

**1. What is outpatient observation?**

Observation is a special service or status that allows physicians to place a patient in an acute care setting, within the hospital, for a limited amount of time to determine the need for inpatient admission. The patient will receive periodic monitoring by the hospital's nursing staff while in observation.

**2. What is the difference in billing?**

Observation stay is billed as an outpatient service (under Medicare, this would be Part B).

**3. What kind of problems do people have that would make observation appropriate?**

There are many types of clinical problems that would support the need for observation, such as symptoms that can usually be resolved within 24-48 hours or when the need for admission is unclear. It is the intent of the Medicare program to allow a physician more time to evaluate/treat a patient and make a decision to admit or discharge. Observation generally does not exceed 24 hours and never (practically speaking) exceeds 48 hours.

**4. What are some examples of these problems?**

Nausea, vomiting, stomach pain, headache, fever, and some types of shortness of breath and chest pain.

**5. What is meant by a "limited amount of time"?**

Observation is only appropriate for short time periods. Medicare allows 24-48 hours.

**6. What happens at the end of the "specified amount of time"?**

Typically your physician will decide whether to discharge you to home or admit you as an inpatient.

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

When that determination is made, your physician must then write an order to convert your outpatient observation stay to an inpatient admission.

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

Your physician will "discharge" you and arrange for your care to be followed up on an outpatient basis.

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

Procedures have a routine 4 to 6 hours of recovery associated with them. However, should you experience a postoperative/post-procedure complication then your physician may place you into observation to monitor you or admit you as an inpatient.

**10. What type of post-surgical condition may warrant further evaluation in" outpatient observation"?**

- Inability to urinate
- Inability to keep liquids down thus requiring IV hydration
- Inability to control pain
- Unexpected surgical bleeding
- Unstable vital signs
- Inability to safely ambulate after spinal anesthesia
- Unusual reaction to the surgical procedure or anesthesia (e.g. difficulty awakening from anesthesia, drug reaction, or other post-surgical complication).

# A Patient's Guide to Medicare Outpatient Observation

**11. *If I desire to spend the night after my outpatient surgery, will my stay be covered?***

---

You may stay, overnight after an outpatient procedure, only if your physician determines that it is medically necessary for you to stay. Observation services are not to be used for the convenience of the hospital physician, patient, or their families. For example, the inability to arrange transportation home does not necessitate an overnight stay.

**12. *Can my physician order observation services before the procedure is performed.***

---

No. the routine preparation before a test or procedure is not considered to be an observation service. Observation services should only be ordered after the procedure and only after a routine recovery period has revealed a complication that would require additional time for monitoring and treatment.

**13. *If my physician places me in observation how does this affect my out of pocket costs?***

---

Since observation is an outpatient service, any outpatient coinsurance will apply. Medicare beneficiaries will be responsible for any "self administrable" medications. This means any medications, which you could give yourself if you were at home, such as pills and creams, are not-covered items on an outpatient bill.

Developed in conjunction with the FHA Observation Task Force



Lee Memorial Health System  
Department of Care Management  
Main Office (239) 343-2940

Revised March 2012

