

## Observation

The use of observation status is frequently misunderstood, especially the difference between observation status and inpatient admission. When we find that a patient is admitted as an inpatient inappropriately, we are writing off the hospital bill.

What are observation services?

Observation services are performed in a hospital to evaluate a patient's condition to determine whether admission is reasonable and medically necessary. To admit a patient for observation, your order must explicitly state "admit to observation." An order stating "admit" will result in the patient being admitted as an inpatient. Documentation of the need for observation status is required in all cases.

Where does observation take place?

Observation care can be delivered at any ward in the hospital, including the ED.

How long does observation status last?

Most observation services do not exceed one day. Some patients may require a second day of outpatient observation. In exceptional situations, outpatient observation services span more than two calendar days.

Appropriate use of observation status includes:

- Patients with symptoms suggesting a diagnosis that must be ruled out (e.g., chest pain)

- Patients that require more than the usual amount of time to respond to care
- Patients that require unusually prolonged preparation prior to outpatient procedures
- Patients that require unusually prolonged recovery periods after outpatient procedures

Inappropriate use of observation status includes:

- Patients maintained onsite due to social factors
- Patients held at physician convenience for later testing or examination
- Patients onsite in preparation for, or routine recovery from, ambulatory procedures (including surgery)
- Patients onsite for routine outpatient procedures (i.e., transfusion or chemotherapy)

Can I convert a patient from inpatient to observation?

No. Once admitted as an inpatient, a patient cannot be converted to observation status. Patients may be admitted for observation and later converted to inpatient status.

What about "short stay"?

Payers do not recognize short stay. We are writing off many of these bills as uncollectible.

[Parts of this text adapted from Colorado Foundation for Medical Care, the Colorado PRO.]