

New Observation Status rules are coming in August 2016.

How will they impact your health and the costs of your health care?

Know your rights.



Hospitals must inform patients who have been on observation status for 24 hours that they are an outpatient on observation status. After the person has been on observation status for 24 hours, the hospital has 12 hours to give the notice.



Patients must be informed both verbally and in writing.



The written notice must explain that being an outpatient on observation status, they are subject to cost-sharing rules for outpatient services.



And explain that being an outpatient on observation status does not count for the three-day inpatient minimum for Medicare to cover a stay at a skilled nursing facility after discharge .

*If you are informed that you are on observation status and disagree with the determination, you can challenge it. **Here is how:** have your community doctor talk to the hospital. They know your medical history and speak the hospital doctor's language.*

Hospitals are not required, **but are allowed** to cover the costs of self-administered drugs—drugs taken daily to manage chronic conditions when on observation status.

<i>My hospital covers the cost of self-administered drugs (SADs)</i>	<i>My hospital will not cover the costs of self-administered drugs (SADs)</i>
Great! There is nothing more for you to do. Know that hospitals are not allowed to advertise whether they cover or do not cover SADs	Ask hospital staff to make sure this is the case. They may not be aware of the policy. If the hospital ends up not covering the costs, then you will be billed for the out of pocket costs of the SADs. Submit the claim to your Medicare drug plan for a refund. If the hospital charges more than what your Part-D plan will pay you may have to pay the difference.

More on Observation Status

A patient on observation status is considered an outpatient and Medicare Part B cost-sharing rules apply to the medical tests, treatments and drugs a person receives while in the hospital.

Being on observation status affects a person's health care after leaving the hospital. A patient's time on observation status will not be counted toward Medicare's three night stay requirement to cover care at a skilled nursing facility after discharge.

