

Has your hospital stay or skilled nursing facility stay been denied by Medicare because you were in “observation status” while hospitalized?

CLS can help.

**What is “observation status”?**

It is a term used to describe a patient who is not admitted to the hospital as “inpatient”. This can happen even if you were in the hospital for days or even weeks. A patient is in “observation status” when the hospital makes the decision that it was not medically necessary to admit you as an inpatient. So the hospital chooses to keep you in “observation status”. You can have surgery, receive medications, and experience a typical hospital stay, and still be in “observation status”.

**How does “observation status” affect my Medicare coverage for a skilled nursing facility stay? Will I also get a hospital bill?**

Medicare rules say that you must have a “qualifying hospital stay”, which means that you have been inpatient for three days or more at the hospital, in order for your stay at a skilled nursing facility to be covered by Medicare. If you were in “observation status” while hospitalized, and you need to get therapy at a skilled nursing facility after your hospitalization, Medicare will not pay for that stay because time spent in “observation status” does not count towards the three day qualifying hospital stay.

Medicare Part A covers inpatient hospital stays. If your stay is not “inpatient”, Part A will not cover your stay. Many services you received while in the hospital will be billed directly to you, such as prescription medications. The hospital will bill your Medicare Part B for the hospital stay but that will not cover the cost of many services. You will most likely be billed by the hospital for those non-covered services.

**When is the hospital supposed to tell me I am in “observation status”?**

The hospital should tell you immediately when they decide you are not “inpatient”, that they have chosen to keep you in “observation status”. Unfortunately nothing in Medicare law requires the hospital to give you this notice in writing. But if you are told about this and you disagree, you should call your health plan if you are in a Medicare Advantage Plan to file an appeal. You can also call the Quality Improvement Organization (QIO) for Pennsylvania at 1-800-322-1914 to appeal. You should also ask to speak to the doctor that made the decision not to admit you as “inpatient”.

**What can I do to fight “observation status” if I am already home?**

You can wait to receive your Medicare Summary Notice (MSN), the claims information you get from Medicare every 3 months that shows what claims were paid under Medicare for you. You can file an appeal to the MSN that lists your hospital stay as being covered under Part B, and in your appeal you should say that your hospital stay should be covered under Part A because you were treated as an “inpatient”. You can also request a copy of your hospital records for the appeal to prove you were treated as an inpatient. You will have to appeal the skilled nursing facility bill separately, but do both so you can make sure Medicare knows that you disagree with being put in “observation status”.

**Call CLS’s Aging and Disabilities Unit for help with filing an appeal, talking to the hospital or skilled nursing facility or if you have general questions about what “observation status” means to your Medicare coverage. We can be reached at (215) 227-2400, or you can call to ask for walk-in intake hours.**