

Remember:

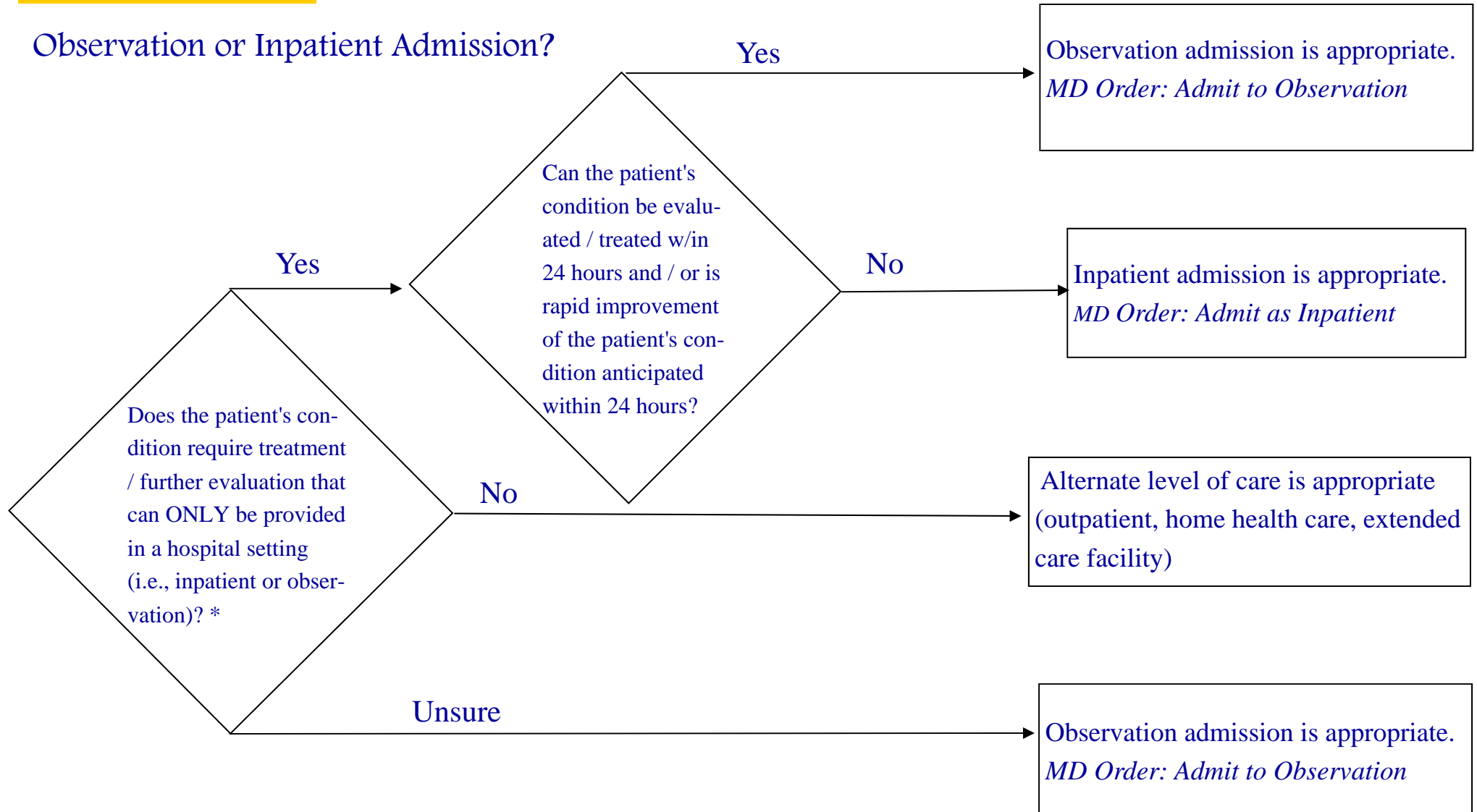
- ◆ Outpatient observation services are reimbursed under the Outpatient Prospective Payment System. Although reimbursement for observation has changed, the Medicare rules for the use of observation have not.
- ◆ Outpatient observation admission is still an alternative to inpatient admission.
- ◆ An order simply documented as “admit” will be treated as an inpatient admission. A clearly worded order such as “inpatient admission” or “place patient in outpatient observation” will ensure appropriate patient care and prevent hospital billing errors.
- ◆ Medicare coverage for observation services is limited to no more than 48 hours unless the fiscal intermediary grants an exception.
- ◆ An outpatient observation may be progressed to inpatient status by physician order when it is determined the patient’s condition requires an inpatient level of care.
- ◆ Hospitals can convert and bill an inpatient case as an outpatient if the hospital Utilization Review Committee determines before the patient is discharged and prior to billing that this setting would have been more appropriate. A physician must concur with the decision of the committee, and the physician’s concurrence and status change must be documented in the medical record.
- ◆ Documentation must support the level of care provided (inpatient admission versus outpatient observation).
- ◆ Be sure documentation addresses problems identified in history and physical, treatment initiated, patient’s response to treatment, major changes in patient’s condition and action taken, status of unresolved problems, discharge planning and follow-up.
- ◆ “Routine recovery” from a surgical procedure is not considered observation.

OBSERVATION OR INPATIENT ADMISSION?

Please call your assigned case manager or contact the UCLA Health System Office of Compliance and Privacy at (310) 825-7135, if you have any questions about this process

This prompter is intended to be used as an aid to physicians in determining the appropriate setting/level of care in which to treat patients.

Observation or Inpatient Admission?



* The decision to admit a patient as an inpatient requires complex medical judgment including consideration of the patient's medical history and current medical needs, the medical predictability of something adverse happening to the patient, and the availability of diagnostic services/ procedures when and where the patient presents.