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DATE: November, 2011

TO: Alliance Providers

FROM: Provider Services Department

**RE: Evaluation and Management (E+M)
Observation Codes are no longer benefits**

Effective April 1, 2011, the following codes are no longer recognized as payable to providers. The codes listed below are E+M codes with observation status only:

99217 Observation Care Discharge
99218 Initial Observation Care
99219 Initial Observation Care
99220 Initial Observation Care
99234 Observation or Inpatient Hospital Care
99235 Observation or Inpatient Hospital Care
99236 Observation or Inpatient Hospital Care

Medi-Cal does not recognize "Observation Status" when providers submit an order to "Admit to Observation" status. Medi-Cal will consider it to be the same as "Admit to Inpatient" status. These codes are good for all Alliance lines of business.

Therefore, providers should bill using the appropriate inpatient E+M codes:

99221-99223
99231-99233
99238-99239

If you should have questions or concerns please contact Provider Services.

Merced Office - 800-700-3874 ext. 5514
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