

Appendix A: Child B.M.S. Medical Observation 10/11/2017

Observation Status



What is Observation Status?

- In recent years, Medicare and many private insurance companies have created a new category for certain patients who need to be monitored by medical personnel, but do not qualify to be admitted to the hospital. This category is called **Outpatient Observation**.
- Patients are placed in **Outpatient Observation** status based upon criteria developed and used by Medicare, Managed Care Medical Assistance and Commercial Insurance Plans. The physician must follow these criteria when deciding whether you should be an inpatient or placed in **Outpatient Observation**. These criteria include: how sick the patient is at the time of hospital evaluation, what hospital services (services that can only be provided in the hospital setting) are required to treat the illness, as well as length of time the patient is expected to be in the hospital.
- This stay is termed **Outpatient Observation** and typically includes additional testing and monitoring, usually for one day but it can be longer if needed.
- **Inpatient** is the term used by these same insurance companies for patients whose medical problems are more severe or complicated. These patients typically have significantly abnormal findings or results while they are in the Emergency Department.

What Does this Mean about Your Care?

- **Outpatient Observation** patients are assigned to a hospital room and are cared for by hospital staff and physicians no differently than other patients being cared for in the hospital. Our hospital treats both **Inpatient** and **Outpatient Observation** patients with equal care and attention.
- During the **Outpatient Observation** period, patients are monitored closely for any change in their medical condition. This is generally for 24 to 48 hours. During that time, if an **Outpatient Observation** patient's medical condition worsens the patient might continue their stay in the hospital as an **Outpatient Observation** patient or be changed to **Inpatient** status.
- When there are no concerning findings and the patient improves or it is determined that the patient's care needs can be provided in another setting, the patient will be discharged. It should be noted that discharges from the hospital can occur any time of the day, any day of the week. Appropriate services will be arranged to meet the patient's post discharge care needs. Ongoing supervision of the patient's medical care needs will return to the patient's primary care physician.
- Hospital Case Management and Social Work will assist all patients and their families to create the most appropriate discharge plan to meet the patient's post discharge medical needs when needed.

Insurance Coverage for Outpatient Observation Status

- Payments from commercial insurance companies, managed care Medical Assistance and Medicare for the care of **Outpatient Observation** patients is very different from that provided for those who are admitted as **Inpatients**. The criteria for determining **Observation** status versus **Inpatient** status are established by those insurance companies and cannot be changed by Abington - Jefferson Health, Lansdale Hospital or any other hospital. The level of care a patient is ordered for is based upon the category (**Inpatient** versus **Outpatient Observation**) into which the patient's medical needs and treatment plan fall. This decision making generally occurs prior to the patient leaving the emergency room. Medicare and other payers consider patients who are in **Outpatient Observation** to be **Outpatients** even though they are in a hospital room. Therefore, **Observation** services will be billed under the **Outpatient** services portion of your medical plan (Medicare Part B). Patients should be aware that co-pays, deductibles and/or coinsurance may be required. If you are a Medicare beneficiary and do not have Part B benefits, Medicare's inpatient coverage (Part A) will not pay for **Outpatient Observation**. You may be responsible for charges associated with an **Outpatient Observation** stay.
- Hospital staff will notify you if your status changes from **Outpatient Observation** to **Inpatient**. This change could result in a difference in the amount you will be billed for your co-pay, deductible or co-insurance.
- Final decisions about **Outpatient Observation** status can be made by Medicare and other insurance providers after a patient has received services or left the hospital.

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OBSERVATION STATUS ACKNOWLEDGEMENT



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Observation Status *continued*

Medicare Coverage for Skilled Nursing Facilities (SNF)

- Medicare requires that a patient have a 3 day **Inpatient** stay to be eligible for the Medicare Skilled Nursing Facility benefit. It should be noted, that a patient must qualify and be certified by a physician for an inpatient admission and a patient cannot be admitted to an **Inpatient** status simply to qualify the patient for the Skilled Nursing Facility benefit. **Inpatient** stays cannot be prolonged simply to meet the 3 day stay rule; all patients are discharged, regardless of **Inpatient** or **Outpatient** status, when their attending physician determines that they are medically stable for discharge. It should also be noted that some patients who have met the 3 day stay rule may not qualify for the Skilled Nursing Facility (SNF) benefit for other reasons.
- If your status changes from **Outpatient Observation** to **Inpatient** status, your 3-day hospital stay begins, only from the time when you became an **Inpatient**.
- If a patient stays in the hospital as an **Outpatient Observation** patient, Medicare will not cover care provided in a Skilled Nursing Facility (SNF) unless the patient had a 3-day qualifying stay in a hospital within 30 calendar days of the current hospital stay or was discharged from a SNF (and the stay was being covered under the Medicare Skilled Nursing Facility benefit) within 30 calendar days of the current hospital stay.
- If an **Outpatient Observation** patient requires a stay in a Skilled Nursing Facility (SNF), a Case Management or Social Work staff member will meet with the patient and family to discuss options.

For Further Information

- Should you have questions regarding **Outpatient Observation Status**, feel free to contact Case Management Abington-Jefferson Health at 215-481-2722 and Case Management Lansdale Hospital at 215-361-4596.
- Any financial questions you might have should be directed to the Financial Counseling Department at 215-481-2185 or to the Member Services Number noted on the back of your insurance card.
- For detailed information on how Medicare covers hospital services you may call 1-800-MEDICARE, or visit www.Medicare.gov/pubs/pdf/11435.pdf.

