

## 2023 Evaluation and Management Changes: Inpatient, Observation, and Discharge Code Family Combination

In calendar year 2022, initial, subsequent, and discharge codes for hospital-based evaluation and management services are divided into two categories: observation and inpatient services. The American Medical Association (AMA) adopted changes to these services beginning in January 2023 which combines observation and inpatient services into **one** code set. Observation CPT® codes 99217, 99218-99220, 99224-99226 will be deleted as of January 1, 2023.

2022	2023
<p><b>Observation Services</b></p> <p>Initial: 99218-99220</p> <p>Subsequent: 99224-99226</p> <p>Discharge: 99217</p>	<p><b>Hospital Inpatient and Observation Care Services</b></p> <p>Initial: 99221-99223</p> <p>Subsequent: 99231-99233</p> <p>Same Day Admission &amp; Discharge: 99234-99236</p> <p>Discharge: 99238-99239</p>
<p><b>Inpatient Services</b></p> <p>Initial: 99221-99223</p> <p>Subsequent: 99231-99233</p> <p>Discharge: 99238-99239</p>	
<p><b>Inpatient and Observation Services</b></p> <p>Admission and Discharge: 99234-99236</p>	

For the full set of guidelines, be sure to refer to the American Medical Associations “2023 CPT E/M descriptors and guidelines”.<sup>1</sup>

<sup>1</sup> American Medical Association. “2023 Evaluation and Management (E/M) Code and Guideline Changes”. 2022. [2023 CPT E/M descriptors and guidelines](#)

## Inpatient and Observation Evaluation and Management Services

All inpatient or observational services will be reported with the following CPT codes:

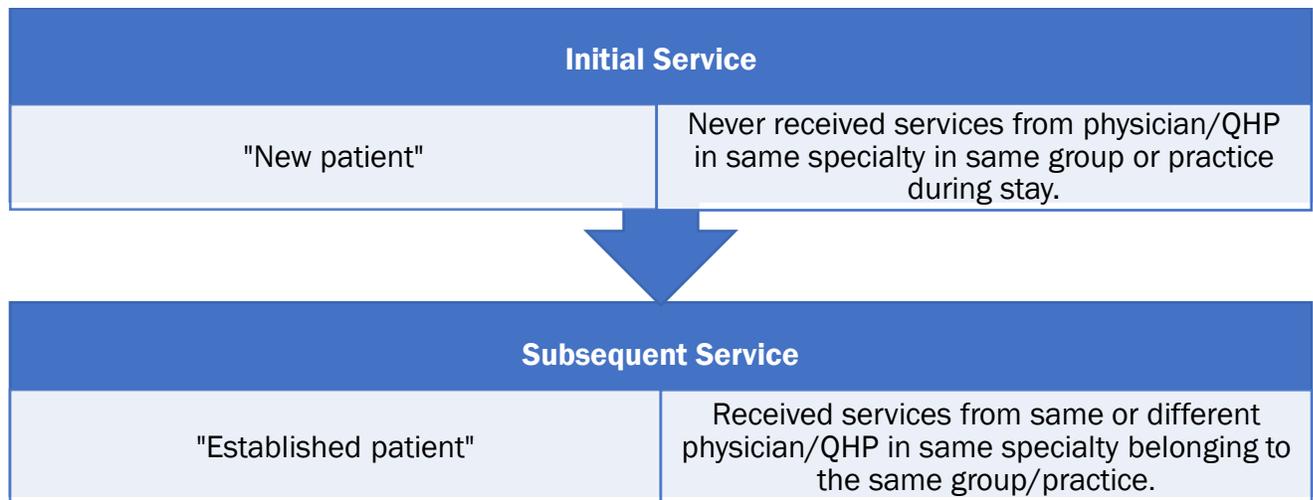
Service Type	Initial	Subsequent	Same Day	Discharge
CPT® codes	99221-99223	99231-99233	99234-99236	99238-99239

An admission stay encompasses both observation and inpatient services; a change in status does not account for a new stay. When admission occurs during the course of an encounter at another site of service (such as an office setting), the services associated with the other site may be reported separately.

