAC CAT PARA												
CDM Detail CDM Summary Replacement / Explode Codes										Filters ^		
CDM: 8/16/2012, NDC: 9/7/2012, Cost: 7/21/2010						Department: All - Items: 6 (6 loaded)			Description: OR TIME			
Quantity Date Range: 6/1/2011 to 5/31/2012 Left mouse click on code to add to additional search												
Procedure Code	Procedure Description	ExC	Qty	Price	CPT@	CPT@ / HCPCS			Dflt	Revenue Code		
						Medicare	Medicaid	Other		OPPS	Part B	Other Only
01 - 01143114 - 33022	OR TIME; GENERAL SURGERY; ADD	-	1,651	743.00	-	-	-	-	0360	-	-	-
02 - 01143114 - 33023	OR TIME; GENERAL SURGICAL, 1ST	-	675	3,510.00	-	-	-	-	0360	-	-	-
03 - 01143114 - 33024	OR TIME; MINOR; ADDITIONAL 30	-	-	540.00	-	-	-	-	0360	-	-	-
04 - 01143114 - 33025	OR TIME; MINOR; 1ST 30 MINUTES	-	2	1,755.00	-	-	-	-	0360	-	-	-
05 - 01143114 - 33028	OR TIME; OPEN HEART, 1ST 30 MI	-	6	6,210.00	-	-	-	-	0360	-	-	-
06 - 01143114 - 33029	OR TIME; OPEN HEART, ADDITIONA	-	60	1,350.00	-	-	-	-	0360	-	-	-

Reports		Navigation		Sorting	
CDM Detail - PDF Excel	Segment Detail - Excel	All	<input checked="" type="checkbox"/> Display All Departments	By: Procedure Code	<input checked="" type="radio"/> Ascending <input type="radio"/> Descending <input type="button" value="Go"/>
CDM Summary - PDF			<input type="button" value="Prev Dept"/> <input type="button" value="Next Dept"/>		

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Equipment Charges:

Special and rental equipment are usually “packaged” into the OR room time charge by “bumping” a level, some Fiscal Intermediaries will allow the billing of equipment charges on an OR line on the UB04 claim form using revenue code 0360.

When determining the additional charges associated with new equipment, the following calculations can be used to ensure the cost of the equipment is factored into the cost of a procedure.

Cost Basis Charge Calculation		Market Basis Charge Calculation		Additional Cost Considerations	
Capital Item Purchase Cost (include tax, shipping)	165,000	Geographic Peer Group Average Charge		Rental Cost	
Useful Life Years (Standard is 5)	5	State Average Charge		Inpatient vs Outpatient	
Residual Value (Standard is Zero)	0	National Average Charge		Packaged Services	
Annual Depreciation Cost	33,000			Supplies	
Annual Maintenance Cost	8,250	Reimbursement Basis Charge Calculation		Medications	
Annual Expected Number of Procedures	255	APC Reimbursement	1.00	Payroll	
Equipment Cost per Procedure	162	Projected Range of Charge per Procedure (3x) - Low	3.00	Procedure Room	
Expected Average Staff Time per Procedure (Minutes)	0	Projected Range of Charge per Procedure (5x) - High	5.00	Pre/Post Procedure	
Average Staff Labor Cost per Hour	35			Anesthesia	
Average Staff Benefit Cost (percent add-on)	20%	Charge per Procedure		Recovery	
Staff Cost per Procedure	0				
Disposable Supply Cost per Procedure	500				
Total Cost per Procedure	662				
Projected Range of Charge per Procedure (3x) - Low	1,985.29				
Projected Range of Charge per Procedure (5x) - High	3,308.82				

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Recovery/Post Anesthesia Care Unit Charges:

The required time a patient spends in the PACU is one hour for general anesthesia, with a nurse to patient ratio of 1:1. After the patient is attended for a minimum period and the nurse assessment determines the patient requires a lower staffing ratio, a nurse can attend to two patients.

MAC anesthesia patients are to be observed for a minimum of 30 minutes.

Children are usually 1:1 nurse to patient ratio all of the time.

Charges for PACU may be set as follows:

1. PACU- 1st hour 1:1 ratio
2. PACU- additional 15 minutes 1:1 ratio
3. PACU- additional 15 minutes 1:2 ratio

However, it is also appropriate to charge by the minute. Timing of the PACU charges are based on the PACU admit/discharge times recorded on the PACU record.

Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing Rx / Supplies Filters CDM Calculator Advisor Admin RAC CAT PARA												
CDM Detail CDM Summary Replacement / Explode Codes												Filters ^
CDM: 7/3/2012, NDC: 9/19/2012, Cost: 8/23/2008 Department: 4427 - Items: 00028 (28 loaded) Left mouse click on code to add to additional search Quantity Date Range: 6/1/2011 to 5/31/2012												
Procedure Code	Procedure Description	ExC	Qty	Price	CPT®	CPT® / HCPCS			Revenue Code			
						Medicare	Medicaid	Other	Dflt	OPPS	Part B	Other Only
01 - 00720100	PACU 1ST HOUR ACCUITY I	-	3,661	282.00	-	-	-	-	0710	-	-	-
02 - 00720110	PACU 1/4 HOUR ACCUITY I	-	21,184	38.00	-	-	-	-	0710	-	-	-
03 - 00720200	PACU 1ST HOUR ACCUITY II	-	3,225	352.00	-	-	-	-	0710	-	-	-
04 - 00720210	PACU 1/4 HOUR ACCUITY II	-	22,881	53.00	-	-	-	-	0710	-	-	-
05 - 00720300	PACU 1ST HOUR ACCUITY III	-	301	451.00	-	-	-	-	0710	-	-	-
06 - 00720310	PACU 1/4 HOUR ACCUITY III	-	2,304	83.00	-	-	-	-	0710	-	-	-
07 - 00720350	PACU SUPPLIES- PURITAN MIST	-	-	80.00	-	-	Z7610	-	0271	-	-	-
08 - 00720390	PACU SUPPLIES-WARMING BLANKET	-	6,614	-	-	-	Z7610	-	0271	-	-	-
09 - 00720400	PACU SUPPLIES GENERAL I	-	951	26.00	-	-	Z7610	-	0271	-	-	-
10 - 00720410	PACU SUPPLIES GENERAL II	-	1,041	52.00	-	-	Z7610	-	0271	-	-	-
11 - 00720415	PACU SUPPLIES ORTHO I	-	505	26.00	-	-	Z7610	-	0271	-	-	-
12 - 00720420	PACU SUPPLIES ORTHO II	-	1,162	26.00	-	-	Z7610	-	0271	-	-	-
13 - 00720425	PACU SUPPLIES VASCULAR	-	23	26.00	-	-	Z7610	-	0271	-	-	-
14 - 00720430	PACU SUPPLIES UROLOGY	-	366	26.00	-	-	Z7610	-	0271	-	-	-
15 - 00720435	PACU SUPPLIES ENT I	-	145	18.00	-	-	Z7610	-	0271	-	-	-
16 - 00720440	PACU SUPPLIES ENT II	-	57	26.00	-	-	Z7610	-	0271	-	-	-
17 - 00720445	PACU SUPPLIES PLASTIC	-	187	26.00	-	-	Z7610	-	0271	-	-	-
18 - 00720450	PACU SUPPLIES OPHTHOMOLOGY	-	-	24.50	-	-	Z7610	-	0271	-	-	-
19 - 00720452	PACU SUPPLIES OXISENSOR	-	8,460	-	-	-	Z7610	-	0271	-	-	-
20 - 00720455	PACU SUPPLIES GYN	-	1,261	26.00	-	-	Z7610	-	0271	-	-	-

Perioperative Charge Process

Medical Supplies:

There are seven types of supplies used in the OR, some of which should not be charged to the patient. The various types of supplies and the billing status for each are as follows:

1. *Routine items*- Low cost, bulk stock items (i.e. Band-Aids, syringes, wipes, gowns, gloves, drapes, and packs) are not to be charged. The cost is to be billed using the OR time charge.
2. *Sterile*- Higher cost items are itemized on the charge form; multiple units are allowed. These items are to be billed with a HCPCS code (if possible) and 0272 revenue code.
3. *DME exempt*- These are DME items which can be billed to the Medicare program, they include orthotics (splints, braces, collars, and belts.) These items are billed using a HCPCS code and a 0274 revenue code.
4. *DME non-exempt*- Non-billable DME items (i.e. crutches, canes, and walkers) are not to be billed to the Medicare program on a bill type UB04.
5. *Implants*- Hard items which remain in the patient post-procedure, these items may have a HCPCS code and are billed using a 0278 revenue code.
6. *IOL Lenses*- Billed using a HCPCS code (if possible) and a 0276 revenue code. High cost lenses can be billed to the patient (lens cost less the \$150 Medicare allowance.)
7. *Pacemakers*- Requires a HCPCS code and a 0275 or 0278 revenue code.

The screenshot shows a software window titled 'Document Details: Revenue Codes' with a search bar containing '027'. The window displays information from the '2012 UB-04 Data Specifications Manual'. It includes the following details:

- Effective Date:** March 1, 2007
- Meeting Date:** (blank)
- Form Locator:** 42
- Page:** 14 of 59

The main content is a table for revenue code **027x**, titled **Medical/Surgical Supplies and Devices (also see 062x, an extension of 027x)**. Below the title is the text: 'Charges for supply items required for patient care'.

