

CONDITION CODE 44

DECEMBER 2023

Condition Code 44 is a billing code used when a hospital determines that a traditional Medicare patient who is currently admitted as an inpatient does not meet medical necessity for inpatient care. An order to change the patient status from inpatient to observation MUST occur PRIOR TO DISCHARGE. This process allows the hospital to begin billing observation services commensurate with the observation order.

Before a change to observation status can occur, it must be approved by BOTH the attending physician and a UR/UM committee member.

The reason for the status change must be fully documented in the (business) record:

- Change in status order
- Notes indicating why the change was made
- The care provided to the beneficiary
- Participants in making the decision to change the status

The Medicare beneficiary, who experiences a status change to observation using CC44, can be provided with the Medicare Outpatient Observation Notice (MOON). The change in status and rationale for the change can be addressed in the additional information field.

- The MOON is required by Medicare for any beneficiary receiving observation services for at least 24 hours and prior to 36-hours of observation services. Observation services are a Medicare Part B benefit and can affect the patient's financial responsibilities.
- The Medicare beneficiary is expected to sign the MOON to acknowledge receipt.

Medicare Advantage (MA) plans may or may not use this process depending on their contract.

Reference: Medicare Claims Processing Manual, Chapter 1, Section 50.3