### Initial Versus Subsequent Services

Historically, initial hospital services were reported on the date of admission, typically by the admitting physician. Any services performed on other dates occurring *after* the date of admission were reported with subsequent service codes.<sup>2</sup> In 2023, the definitions of initial and subsequent services are being revised for consistency with the guidelines for office and outpatient evaluation and management services.<sup>1</sup>

Initial services mirror the definition of a new patient and would be reported if a patient has not received any professional services during the stay from the physician or other qualified health care professional (QHP) or another other physician or QHP in the same specialty who belongs to the same group/practice. Subsequent services are like established patient visits as they would be used if a patient has received any services during the stay from the physician or other QHP or another physician or QHP in the same group.



<sup>2</sup> CPT® 2022 Professional Edition. Chicago, IL: American Medical Association, 2021.

## Time

In 2021, the definition of time changed for office and outpatient services to include both face-to-face and non-face-to-face activities. Time for hospital services and other outpatient services remained defined by face-to-face activities **only** and required counseling and coordination of care to account for more than 50% of the encounter. <sup>3</sup>

In 2023, all E/M services (except for Emergency Room visits) will have time determined by face-to-face and non-face-to-face activities. The level of service can be selected by all time spent on the date of the encounter. The requirement of selecting a code based on time if the encounter was 50% counseling and coordination of care will no longer apply. The time noted in the code description must be met or exceeded to report a specific code<sup>4</sup>.

Service	Initial	Subsequent	Same Day	Discharge
CPT® codes & Time	99221 – 40 min	99231 – 25 min	99234 – 45 min	99238 > 30 min
	99222 – 55 min	99232 – 35 min	99235 – 70 min	99239 ≤ 30 min
	99223 – 75 min	99233 – 50 min	99236 – 85 min	

### CPT Guidelines: Calculation of Time Over Multiple Calendar Days

If a service is continuous before and after midnight, all the time attributed to the service is applied to and reported on one date of service.

Example: if the service began at 11:00 pm and crossed the midnight threshold to 2:00 am, three hours would be counted and reported on one date of service.

### CMS Guidelines: Calculation of Time Over Multiple Calendar Days

The CMS policy regarding time differs from CPT. For inpatient, observation, and discharge services reported to CMS, the billing practitioner may only bill one hospital initial, subsequent, same day, or discharge visit **once per calendar date**. CMS maintains their 8-to-24-hour policy as they state “calendar days” with hospital stays as admits and discharges may happen around the clock.<sup>5</sup>

Example: the provider spent 1 hour of time with the patient and on other activities supporting patient care.

<sup>3</sup> CPT® 2022 Professional Edition. Chicago, IL: American Medical Association, 2021.

<sup>4</sup> American Medical Association. “2023 Evaluation and Management (E/M) Code and Guideline Changes”. 2022. [2023 CPT E/M descriptors and guidelines](#)

<sup>5</sup> Department of Health and Human Services. Centers for Medicare and Medicaid Services. “CY 2023 Payment Policies Under the Physician Fee Schedule and Other Changes to Part B Payment Policies”. *Federal Register* 87, no. 145 (July 29, 2022): 45860. <https://www.govinfo.gov/content/pkg/FR-2022-07-29/pdf/2022-14562.pdf>

## Reporting Scenarios:

- Patient admitted at 11pm, discharged at 4am (less than 8 hours): Report 99222. No discharge services would be reported.
- Patient admitted at 11pm, discharged at noon (more than 8 hours, less than 24 hours): Report 99234.
- Patient admitted at 11pm Monday, discharged on Wednesday (more than 24 hours): Report 99222 and discharge CPT on date of discharge.

CMS Guidelines	
<8 hours	<ul style="list-style-type: none"><li>• Initial Services: 99221, 99222, 99223</li><li>• No discharge day services</li></ul>
8 hours < 24 hours	<ul style="list-style-type: none"><li>• Same Day Admission and Discharge Services: 99234, 99235, 99236</li></ul>
>24 hours	<ul style="list-style-type: none"><li>• Date of Admission Services: 99221- 99223</li><li>• Date of Discharge Services: 99238, 99239</li></ul>

## Resources

American Medical Association

[2023 CPT E/M descriptors and guidelines](#)

American Society of Clinical Oncology

[ASCO's Overview of the 2023 E/M Service Changes](#)

[2023 E/M Changes: Selecting a Code Based on Time](#)

[2023 E/M Changes: Medical Decision Making Simplified](#)

Centers for Medicare and Medicaid

[CMS CY 2023 PFS Proposed Rule](#)