

INPATIENT VS. OBSERVATION

Understanding Medicare Rules for Hospitalization



You are in the hospital, but what is your status?

You don't feel well. You might go to the emergency room, where after initial triage, you're taken to a hospital room. You're in a gown, you've got an ID bracelet, nurses and doctors are visiting you, and you are given medication. You are inpatient, right?

Maybe not. Under Medicare rules for hospitalization, you can be admitted to a hospital under observation or as an inpatient. While the treatment you're receiving might be almost identical, no matter your designation, under Medicare rules, it could be the difference between a co-pay or thousands of dollars in medical bills. It is important to know the difference.

How do I know my status?

The easiest answer is from the doctor. When you're in the hospital you're usually more concerned with your well-being and treatment plan when you see your doctor than you are with your status. But you need to ask your doctor, "What is my status?"

Hospitals must notify you of your admission status, but not right away. It is called "Medicare Outpatient Observation Notice" (MOON). Hospitals are mandated to

give you this form within 24-36 hours of your hospital stay. It will let you know whether your status is observation or inpatient and the coinsurance amount you might have to pay. It will also inform you that if you need to go to a Skilled Nursing Facility after your stay in the hospital, your care will not be covered by Medicare if your admission status is observation rather than inpatient.

*Emily suffered a fall, resulting in broken ribs and a severe sprain. After four days of treatment in the hospital, she was transferred to a rehabilitation facility for two months. Because her status at the hospital was observation, not inpatient, prior to going to rehabilitation, when Emily returned home, she discovered she had an extremely large medical bill, because Medicare did not pay for her stay at the rehabilitation facility. **Make sure your status is inpatient for three days before going to a Nursing Facility.***

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What if I require a Skilled Nursing Facility for rehabilitation?

This is why the MOON form is so important. Under Medicare rules, your observation stay in the hospital is covered under Medicare part B. Medicare part B does not cover Skilled Nursing Facilities. Medicare part A will pay for rehabilitation services, but only after a **qualifying three-day stay as an inpatient**.

Is there anything else I need to know?

Yes, be prepared. The medications you receive while in the hospital may not be covered under Medicare part B and you will be responsible for 100% of the cost. A majority of Medicare part D plans will reimburse you for medications not covered under Medicare part B, but you'll have to pay out of pocket prior to reimbursement. You will want to contact your Medicare part D plan for details about receiving reimbursements.

Knowing the difference between **inpatient** and **observation** status when being admitted to the hospital will help you avoid costly medical bills.



For more information or to get answers to your questions, contact Medicare at:

www.Medicare.gov

(800) MEDICARE/ (800) 633-4227

Or contact:



Medicare/Medicaid
Assistance Program

(800) 803-7174

or

aaainfo@aaawm.org

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