Understanding Observation Status While in the Hospital

Knowing these facts may save you or a family member a lot of frustration and money down the road.

BEING AN EDUCATED CONSUMER

It’s not unusual for The Caregiver Resource Center to receive a phone call concerning a senior who was placed on observation status in the hospital, only to be told later that the senior doesn’t qualify for Medicare covered short-term rehabilitation after discharge. If the senior wants to receive rehab services in a short term rehab facility, the senior will need to pay out of pocket.

Taking a few minutes to read this article may save you and your loved ones, a lot of frustration and money down the road.

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Don’t Become a Statistic

Are you one of the 78% of Americans who are unprepared should a medical emergency strike?

According to the File of Life.org

- 116 million Americans are involved in an accident each year
- 50% of people suffer with chronic illnesses such as high blood pressure, diabetes or asthma
- 58% of all 911 calls involve a senior
MEDICARE OBSERVATION STATUS

President George W. Bush is attributed with creating Medicare’s “Observation Status” classification. In an effort to cut down on the rising healthcare costs, the President implemented an auditing system to check hospitals for over payments, or patients who were improperly admitted. If hospitals are found to be in violation, the hospital is required to return all Medicare payments related to the violation.

According to Kaiser Health there has been a 69% increase in the number of patients being placed on Medicare “Observation Status” vs. Admission, over the past five years.

In October 2014, CT implemented a law regarding an Observation Notice Requirement. Only recently has Medicare taken steps to require hospitals to notify patients that they are in the hospital on “observation status”.

NEW MEDICARE REGULATIONS TO BE ENACTED

With the rise of Medicare beneficiaries in the hospital on Observation Status vs. an Inpatient Admission and the confusion that follows, the Centers for Medicare and Medicaid Services (CMS) enacted new regulations on August 6, 2015 entitled Notice of Observation Treatment and Implication for Care Eligibility Act, also known as the Notice Act,

The MOON

In order to better educate Medicare recipients regarding this new Notice Act, Medicare created a document in December 2016 entitled Medicare Outpatient Observation Notice, also known as “MOON”.

The MOON helps to inform Medicare beneficiaries about a number of important facts including:

• coverage for a person in the hospital on Observation Status (outpatient coverage) vs a hospital admission (in-patient coverage)
• that people on observation status are not admitted as an inpatient to the hospital, and as a result will be receiving large out of pocket expenses as a result of their hospital stay

• time spent under observation does not count toward their eligibility for short term rehab coverage in a Skilled Nursing Facility (SNF), under Medicare Part A.

• the effects that outpatient status can have on short term rehab eligibility and cost

THE MOON TAKES EFFECTIVE MARCH 8, 2017

Written Notification

Effective March 8, 2017 hospitals and critical access hospitals must provide a written MOON to all Medicare beneficiaries who have been placed on observation status as an outpatient for longer than 24 hours. The hospital must provide the MOON within 36 hours of the outpatient care, and no later than 36 hours from the start of outpatient services; sooner if the patient is to be discharged.

Oral Notification

Upon presenting a person in the hospital with the written MOON, hospital personnel must also provide an oral explanation of the document.

Once it is clear that the Medicare beneficiary understands the purpose and terms of the MOON, the beneficiary or their representative will be asked to sign the form acknowledging their understanding.

UNDERSTANDING MEDICARE OBSERVATION

Observation Services are those services furnished by a hospital on its premises, including the use of a bed, periodic monitoring by nursing and other staff, and any other services that are reasonable and necessary to evaluate a patient's condition or to determine the need for a possible (inpatient) admission to the hospital.

• Hospitals can utilize any specialty inpatient areas (e.g. ICU or CCU) to provide observation services (e.g., telemetry).
• While the Medicare suggested time for observation status is 24 to 48 hours, many hospital stays have been extended up to 14 days.

• CT has had a law in effect since October 2014 entitled “An Act Concerning Notice of a Patient on Observation Status”.

• Effective March 8, 2017 Medicare will have a new regulation in place entitled “Notice of Observation Treatment and Implication for Care Eligibility Act”, also known as the Notice Act,

INPATIENT vs. OUTPATIENT STATUS

Medicare beneficiaries are increasingly being admitted for treatment at hospitals on "observation status" (covered by Medicare Part B), instead of as inpatients (covered by Medicare Part A).

Medicare Part A (Hospital coverage) covers inpatient hospital services. This usually means you pay a one time deductible for all of your hospital services for the first 60 days that you are in the hospital.

As an inpatient, Medicare Part B (Medical Insurance) covers most of your doctor services.

Under “observation status”, you are an outpatient and responsible to pay 20% of the Medicare approved amount for doctor services, after paying your Part B deductible.

HOW MUCH WILL OBSERVATION STATUS COST?

The potential impact is great.

OBSERVATION STATUS IS COVERED UNDER MEDICARE PART B

As was explained earlier int his article, Medicare Part A pays for inpatient stays, including medications.

