

## Report on Medicare Compliance Volume 31, Number 24. July 11, 2022 Outpatient in a Bed 'Isn't Real,' but May Generate Compliant Revenue for Hospitals

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By Nina Youngstrom

A patient who has been at Self Regional Healthcare in South Carolina for 132 days and counting is one of many across the country who doesn't meet the Medicare definition of inpatient or outpatient but is stuck there just the same. Although he was a bit dehydrated and not eating well, the patient has no acute medical needs. It's just a matter of family members unwilling or unable to take him home.

"He wouldn't make it past the observation stay," said Phillip Baker, M.D., assistant vice president and chief medical revenue officer. Like many similar patients, no long-term care placement is available or approved yet. In South Carolina, Medicaid on average takes six months to approve people for nursing home coverage, assuming they qualify. As a result, some of them wind up as "outpatient in a bed," a term that isn't in any Medicare manuals. It's a catch-all phrase for capturing some compliant revenue for patients who may require some outpatient medical care initially but stay in the hospital longer than medically necessary, said Ronald Hirsch, M.D., vice president of R1 RCM.

Outpatients in a bed get there in various ways. "The biggest problem is we all have these patients, and the family drops them on our doorstep because they can't take care of them anymore, and they don't have acute medical needs," Baker said. Maybe the patients are dehydrated or have altered mental status and there's something the hospital can do to help for a day or two, and Medicare will reimburse the hospital for observation, but there's a limit. "You bill observation by the hour, and once you reach eight hours, you get [a comprehensive ambulatory payment classification, or C-APC] payment around \$2,300. You don't get additional reimbursement for the additional time they occupy a bed," Baker said.

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