**Medical Decision-Making Chart for Medicare Patient Status: Inpatient-Only Procedure, Observation, or Inpatient Admission?**

Does pt’s condition require treatment/further eval that can only be provided in a hospital setting (i.e. inpt. or observation)?

- **NO**
  - ALTERNATE LEVEL OF CARE is appropriate (i.e. outpatient, home health care, or extended care facility).

- **UNSURE**
  - Additional time is needed to determine if inpatient admission is medically necessary. Placement in OBSERVATION STATUS is appropriate.

- **YES**
  - Admit to INPATIENT STATUS: Prior to the surgery must have signed physician order for the procedure, and signed physician order for “admit to inpatient status”. Medicare will not reimburse hospital without these orders provided before surgery. NOTE: “Admit to Inpatient Status” order still required if you plan to D/C pt. from PACU in a few hours.

Did pt. present to hospital for a procedure included on Medicare’s “Inpatient-Only List”?

- **YES**
  - Admit to INPATIENT STATUS: Prior to the surgery must have signed physician order for the procedure, and signed physician order for “admit to inpatient status”. Medicare will not reimburse hospital without these orders provided before surgery. NOTE: “Admit to Inpatient Status” order still required if you plan to D/C pt. from PACU in a few hours.

- **NO**
  - Placement in OBSERVATION STATUS is appropriate.

  **NOTE**: The “two midnight rule” does not apply to inpatient-only procedures.

Based on the pt’s condition on presentation to the hospital, is a minimum of 2-midnights in hospital medically necessary?

- **NO**
  - Exception #1: Separate Procedure: Payment for the inpatient-only procedure is rejected, and the separate procedure is reimbursed.

- **YES**
  - Exception #2: Procedures that Convert to Inpatient-Only: The physician order for admit to inpatient status must be provided immediately post-op. (NOTE: Billing should seek guidance from Medicare Administrative Contractor. The guidance should always be documented).

  - Exception #3: Inpatient-Only Emergency Procedure: (i.e. trauma case, not elective case). Payment made if pt. expires before inpt. order given. If pt. survives, provide order immediately post-op.

  Placement in OBSERVATION STATUS is appropriate.

Admission to INPATIENT STATUS is appropriate.