SubC	Subcategory	Definition	Standard Abbreviation	Unit	HCPCS
0	General Classification		MED-SUR SUPPLIES		
1	Non-sterile Supply		NON-STER SUPPLY		
2	Sterile Supply		STERILE SUPPLY		
3	Take Home Supplies		TAKEHOME SUPPLY		
4	Prosthetic/Orthotic Devices		PROSTH/ORTH DEV	Devices	
5	Pacemaker		PACEMAKER		
6	Intraocular Lens		INTRA OC LENS		
7	Oxygen - Take Home		O2/TAKEHOME		
8	Other Implant (a)		SUPPLY/IMPLANTS		Y
9	Other Supplies/Devices		SUPPLY/OTHER		

Below the table, there is a note: **(a) Implantables:** That which is implanted, such as a piece of tissue, a tooth, a pellet of medicine, or a tube or needle containing a radioactive substance, a graft, or an insert. Also included are liquid and solid plastic.

At the bottom of the window, there is a search instruction: 'To search within results - press the CTRL + F button' and a 'Close Results Window' button.

Perioperative Charge Process

Hospitals should be cautious when billing for supplies. Medicare considers some supplies routine and not separately billable, other are covered, billable, and payable, and some are covered and billable but packaged and not separately paid.

The following criteria should be met to determine when to separately bill for supplies according to the Medicare Provider Reimbursement Manual, Section 2203.2:

- 1. Directly identifiable to a specific patient**
- 2. Furnished at the direction of a physician because of specific medical needs (this must be documented in the patient's medical record)**
- 3. Either not reusable or representing a cost for each preparation**

Adminastar Federal, a Fiscal Intermediary, also created a checklist for determining billable supplies. Adminastar Federal also used the Medicare Provider Reimbursement Manual, Section 2203.2 as a guide in creating this checklist:

- 1. Is the item medically necessary and furnished at the discretion of a physician? (Not a personal convenience item such as slippers, powder, lotion, etc.)**
- 2. Is the item used specifically for or on the patient? (Not gowns, gloves, masks, used by staff or oxygen available but not specifically used by the patient.)**
- 3. Is the item not ordinarily used for or on most patients or was the volume or quantity used for one patient significantly greater than normally used for or on most patients in the billed setting? (Not blood pressure cuffs, thermometers, patient gowns, soap.)**
- 4. Is the item not basically stock (bulk) supply in the billed setting and the amount or volume used is typically measured or traceable to the individual patient for billing purposes? (Not pads, drapes, cotton balls, urinals, bedpans, wipes, irrigation solutions, ice bags, IV tubing, pillows, towels, bed linen, diapers, soap, tourniquet, gauze, prep kits, oxygen masks, and oxygen supplies, syringes.)**

There is not an all-inclusive list of billable supplies. Facilities must create a process to use in determining the billable status of a supply that is used for all supply items. As with any billable item, documentation and medical necessity must be substantiated in the patient's medical record.

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Drugs:

All drugs are to be charged; multiple units allowed. The nursing service to administer the drugs is not billable.

