Purpose: To synthesize current literature on the use of observation stays to reduce the rates of 30-day readmission rates in adults. Medicare observation stays doubled from 2006 to 2014 to nearly 1.9 million. Dedicated observation units with condition-specific care pathways can be associated with shorter lengths of stay and fewer admissions, however, many patients in observation status are not placed in dedicated unit.

Methods: The PRISMA guidelines were followed for this study.

Summary of results: Observation unit stays increased to 4.7% with no significant association between changes in observation unit stays and readmissions after the implementation of the Affordable Care Act; however, the number of observation stays within 30 days of index hospitalization increased, with one in five (20%) observation stays followed by a hospital revisit within 30 days of discharge. Readmission and mortality rates after discharge from observation closely paralleled outcomes after discharge from the emergency departments. Patients placed in observation status had 12% lower odds of 30-day readmission vs. those patients admitted for a short stay. Patients placed in observation status had 25% lower odds of dying within 30 days after discharge than those with a short length of stay in the hospital.

Conclusions: Observation stays increase options available to admitting physicians, allowing more time to assess the safety of discharge vs. placing the patient as an inpatient admission. Reductions nationwide in observed readmission rates in 2012 was not primarily the result of increases in post-index emergency department visits or post-index observation stays. No evidence was found to support the hypothesis that changes in observation stays account for the decrease in readmissions.