When a person is in the hospital under “observation status” this is not considered an in-patient stay and Medicare Part A does not pay for the person’s hospital stay.
WHAT WILL I PAY UNDER MEDICARE PART B?

If a person has Medicare Part B coverage and is in the hospital under “observation status”, Medicare will cover 80% of the physician and outpatient services that are provided to the patient.

For a hospital stay classified as observation status under Medicare Part B, you are required to pay a copayment for each individual outpatient hospital service (e.g. medication).

You will also be responsible to pay 20% of the total Medicare approved amount after you have met your Part B deductible.

WHAT IF I DON’T HAVE MEDICARE PART B?

It is estimated that as many as 3.9 million Medicare beneficiaries have chosen not to pay to receive Medicare Part B coverage.

Unfortunately, if you don’t have Medicare Part B coverage, then you will be responsible to pay the full cost of your “observation status” hospital stay.

MEDICARE COVERAGE FOR SHORT TERM REHAB IN A SKILLED NURSING FACILITY

To qualify for short term rehabilitation services in Skilled Nursing Facility (SNF) under Medicare, a Medicare beneficiary must have had a three night inpatient hospitalization.

A patient’s time spent on "observation status" does not meet this three day requirement.

The cost of a SNF out of pocket may be as high as $500 per day.

CT - AN ACT CONCERNING NOTICE OF A PATIENT’S OBSERVATION STATUS

According to the Center for Medicare Advocacy, “On June 12, 2014, Connecticut Governor Dannell Malloy signed into law a requirement that took effect on October 1, 2014, requiring Connecticut hospitals to give oral and written notice to patients placed on observation status for 24 hours or more. Similar laws exist in New York and Maryland.
SPECIFICALLY, CONNECTICUT’S LAW REQUIRES:

1. A statement that the patient is not admitted to the hospital but is under observation status;

2. A statement that observation status may affect the patient’s Medicare, Medicaid or private insurance coverage for hospital services, including medications and pharmaceutical supplies, or home or community-based care, or care at a skilled nursing facility upon the patient’s discharge; and

3. A recommendation that the patient contact his or her health insurance provider or the Office of the Healthcare Advocate to better understand the implications of placement in observation status.

To read a copy of CT Public Act No. 14-180 “An Act Concerning Notice of a Patient’s Observation Status” you can click on


To read more about the “Medicare Outpatient Observation Notice (MOON)” you can click on


Photos from Microsoft

THE CAREGIVER RESOURCE CENTER

We are specialists who assist seniors, people with special needs and their families in implementing ways to allow for the greatest degree of health, safety, independence, and quality of life.
The Caregiver Resource Center is unique in that we are available for our clients whenever and wherever they need us.

**Some Benefits of Our Services**

- Well respected company serving the community since 1990
- Assistance for seniors, people with special needs, and families; who are dealing with health and mental health challenges
- All services are individually designed to meet the unique needs of the client & their family
- We are available 7 days a week by appointment, and 24/7 for client emergencies
- Our services are provided onsite across the continuum of care whether in the home, doctor's office, ER, hospital, assisted living facility, or nursing home
- Professional Support & Guidance
- Family Discussions & Mediation

**For more information contact**

Linda Ziac at 203-861-9822

The information in this article is provided as an information resource only, and is not to be used or relied on for any diagnostic or treatment purposes. This information is not intended to be patient education, does not create any patient provider relationship, and should not be used as a substitute for professional diagnosis and treatment.

Please consult your health care provider for an appointment, before making any healthcare decisions or for guidance about a specific medical condition.

Linda Ziac is the owner and founder of The Caregiver Resource Center. The Caregiver Resource Center is a division of Employee Assistance Professionals, Inc. which Linda founded in October 1990. The Caregiver Resource Center provides a spectrum of concierge case...
management and advocacy services for seniors, people with special needs and families.

Linda’s professional career spans more than 40 years in the health and mental health field as a CT Licensed Professional Counselor, CT Licensed Alcohol and Drug Counselor, Board Certified Employee Assistance Professional, Board Certified Case Manager, and Board Certified Dementia Practitioner. In addition, Ms. Ziac has 15 years of experience coordinating care for her own parents.

Linda assists seniors, people with special needs and their families; in planning for and implementing ways to allow for the greatest degree of health, safety, independence, and quality of life. Linda meets with individuals and family members to assess their needs, and develop a Care Team, while working with members of the Team to formulate a comprehensive Care Plan (a road map).

Once a plan is in place, Linda is available to serve as the point person to monitor and coordinate services, and revise the plan as needed. This role is similar to the conductor of an orchestra; ensuring that there is good communication, teamwork, and that everyone remains focused on the desired goal.

Linda Ziac, LPC, LADC, BCPC, CEAP, CCM, CDP
President
The Caregiver Resource Center
Greenwich, CT
203-861-9833
www.CaregiverResourceCenter.com