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#### 20 Common Nursing Home Problems—and How to Resolve Them

By Eric Carlson

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## Seeking Medicare Beneficiaries Harmed by Being on "Observation Status" in Hospital

*NSCLC and the Center for Medicare Advocacy are looking for Medicare beneficiaries who have been harmed after a stay in the hospital by being classified as "observation status." As a result of observation status, a beneficiary can be saddled with out-of-pocket costs for the hospital stay, and/or lose Medicare coverage for subsequent nursing home care.*

### Summary

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. Nights spent in the hospital on "observation status" may result in higher out-of-pocket costs to the beneficiary, and inability to get Medicare coverage for later stays in a nursing home.

Generally, Medicare Part A covers hospital stays. In some cases, however, guidance from the Centers for Medicare & Medicaid Services (CMS) allows hospitals to admit Medicare beneficiaries temporarily on "observation status," which is defined to include "ongoing short term treatment, assessment, and reassessment, that are furnished while a decision is being made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital." "Observation status" is not considered an in-patient hospital stay, and is covered by Medicare Part B instead of Part A.

According to CMS, observation status is generally not supposed to last longer than 24 to 48 hours. Increasingly, however, hospitals are placing Medicare beneficiaries in the

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Case consultation help  
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hospital on observation status for longer periods-sometimes for their entire hospital stay- in spite of a clear need for an in-patient level of treatment. Often, the Medicare beneficiary only learns that he or she was on observation status upon receipt of a bill for the hospital stay, or when Medicare coverage for nursing home care is denied.

The stakes are high. A hospital stay on "observation status" under Medicare Part B will often result in much higher out-of-pocket costs than if the care were classified as inpatient and covered by Part A.

Also, for Medicare coverage for nursing home care, a beneficiary first must have spent at least three days in the hospital as an inpatient. Time spent on "observation status" does not count toward this three-day requirement.

For more details about observation status, and suggestions for affected beneficiaries, see the Center for Medicare Advocacy's brief, "When is a Hospital Stay Not a Hospital Stay?" at <http://www.medicareadvocacy.org/medicare-info/observation-status/>.

*If you know of a Medicare beneficiary who has been affected by these practices, please contact NSCLC's Anna Rich at [arich@nscl.org](mailto:arich@nscl.org), (510) 663-1055, ext. 305, Eric Carlson at [ecarlson@nscl.org](mailto:ecarlson@nscl.org), (213) 674-2813, or Kevin Prindiville at [kprindiville@nscl.org](mailto:kprindiville@nscl.org), (510) 663-1055, ext. 307.*

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