**Outpatient Observation: Information for Medicare Patients**

Your doctor has ordered “outpatient observation” for you because he or she has decided that a brief stay in the hospital is needed to do some additional testing and/or to observe your response to treatment.

**What does it mean that I have been “placed in observation”?**

There are two parts to Medicare: Part A and Part B. Medicare Part A covers inpatient care in hospitals and skilled nursing facilities while Part B covers outpatient treatments such as doctor’s office visits, the tests your doctor orders from his office, and many minor surgeries.

Medicare also treats some brief hospital stays as outpatient services. This is called “outpatient observation,” and just like a doctor’s office visit, observation in a hospital is covered by Medicare Part B.

**How is outpatient observation different from inpatient admission?**

Observation allows your doctors to continue testing to find the cause of your symptoms or to provide treatment that can be completed in a short period of time.

The decision to order observation is based on Medicare rules that take into account the seriousness of your condition and the treatment you need. Observation is used for those with less severe problems. Patients with more serious health issues are admitted as inpatients.

**Do I get the same treatment in outpatient observation as an inpatient?**

Yes. The hospital provides all the treatments your doctor orders regardless of whether you are in observation or an inpatient. These classifications are required by Medicare for proper billing but do not affect the care you receive.

**What if my condition changes?**

If your condition changes or tests show that you require more treatment than originally expected, your doctor can order inpatient admission.

**How long can I stay in the hospital under observation?**

Observation is a brief outpatient hospital stay focused on the main reason you came to the hospital for medical care. For most patients a decision can be made whether to admit or discharge within 2 days.

**What if I am not ready to go home at that point?**

If your doctor does not feel you are ready to go home, your stay may be extended to ensure a safe discharge but Medicare has various rules that your doctor follows to decide whether full inpatient admission is appropriate. Hospitals sometimes keep patients for safety reasons that do not warrant inpatient admission. The Care Management Department helps physicians interpret those guidelines.

**Does observation count toward the three-day inpatient hospital stay required for a skilled nursing facility?**

No, it doesn’t.

**What about the cost of observation?**

Observation is an outpatient service billed under Medicare Part B, so you are responsible for the once-yearly Part B deductible ($183 in 2017) and the 20% coinsurance on the allowable charges. The inpatient Part A deductible is $1,316. Medicare supplement insurance usually covers these costs. Part B doesn’t cover the cost of “self-administered medications” such as the pills, capsules, creams, and eye drops you might take at home but many hospitals waive this cost.

**If I am in the hospital for such a brief time, how do I complete my treatment?**

Our main concern is that you receive the medical care you need to allow your safe return home. Your doctor may recommend that you obtain additional testing or treatment by your primary physician or specialists after discharge. It is very important that you follow these instructions. When you visit your doctors, be sure to bring all of the medicines you are taking with you and bring copies of any papers you were given at the hospital.

**What if I have questions?**

You can call the Care Management Department at (999) 999-9999 or ask your nurse to call us. You can reach Patient Accounts at (999) 999- 9999 for any concerns about your bill.