

September 2019

## Anesthesia Payment Basics Series: #4 Physical Status

*To properly and accurately report anesthesia services, one must know and adhere to rules and guidelines that are specific to anesthesia care. Additionally, the formula used to determine payment for anesthesia services is unique to anesthesia. These rules and formula may be misunderstood or improperly applied. This ASA Timely Topic is the fourth of a series that will break the components of anesthesia billing and payment down into individual components and provide explanation on what the components represent.*

### Physical Status

The first article in this series covered CPT®, HCPCS and ICD-10-CM – important tools applicable to coding and billing across all specialties and types of care. The second piece provided information on the coding resources that are specific to anesthesia. Anesthesia modifiers and payment determination were the subject of the third article. This fourth installment offers information about Physical Status.

Medicare does not recognize or pay additional units for Physical Status, but many private payers do. As such, it is important that this is addressed within your contracts with private payers to avoid any ambiguity on the issue. The ASA's Annual Commercial Conversion Factor Survey asks whether payers cover physical status and with some regional variation, results show that overall, the percentage of payers that cover physical status has remained relatively stable from 2013 to 2018 with over 80% of the contracts included in the results covering physical status.

The status of patients undergoing surgery under anesthesia can range from a healthy patient to one that is critically ill or injured. A patient with a past or current disease or condition may require different care than a healthier patient undergoing the same surgical procedure. This differentiation is expressed by the physical status classification that is assigned to the patient by the anesthesiologist and is communicated on a claim by appending the appropriate modifier to the anesthesia code.

The physical status modifiers are found in both the CPT code set and the Healthcare Common Procedure Coding System (HCPCS). For a refresher on CPT and HCPCS, see the June 2019 Timely Topic, [Anesthesia Payment Basics Series: #1 Codes and Modifiers](#). Information about reporting physical status is included in the ASA Relative Value Guide® (RVG™) and in CPT:

- *“All anesthesia services are reported by use of the anesthesia five-digit procedure code plus the addition of a physical status modifier. These modifying units may be added to the base values. The use of other optional modifiers may be appropriate.”*
- *“Physical status is included in CPT to distinguish between various levels of complexity of the anesthesia service provided.”*

In October 2014, the ASA Expert Consensus Document, [ASA Physical Status Classification](#) was updated to include examples of each level of the classification to help anesthesiologists make the classification assignment. More information and background are available in the June 2015 edition of the *ASA Monitor*.<sup>1</sup>

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<sup>1</sup> Amr E. Abouleish, Marc L. Leib, Neal H. Cohen; ASA Provides Examples to Each ASA Physical Status Class. *ASA Monitor* 2015;79(6):38-49.

Modifier	CPT/HCPCS Descriptor	ASA Physical Status Classification	ASA Provided Examples (including, but not limited to,)	Base Unit Value
P1	A normal healthy patient	ASA I	Healthy, non-smoking, no or minimal alcohol use	0
P2	A patient with mild systemic disease	ASA II	Mild diseases only without substantive functional limitations. Examples include (but not limited to): current smoker, social alcohol drinker, pregnancy, obesity (30<BMI<40), well-controlled DM/HTN, mild lung disease	0
P3	A patient with severe systemic disease	ASA III	Substantive functional limitations; One or more moderate to severe diseases. Examples include (but not limited to): poorly controlled DM or HTN, COPD, morbid obesity (BMI≥40), active hepatitis, alcohol dependence or abuse, implanted pacemaker, moderate reduction of ejection fraction, ESRD, undergoing regularly scheduled dialysis, premature infant PCA<60 weeks, history (>3 months) of MI, CVA, TIA or CAD/stents	1
P4	A patient with severe systemic disease that is a constant threat to life	ASA IV	Examples include (but not limited to): recent (<3 months) MI, CVA, TIA, or CAD/stents, ongoing cardiac ischemia or severe valve dysfunction, severe reduction of ejection fraction, sepsis, DIC, ARD or ESRD not undergoing regularly scheduled dialysis	2
P5	A moribund patient who is not expected to survive without the operation	ASA V	Examples include (but not limited to): ruptured abdominal/thoracic aneurysm, massive trauma, intracranial bleed with mass effect, ischemic bowel in the face of significant cardiac pathology or multiple organ/system dysfunction	3
P6	A declared brain-dead patient whose organs are being removed for donor purposes	ASA VI		0

*It is important to note that the assignment of a physical status classification is a clinical determination made by the anesthesiologist after evaluating the patient about to undergo anesthesia care.*

### Putting It Together

A patient covered by a private plan that includes coverage for physical status is to have a total knee replacement as described by CPT code 27447 - *Arthroplasty, knee, condyle and plateau; medial AND lateral compartments with or without patella resurfacing (total knee arthroplasty)*. Per the ASA CROSSWALK<sup>®</sup>, the anesthesia care may be best described with anesthesia CPT code 01402 - *Anesthesia for open or surgical arthroscopic procedures on knee joint; total knee arthroplasty*. Code 01402 has 7 base units. Let's assume total anesthesia time of 112 minutes. The payer uses a 15-minute unit and rounds down to the nearest whole unit. The conversion factor in our example will be \$70.00 per unit.

Payment will be calculated using the equation:

$$(\text{Base Units} + \text{Time Units} + \text{Modifying Units}) * \text{Conversion Factor}$$

If the patient is an ASA I:

$$(7 \text{ Base Units} + 7 \text{ Time Units} + 0 \text{ Physical Status Modifying Units}) * \$70.00 = \$980.00$$

If the patient is an ASA III:

$$(7 \text{ Base Units} + 7 \text{ Time Units} + 1 \text{ Physical Status Modifying Units}) * \$70.00 = \$1050.00$$

Physical Status is one modifying factor that may be included in anesthesia coding and payment. Look for our next article in this series which will cover Qualifying Circumstances.