



ARROWHEAD REGIONAL MEDICAL CENTER Revenue Cycle Policies and Procedures

Policy No. 201.00 Issue 1
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SECTION: REVENUE CYCLE
SUBSECTION: REVENUE INTEGRITY
SUBJECT: SURGERY LEVEL CLASSIFICATION

APPROVED BY: _____
Revenue Integrity Manager

POLICY

This policy ensures that surgical procedures are appropriately classified, with clear criteria for determining the complexity, resource requirements, and associated charges for surgeries ranging from Level 1 to Level 5. By following these guidelines, surgical teams can maintain consistency in classification and ensure accurate billing and resource allocation.

PROCEDURES

I. Surgical Procedure Levels and Associated Characteristics

A. **Level 1 (Minor Procedures):** Simple or routine procedures that involve minimal risk and are performed in an outpatient setting (e.g., small excisions, simple repairs).

1. Characteristics:

- a. Time Required: Short, typically less than 30 minutes.
- b. Staff Requirements: 1 staff
- c. Skill Level of Surgeon: Routine procedures requiring minimal specialized training or expertise.
- d. Risk and Complexity: Low-risk, uncomplicated procedures with minimal or no post-operative monitoring.
- e. Invasiveness: Non-invasive or minimally invasive procedures.
- f. Equipment and technology: Basic surgical tools and instruments (e.g., 1 disposable supply).
- g. Anesthesia Requirements: Local anesthesia or minimal sedation.

2. Examples:

- a. Skin excisions
- b. Wound repairs

3. Charge Associated:

- a. Operating Room (OR) Procedure Level 1 Charge: Reflects simplicity, low resource usage, and short procedure time.

- B. **Level 2 (Low to Moderate Surgery):** Intermediate procedures requiring more skill or time, possibly involving moderate risks or requiring some postoperative care (e.g., laparoscopic procedures, minor bone fractures).

1. Characteristics:

- a. Time Required: Generally, between 30 minutes to 2 hours.
- b. Staff Requirements: 2 staff
- c. Skill Level of Surgeon: Requires moderate expertise with some experience and specialized knowledge.
- d. Risk and Complexity: Moderate risk, procedures may involve limited organ or tissue involvement.
- e. Invasiveness: May Involve small incisions or limited internal interventions.
- f. Equipment and Technology: Standard surgical tools with potential use of basic imaging or specialized instruments.
- g. Anesthesia Requirements: Local or regional anesthesia.
- h. Postoperative care: Brief recovery period, typically in outpatient or short inpatient stays.

2. Examples:

- a. Laparoscopic procedures
- b. Arthroscopies
- c. Biopsies

3. Charge Associated: OR Procedure Level 2 Charge: Reflects increased complexity, time, and resource use compared to level 1.

- C. **Level 3 (Intermediate Surgery):** High-risk surgeries requiring significant expertise, time, and resources, usually performed in inpatient settings (e.g., organ transplants, cardiovascular surgery).

1. Characteristics:

- a. Time Required: Typically, 2 to 4 hours.
- b. Staff Requirements: 2 staff
- c. Skill Level of Surgeon: Advanced skills required, typically a specialist or surgeon with significant expertise.
- d. Risk and Complexity: High-risk procedures involving more substantial tissue, organ, or system manipulation.
- e. Invasiveness: More invasive with potential for significant recovery time or hospitalization.
- f. Equipment and Technology: Complex surgical tools, imaging systems, and potential use of minimally invasive technologies.
- g. Anesthesia Requirements: General anesthesia or regional blocks.
- h. Postoperative care: Longer recovery periods with close monitoring and possible extended inpatient stay.

2. Examples:

- a. Abdominal surgeries (e.g., hernia repairs, cholecystectomies)
- b. Minor Spinal Surgeries (e.g., decompression)
- c. Laparotomy

- d. Open Reduction and Internal Fixation (ORIF) of fractures

3. Charge Associated:

- a. OR Procedure Level 3 Charge: Reflects the complexity, skill, and time involved, as well as the advanced equipment and technology required.

D. Level 4 (Complex Surgery): Very complex, high-risk surgeries involving specialized equipment, often with long recover times and high patient monitoring requirements (e.g., multi-organ transplants, major brain surgeries).

1. Characteristics:

- a. Time Required: Usually, 4 to 6 hours or longer.
- b. Staff Requirements: 2-3 staff
- c. Skill Level of Surgeon: Expert level, often performed by specialists with years of experience in the specific surgical field.
- d. Risk and Complexity: Very high risk, often involving major organ systems or requiring specialized surgical techniques.
- e. Invasiveness: Extensive, involving large incisions, multiple organs, or systems.
- f. Equipment and Technology: Specialized instruments, advanced imaging, and high-tech devices.
- g. Anesthesia Requirements: General anesthesia with significant perioperative monitoring and management.
- h. Postoperative care: Intensive postoperative care, often requiring Intensive Care Unit (ICU) stays, long recovery times, and complex follow-up care.

