

# Hospital observation units could save billions in health costs, study says

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ER patients not ready for home can receive care in these units instead of being admitted as inpatients.

(HealthDay)—Wider use of hospital observation units could save the U.S. health care system billions of dollars a year, a new study indicates.

An observation unit is a space near or within the emergency department that provides an alternative to inpatient admission. The unit cares for patients, usually for a 24-hour period, who have been discharged from the emergency department but need further observation and aren't ready to safely leave the hospital.

Only about one-third of U.S. hospitals have observation units.

Researchers at Brigham and Women's Hospital, in Boston, analyzed [national survey](#) data and published research to determine the average cost saving per observation unit and the number of hospitals that would benefit from having such a unit.

They concluded that the average amount saved per patient could be \$1,572 per visit when using an observation unit instead of inpatient admission. A hospital would save \$4.6 million a year by avoiding 3,600 inpatient admissions. The U.S. health care system would save \$3.1 billion a year by avoiding 2.4 million inpatient admissions.

"Wider use of observation units may play a significant role in saving cost for the [health care system](#) and future policies that are focused on doing so should include support for observation units as an alternative to short-stay inpatient admission," lead [researcher](#) Dr. Christopher Baugh, a physician in Brigham and Women's emergency department, said in a hospital news release.

Hospitals that would benefit from having an observation unit include all those with more than 50,000 emergency department visits a year, and many hospitals with 20,000 to 50,000 [emergency department](#) visits a year.

The study appears online and in the October print issue of the journal *Health Affairs*.

**More information:** The U.S. Agency for Healthcare Research and Quality has more about [health care costs](#).

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