Select Charge Quote Charge Process Claim/RA Contracts Pricing Data Pricing Rx / Supplies Filters CDM Calculator Advisor Admin RAC CAT PARA												
CDM Summary CDM Detail Replacement / Explode Codes												
CDM: 8/16/2012 Department: All - Items: 112 (112 loaded) HCP/PCS/CPT Code: j1 Quantity Date Range: 6/1/2011 to 5/31/2012 Left mouse click on code to add to additional search												
Procedure Code	Procedure Description	ExC	Qty	Price	CPT®	CPT® / HCPCS			Revenue Code			
						Medicare	Medicaid	Other	Dft	OPPS	Part B Other Only	
01 - 01143119 - 91049	METHYLPREDNISOLONE ACE. 40MG/M	-	300	26.40	-	J1030	-	-	-	0636	-	-
02 - 01143119 - 91052	ACETAZOLAMIDE NA INJ 500MG SDV	-	8	157.50	-	J1120	-	-	-	0636	-	-
03 - 01143119 - 91053	DIGOXIN INJ 0.5MG/2ML AMP	-	78	10.00	-	J1160	-	-	-	0636	-	-
04 - 01143119 - 91055	HYDROMORPHONE HCL 2MG/ML 1ML A	-	546	10.10	-	J1170	-	-	-	0636	-	-
05 - 01143119 - 91056	HYDROMORPHONE INJ 4MG/ML TBX	-	244	9.50	-	J1170	-	-	-	0636	-	-
06 - 01143119 - 91057	DOBUTAMINE HYDRO 250MG VIAL	-	1	10.50	-	J1250	-	-	-	0636	-	-
07 - 01143119 - 91067	ESTROGEN, CONJUGATED IV 25MG	-	12	321.15	-	J1410	-	-	-	0636	-	-
08 - 01143119 - 91071	GENTAMICIN SULFATE 40MG/ML 2ML	-	76	10.00	-	J1580	-	-	-	0636	-	-
09 - 01143119 - 91072	GLUCAGON INJ 1MG SDV	-	34	369.75	-	J1610	-	-	-	0636	-	-
10 - 01143119 - 91073	HALOPERIDOL INJ 5MG/ML SDV	-	143	10.00	-	J1630	-	-	-	0636	-	-
11 - 01143119 - 91076	DROPERIDOL INJ 2.5MG/ML 2ML AM	-	-	14.90	-	J1790	-	-	-	0636	-	-
12 - 01143119 - 91077	PROPRANOLOL INJ 1MG/ML SDV	-	1	29.75	-	J1800	-	-	-	0636	-	-
13 - 01143119 - 91080	DOPAMINE 200MG/5ML SDV	-	-	10.00	-	J1265	-	-	-	0636	-	-
14 - 01143119 - 91150	**ERGONOVINE MALEATE INJ 0.2MG	-	1	25.10	-	check	-	-	-	0636	-	-
15 - 01143119 - 91208	FUROSEMIDE 10MG/ML 4 ML VIAL	-	1,712	10.00	-	J1940	-	-	-	0636	-	-
16 - 01143119 - 91212	DIPHENHYDRAMINE HCL 50MG/ML VI	-	867	10.00	-	J1200	-	-	-	0636	-	-
17 - 01143119 - 91233	INSULIN REGULAR HUMAN LOW DOSE	-	10	20.90	-	J1815	-	-	-	0637	-	-
18 - 01143119 - 91245	DIHYDROERGOTAMINE MESYLATE 1MG	-	-	153.15	-	J1110	-	-	-	0636	-	-
19 - 01143119 - 91306	DIGOXIN IMMUNE FAB 40MG VIAL	-	-	1,050.00	-	J1162	-	-	-	0636	-	-
20 - 01143119 - 91319	HYDROCORTISONE SOD SUCCINATE 2	-	68	25.05	-	J1720	-	-	-	0636	-	-

Perioperative Charge Process

Post PACU Care:

Routine care provided to a patient post-PACU and prior to discharge is **not** separately billable to the Medicare program.

https://apps.para-hcfs.com/pde/documents/PARA_ObservationChargingBillingComplianceAndReimbursement_April_2012.pdf

Observation – Charging, Billing, Compliance and Reimbursement

290.2.2 - Reporting Hours of Observation

(Rev. 1760, Issued: 06-23-09; Effective Date: 07-01-09; Implementation Date: 07-06-09)

Observation time begins at the clock time documented in the patient's medical record, which coincides with the time that observation care is initiated in accordance with a physician's order. Hospitals should round to the nearest hour. For example, a patient who began receiving observation services at 3:03 p.m. according to the nurses' notes and was discharged to home at 9:45 p.m. when observation care and other outpatient services were completed, should have a "7" placed in the units field of the reported observation HCPCS code.

General standing orders for observation services following all outpatient surgery are not recognized. Hospitals should not report as observation care, services that are part of another Part B service, such as postoperative monitoring during a standard recovery period (e.g., 4-6 hours), which should be billed as recovery room services. Similarly, in the case of patients who undergo diagnostic testing in a hospital outpatient department, routine preparation services furnished prior to the testing and recovery afterwards are included in the payments for those diagnostic services. Observation services should not be billed concurrently with diagnostic or therapeutic services for which active monitoring is a part of the procedure (e.g., colonoscopy, chemotherapy). 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 HCPCS code G0378 (Hospital observation service, per hour). Observation time ends

Perioperative Charge Process

Example Perioperative Charge Process Point System:

ParaRev recommends creating a point system for OR, Anesthesia, and PACU level determinations. Below is an example of a recommended point system.

Pre / Post PACU + Set-up Time - Minutes	Points	Operating Room Staff	Points	Extensive Equipment Use	Points
<30	0	1	1	Yes	1
31 ->90	1	2	2	No	0
91 ->120	2	3	3		
		4	4		
		5	5		
OR Level Determination	# of Pts				
Pre / Post / SU					
OR Staff					
Equipment					
Total					
OR Level Points	1st Hour time charge	Additional 1/4 time charge			
1					
2					
3					
4					
5					
6					
7					
Anesthesia Type	Time Basis	1st Hour / Initial Procedure	Additional 1/4 Hours / Subsequent procedures		
General	Elapsed time				
TIVA	Elapsed time				
MAC	Elapsed time				
IV Sedation	Elapsed time				
Epidural	One time		N/A		
Block	One time		N/A		
Local	One time		N/A		
Pain	Per Injection				
PACU - Nurse Patient Ratio	1st Hour time charge	Additional 1/4 time charge			
1:1					
1:2					
ICU Holding					