**Hospital Observation Status**

**--What Medicare beneficiaries need to know**

People often think that if they if they are in the hospital and stay overnight in a hospital room they are an “inpatient”. But that is not always the case. Hospitals provide observation care for patients who are not well enough to go home but not sick enough to be admitted. This care is considered an outpatient service. The hospitalization can include short-term treatment and tests to help doctors decide whether the patient meets the medical criteria for admission. So even if you stay in a hospital overnight you could be considered an outpatient.

Why does it matter? Your hospital status (“inpatient” or “outpatient”) affects how much you pay for hospital services (like x-rays drugs and lab tests) and may also affect whether Medicare will cover care you get in a skilled nursing facility (SNF) following your hospital stay.

Medicare Part A provides coverage for a hospitalization only when you are an inpatient. If you are in the hospital under observation status you are considered an outpatient and Medicare Part A pays nothing. Medicare Part B covers outpatient hospital services after you pay your deductible, co-insurance and copayments. Generally, this means you pay a copayment for each individual outpatient service you receive.

In addition, be aware that the prescription drugs you get in an outpatient setting, sometimes called “self-administered drugs”, aren’t covered by Part B. And for safety reasons, many hospitals have policies that don’t allow patients to bring prescription drugs from home. If you have Medicare Prescription drug coverage, Part D, these drugs may be covered in certain circumstances. You’ll likely need to pay out-of-pocket for these drugs and submit a claim to your drug plan for reimbursement. For further information and to request an “out-of-network pharmacy claim form”, be sure to call your Part D plan.

Sometimes observation care extends over two or more days, but—remember— that does not mean you are an inpatient. If you receive observation services for more than 24 hours, the hospital is required to give you a written notification, known as Medicare Outpatient Observation Notice (MOON), that tells you that you are an outpatient, as well as an oral explanation of the notice and the financial implications.

It is also important to note that your hospital status will determine whether you will be able to obtain Medicare coverage in a nursing home after your hospital stay. Original Medicare only covers skilled nursing home care for patients who have had a three-day “inpatient” hospital stay—“observation status” does not count toward the 3-day stay.

More information about Part A and Part B coverage can be found in your “Medicare and You” handbook or by calling 1-800-MEDICARE. For local assistance with Medicare or other benefit programs contact <YOUR LOCAL CONTACT INFO HERE>.