

At the end of your observation stay, your physician will decide whether to discharge you from the hospital or to admit you as an inpatient.

**What if my physician decides my condition requires acute inpatient care?**

Your physician must then write an order to convert your outpatient observation stay to a full inpatient admission.

**What if my physician decides that I do not require inpatient care?**

You will be discharged from the hospital.

**Can I be placed into outpatient observation after undergoing an outpatient surgical procedure?**

It is possible. For example, Medicare allows for a 4-6 hour recovery period. The intent of outpatient surgery is to have your surgery and be discharged the same day. However, if you experience a post-operative complication, then your physician may place you into observation to monitor you further.

**If I want to spend the night after my outpatient surgery, will Medicare cover this?**

No, Medicare will only pay if there is a medical condition that warrants post-operative monitoring. If you desire to stay over for patient/family convenience, you will be fully responsible for payment.



**A PATIENT'S GUIDE TO  
OBSERVATION CARE**

Although outpatient observation stays are now commonplace in hospitals, you may be unfamiliar with what it actually means to you, the patient.

Following are some frequently asked questions and answers that will help you better understand outpatient observation status and billing.

### What is outpatient observation?

Observation services are hospital outpatient services that a physician orders to allow for testing and medical evaluation of your condition.

While under observation care, your room may be located anywhere in the hospital. However, the quality of care is exactly the same regardless if you are an observation patient or inpatient admission. Within the first 48 hours of your stay, the physician will decide whether you require an inpatient stay, or may be discharged home for care in another setting.

### What kinds of condition usually require observation care?

Observation services are typically ordered for conditions that can be treated in 48 hours or less, or when the cause of your symptoms has not yet been determined. Some examples are nausea, vomiting, weakness, stomach pain, headache, kidney stones, fever, some breathing problems, and some types of chest pain.

### Does observation care count toward my three-day hospital stay for skilled care?

No. Any of your time spent during an observation stay does not count toward Medicare's three-day (consecutive) hospital stay rule to qualify for skilled nursing home placement.



If your status changes from observation to inpatient, your three-day hospital day begins on from the time when you become an inpatient.

### How is an observation stay billed?

An observation stay is billed under outpatient service (for Medicare this would be under Part B) while an inpatient admission is billed under inpatient services (for Medicare this would be billed under Part A).



### What am I expected to pay for as an observation patient?

Since observation stays are billed as outpatient service, your insurance co-pays and deductibles along with any additional costs, will probably be based on the outpatient terms of your policies. Your out-of-pocket costs may change depending on whether your stay is designated as observation or full inpatient admission.

Therefore, any costs from a nursing home following an observation stay or any inpatient hospital stay less than three days are the responsibility of the patient and will not be covered by Medicare as a Part B service.

### How do different payers define observation time?

Different insurance payers have different amounts of time that are covered in observation.

#### For example:

**Medicare** - observation service cannot exceed 48 hours. Typically a decision to discharge or admit is made within 24 hours.

**Medicaid** - allows up to 48 hours.

**Private Insurances** may vary but most permit only 23 hours in observation.