



What is Observation Status?

If you require a stay in the hospital and are covered by Medicare, there is an important question you should be asking – “Am I on observation status or admitted as an inpatient?” Staying in the hospital overnight or even for several nights doesn’t guarantee that you have been officially admitted as an inpatient. Although confusing, you could be in a hospital bed, in a room, receive numerous tests, be given care and your medications, and yet not be officially “admitted.”

Why is this even important? One consequence is the amount of your bill, as it can affect how much you pay for those services received, and your bill is likely to be higher. Services ordered in the hospital under the “observation” status are billed under Medicare part B instead of Medicare part A. Observation and Emergency Room visits without admissions are considered outpatient care and billed accordingly. Medicare part B treats each lab test, x- ray and other service provided individually and this results in a co-pay for each. In addition, prescription drugs are generally not covered. To be eligible for a Medicare-approved rehabilitation stay in a skilled nursing home after discharge from the hospital, there is a required 3 day “inpatient” stay. Any days spent in “observation” status do not count towards the 3 day stay requirement and could result in a large bill from the skilled nursing facility.

Whenever a hospital admission is discussed, be sure to ask if it is classified as an inpatient admission or outpatient observation. Note the day, time, response and person you spoke with. Ask about the status of your stay each day, as it may change. At the time of discharge, if you do not qualify for a Medicare covered rehabilitation stay but feel you need additional care, be sure to ask if you qualify for home health services.

Commercial insurance Medicare Advantage plans may have their own set of requirements - be sure to check with your provider. Additional information may be obtained at www.medicare.gov or by calling 1-800-633-4227 (TTY 1-877-486-2048).

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