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# Case Management Monthly

*Best Practices  
and Practical Solutions*

## Deciding when outpatient procedures warrant inpatient status



### Continuing Education | Learning Objectives

- ▶ Understand when Medicare patients with complications may be eligible for inpatient status when undergoing a procedure that is traditionally performed on an outpatient basis
- ▶ Learn to properly assign patients with health concerns to the proper status

It's a scenario that plays out at hospitals across the country each day. A Medicare patient is scheduled for a procedure typically performed on an outpatient basis. But the patient has a number of preexisting health conditions, such as chronic obstructive pulmonary disease or diabetes, which are going to make the surgery and recovery more complicated.

What do you do?

Should the patient be admitted as an inpatient? And if so, will the procedure be eligible for the inpatient DRG rather than the outpatient APC?

While these decisions can be complicated, establishing a few simple processes can make these decisions easier. And encouraging physicians to document the reason for turning a high-risk outpatient into an inpatient ensures Medicare and other payers reimburse you appropriately.

### Assessing patient needs

When a procedure is scheduled, physicians have a decision to make: Inpatient or outpatient? While the decision ultimately rests with the physician, case managers should also review scheduled procedures to make sure patients are properly assigned, says **Michael Taylor, MD**, vice president of clinical operations at Executive Health Resources in Newtown Square, PA.

With this in mind, ask two questions up front when a patient is scheduled for surgery:

- ▶ Is the procedure medically necessary? For example, does the patient really need a pacemaker? Some procedures may not satisfy the Medicare coverage requirements.
- ▶ If the procedure is appropriate, what is the correct setting for the procedure to be performed?

### Inpatient-only procedures

When it comes to Medicare patients, the government has published a list of inpatient-only procedures. This list should be the first reference when making the inpatient/outpatient decision, says Taylor. If a procedure, such as coronary artery bypass surgery, is on the inpatient-only list, the decision of how to assign the patient is simple.

However, the process gets tricky when the physician performs a procedure not on that inpatient list.

These other procedures can be performed in the inpatient or outpatient setting, depending on the particular procedure being performed and the individual patient's risk factors.

A low-risk procedure can pose a higher risk for a patient with a number of comorbidities or preexisting conditions, which may call for an inpatient setting, says Taylor.

"Would I want to do a thyroidectomy on a 95-year-old who is diabetic, hypertensive, with heart disease, in an outpatient surgery center? Definitely not," says **Ronald Hirsch, MD**, medical director of case management at Sherman Hospital in Elgin, IL, and physician advisor for B. E. Smith, Inc.

Other conditions that might warrant an inpatient placement include patients who need additional monitoring or treatment postop, such as those who have had adverse reactions to anesthesia or who have mental issues or dementia and may not be able to follow the traditional postoperative instructions, such as taking deep breaths to prevent pneumonia, says **Sandra McCune, BSN, RN**, a

utilization management specialist at Lakeland HealthCare in St. Joseph, MI. Patients might also need more monitoring if they have recently been taken off blood thinners, McCune says.

Some points physicians should consider when making the decision are:

- What are the medical needs of the patient?
- What are the risks of an adverse event?

### Making the decision

Another guide in making that decision is to determine whether the situation meets InterQual inpatient standards. But just because a procedure is on the InterQual list does not mean that Medicare will accept it, Taylor notes. The list is simply one more tool to help the physician make his or her decision.

Some organizations develop their own formulas for determining which complications warrant inpatient placement, says Hirsch. But that also doesn't guarantee Medicare will agree, he says.

Ultimately, when it comes to electively scheduled procedures that are not on the inpatient-only list, the physician must use his or her judgment to make the decision. Remember, it's not enough to place someone on inpatient status simply because he or she will likely require an overnight stay. Outpatient procedures can also include an overnight stay, says Taylor. There must be an *additional* reason why inpatient status is necessary, he says.

### Education and documentation

To educate surgeons and office staff, teach them the definition of an inpatient procedure, says McCune. Inform physicians that if a traditionally outpatient procedure is performed on an inpatient basis, they need to document the reasons for their decision to admit the patient, she says.

The physician should explicitly document why the setting he or she chose is appropriate, says Taylor. The reasons for the decision should be outlined clearly in the medical record.

For example, don't merely say that a patient has diabetes; state specifically why he or she will need additional care and monitoring due to that condition, says McCune.

Physicians should not assume that someone reading the chart will infer from their description of the patient's condition why the procedure was performed on an inpatient basis, says Taylor. Often, the people reviewing the notes are not physicians, and it may not be apparent to them why the patient needed an additional level of care, he says.

### Procedures to follow

If your organization is struggling with inpatient/outpatient decisions, implement steps to make them easier. For example, when a doctor schedules a procedure and anticipates an overnight stay, a case manager should take a closer look at the case prior to the procedure to see whether it is on the inpatient-only list, says Taylor.

If not, case managers can then check to see if the procedure meets admission screening criteria. After a review of the case, a physician advisor can render an opinion on whether the inpatient setting is appropriate for that patient. If your organization has electronic medical records, it may be easier to review cases because software can help spot red flags. But if this process isn't automated, it will have to be done manually, says McCune.

"Depending on the size of your facility, you might want to just focus on certain higher-risk populations or procedures," such as urological, cardiac interventions, or certain orthopedic conditions, says McCune. Narrowing down the cases you review can help you squeeze this oversight into a busy schedule.

Be sure to outline this new review process in the facility procedures, including the requirement that case managers document their activities and report them to their respective managers. "No one should tell a doctor not to admit a patient because the procedure is not on the inpatient-only list," says Taylor, noting that the entire review process should be documented. Nevertheless, case managers can provide decision support and education to help make sure patient procedures are performed in the appropriate setting. ■