

Can You Protect Yourself From Hospital “Observation” Status?

A number of Medicare beneficiaries are spending days in the hospital before being transferred to a nursing home, only to find that Medicare won't pay for their nursing home stay because they were considered to be under "[observation](#)" while in the hospital and not actually "admitted." Unfortunately, there isn't much you can do to prevent this from happening initially, but there are some steps you can take once you know it's an issue.

Medicare covers nursing home stays entirely for the first 20 days, but only if the patient was first admitted to a hospital as an inpatient for at least three days. In part due to pressure from Medicare to reduce costly inpatient stays, hospitals often do not admit patients but rather place them on observation to determine whether they should be admitted. Although according to Medicare guidelines it should take no more than 24 to 48 hours to make this determination, in reality hospitals can keep patients under observation for days.

There are other consequences to being considered under observation. Instead of billing you under Medicare Part A, which covers inpatient services, the hospital will bill you under Medicare Part B. This means that you will owe a co-payment for every service offered. Your total co-payment could be much larger than the one-time deductible you have to pay under Part A.

If you are in the hospital for any length of time, ask hospital personnel what your status is. Keep asking because it can be changed from day to day. If you are told you are in the hospital under observation status, you can ask the hospital doctor to be admitted as an inpatient. You should also contact your primary care physician to ask if he or she can call the hospital and explain the medical reasons that you need to be admitted.

If you are kept in observation status and transferred to a nursing home and denied coverage by Medicare, you can appeal. In order to appeal, you must wait for your Medicare Summary Notice (MSN) to arrive. Copy the notice and highlight the disputed charges. The notice should provide information on where to send the notice to request an appeal. You can appeal both the hospital's denials of hospital admission as well as subsequent the nursing home charges. The appeal process can be very complicated and you may need the help of an attorney to navigate it. Please contact our office for assistance.

For more information about the Medicare appeals process, [click here](#).

For more information about challenges to the observation rule, [click here](#) and [here](#).

For more information about Medicare, [click here](#).