

## Inpatient vs. Outpatient Services

- ❖ The MCO must ensure that inpatient services are not reimbursed as outpatient, even if the stay is less than 24 hours. Federal regulations are specific in regard to the definition of both inpatient and outpatient services. The following requirements apply:
- ~~❖ All outpatient services except outpatient therapy performed within 24 hours of an inpatient admission shall be included on the inpatient claim.~~
- ~~❖ All outpatient services except outpatient therapy performed within 24 hours before an inpatient admission and 24 hours after the discharge shall be included on the inpatient claim. This includes outpatient services that are either related or unrelated to the inpatient stay.~~
- ❖ If an inpatient in one hospital has outpatient services performed at another hospital, the inpatient hospital is responsible for reimbursing the hospital providing the outpatient services. The inpatient hospital may reflect the outpatient charges on its claim.
- ❖ Outpatient services (including diagnostic testing) that are related to an inpatient admission and are performed either during or within 24 hours of the inpatient admission, regardless of hospital ownership, will not be reimbursed separately as an outpatient service. The inpatient hospital is responsible for reimbursing the hospital providing the outpatient services. The inpatient hospital may reflect the outpatient charges on its claim.
  - The only exceptions to this criteria are as follows:
    - Outpatient therapy services performed within 24 hours before an inpatient admission or 24 hours after the enrollee's discharge that are either related or unrelated to the inpatient stay; and
    - Transfers from a hospital emergency department to a different hospital/provider for inpatient admission.
  - If either of the above exceptions are met, the MCO shall allow separate billing and payment for the outpatient hospital service.
- ❖ If an enrollee is treated in the emergency room and requires surgery, which cannot be performed for several hours because arrangements need to be made, the services may be billed as outpatient provided the enrollee is not admitted as an inpatient.
- ❖ Physicians responsible for an enrollee's care at the hospital are responsible for deciding whether the enrollee is to be admitted as an inpatient. Physicians should use a 24-hour period as a benchmark, i.e., they should order admission for enrollees who are expected to need hospital care for 24 hours or more, and treat other patients on an outpatient basis. However, the decision to admit a patient is a complex medical judgment, which can be made only after the physician has considered a number of factors. Admissions of particular enrollees are not covered or non-covered solely on the basis of the length of time the enrollee actually spends in the hospital.
- ❖ The MCO will reimburse up to 48 hours when medically necessary for an enrollee to be in an outpatient status. This time frame is for the physician to observe the enrollee and to determine the need for further treatment, admission to an inpatient status or for discharge. If the enrollee is admitted as an inpatient, the admit date will go back to the beginning of the outpatient services.