2. Examples:

- a. Open heart surgery
- b. Major orthopedic procedures (e.g. joint replacements, complex spinal reconstructions)
- c. Major neurosurgeries (e.g. brain tumor resection)

3. Charge Associated:

- a. OR Procedure Level 4: Accounts for complexity, time, risk, specialized care, and extended postoperative recovery needs.

E. Level 5 (Highly Specialized, Trauma or Emergent Surgery):

1. Characteristics:

- a. Time Required: 6 hours or more, often involving multiple stages and teams.
- b. Staff Requirements: 3+ staff
- c. Skill Level of Surgeon: Performed by the highest level of experts in the field, often multidisciplinary teams.
- d. Risk and Complexity: Extremely high risk, life-threatening, or critical procedures. Often considered cutting-edge or experimental.
- e. Invasiveness: Highly invasive, often involving multiple organ systems or complex reconstructive efforts.
- f. Equipment and Technology: Use of cutting-edge technology, robotic surgery, advanced imaging systems, and potentially experimental tools.

- g. Anesthesia Requirements: General anesthesia with advanced monitoring, often requiring extensive perioperative management.
- h. Postoperative care: Requires intensive postoperative care, including intensive care unit (ICU) stays, long-term recovery, and complex rehabilitation.

1. Examples:

- a. Multi-organ transplants (e.g., heart-lung transplants)
- b. Complex neurovascular surgeries
- c. Major reconstructive surgeries following severe trauma (e.g., extensive facial reconstruction, burns)
- d. Emergency C-Section for fetal distress
- e. Ruptured Abdominal Aortic Aneurysm (AAA) repair

2. Charge associated

- a. OR Procedure Level 5: Due to the intensive nature, specialized equipment, extended time, and highly skilled personnel required, Level 5 surgeries incur the highest-level charge.

II. **Guidelines for Determining Surgery Levels**

A. Although there is not a standardized method for charging surgery levels and hospitals independently set their own rates, the following should be considered when determining the level of surgery:

- 1. Procedure Complexity: Does the procedure involve multiple systems or organs? How invasive is the procedure?
- 2. Time Commitment: How long will the procedure take? Does it require multiple stages or teams?
- 3. Surgeon Expertise: What level of expertise is required to perform the surgery? Is the surgery being performed by a specialist?
- 4. Technology and Equipment: Does the procedure require specialized equipment, imaging or technology?
- 5. Risk Assessment: What are the potential risks associated with the surgery?
- 6. Anesthesia Requirements: Does the procedure require general anesthesia or advanced monitoring?
- 7. Postoperative Care: What type of recovery care is needed? Will the patient require an extended inpatient stay or ICU care?

B. Costs can vary significantly based on the factors above, which is why the hospital industry has no generally accepted or standardized methodology for determining criteria and charge rates for surgery levels.

III. **Audit Review and Process:**

A. To ensure the appropriate surgery level is assigned, the following steps should be taken:

- 1. Documentation Review: Ensure all relevant procedure details are documented accurately, including time, complexity, and resources used.
- 2. Audits: Periodic audits should be conducted to verify that surgical levels are assigned correctly, and timed charges are accurate.

REFERENCES: **National Association of Healthcare Revenue Integrity (NAHRI) – The Revenue Integrity Manager’s Guidebook**
 National Association of Healthcare Revenue Integrity (NAHRI) – Core Functions of Revenue Integrity, Second Edition
 American Medical Association (AMA) – CPT Book
 American Academy of Professional Coders (AAPC) – HCPCS Book
 Medicare Severity Diagnosis-Related Groups (MS-DRGs)
 Managed Resources - Key Guidelines for Determining Intensity Levels, 2025

DEFINITIONS: **Current Procedural Terminology (CPT):** A code maintained by the American Medical Association for reporting medical services and procedures that contains descriptive terms and comments associated with a specific 5-digit numeric code for use by physicians and other providers, including hospitals. CPT provides a uniform language accurately describing medical, surgical, and diagnostic services.
 Healthcare Common Procedure Coding System (HCPCS): A code maintained by Centers for Medicare and Medicaid Services that identifies products and services not included in CPT codes or may replace CPT codes when submitting claims to Medicare.
 Centers for Medicare and Medicaid Services (CMS): Federal agency which administers the Medicare, Medicaid, and Child Health Insurance programs.

ATTACHMENTS: **N/A**

APPROVAL DATE:	<u>1/1/2025</u>	<u>Ashley Leichter, Revenue Integrity Manager</u> Department/Service Director, Manager or Supervisor
	<u>3/26/2025</u>	<u>Patient Safety and Quality Committee</u> Applicable Administrator, Hospital or Medical Committee
	<u>2/27/2025</u>	<u>Arvind Oswal, Chief Financial Officer</u> Chief Financial Officer
	<u>3/12/2025</u>	<u>Andrew Goldfrach, Chief Executive Officer</u> Chief Executive Officer
	<u>10/21/2025</u>	<u>Board of Supervisors</u> Approved by the Governing Body

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