

Medicare: Inpatient vs. Observation Stay

Inpatient? Observation?

It makes a difference to Medicare



When you are cared for in a hospital, your physician must report your status for Medicare billing purposes. Medicare designates two categories of hospital care — inpatient and outpatient/observation. Many illnesses that in the past were treated as an “inpatient” hospital stay are now treated as an “observation” stay. While the two names are different there is no difference in the care you receive.

The hospital and your physician will determine the best manner in which to meet your individual needs. In some cases, an observation admission may be followed by an inpatient stay. Inpatient versus observation status is determined by the severity of the illness and the complexity of treatment — not by how long a patient stays at the hospital. The quality of care and level of nursing and physician involvement are the same under either inpatient or observation status.

There are, however, some important differences with an observation stay:

- The stay is billed under outpatient services or Medicare Part B.
- Patients are responsible for the cost of self-administered medications such as oral pills and insulin.
- Time spent in observation does not count toward the 3-day qualifying stay required by Medicare before Medicare will pay for services at a skilled nursing facility or subacute care unit.

Coteau des Prairies Hospital wants our patients and families to be informed about the difference between inpatient and observation stays under Medicare rules. If you have questions regarding your coverage, please contact your Medicare provider.