



MARTIN HEALTH SYSTEM

Observation: From Vital Signs to the Wallet

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Observation – A Bit of History

- Observation and “Inpatient Medical Necessity” – limelight in the RAC demonstration projects starting in 2006
 - **CMS Pulled thousands of accounts going back 4 years and denied them for a plethora of medical records failures... either technical or clinical.**

NBC Nightly News

February 25, 2014



Why? What's so wrong with Observation?

- Different parts of Medicare
- Coinsurance vs Deductible. **Coinsurance has no limit.**
- Over the counter drugs (self administrable drugs) are not covered.
- SNF Qualifying Stay

Form CMS 10611-MOON



Patient Name: @PATNAME@

Patient ID: @MRN@
Patient Account: @HACCTNO@

- You're a hospital outpatient receiving observation services. You are not an inpatient because:
- According to Medicare rules, we do not expect you will need hospital level of care services for more than two midnights.

Being an outpatient may affect what you pay in a hospital:

- When you're a hospital outpatient, your observation stay is covered under Medicare Part B.
- For Part B services, you generally pay:
 - A copayment for each outpatient hospital service you get. Part B copayments may vary by type of service.
 - 20% of the Medicare-approved amount for most doctor services, after the Part B deductible.

Observation services may affect coverage and payment of your care after you leave the hospital:

- If you need skilled nursing facility (SNF) care after you leave the hospital, Medicare Part A will only cover SNF care if you've had a 3-day minimum, medically necessary, inpatient hospital stay for a related illness or injury. An inpatient hospital stay begins the day the hospital admits you as an inpatient based on a doctor's order and doesn't include the day you're discharged.
- If you have Medicaid, a Medicare Advantage plan or other health plan, Medicaid or the plan may have different rules for SNF coverage after you leave the hospital. Check with Medicaid or your plan.

NOTE: Medicare Part A generally doesn't cover outpatient hospital services, like an observation stay. However, Part A will generally cover medically necessary inpatient services if the hospital admits you as an inpatient based on a doctor's order. In most cases, you'll pay a one-time deductible for all of your inpatient hospital services for the first 60 days you're in a hospital.

If you have any questions about your observation services, ask the hospital staff member giving you this notice or the doctor providing your hospital care. You can also ask to speak with someone from the hospital's utilization or discharge planning department. You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Your costs for medications:

Generally, prescription and over-the-counter drugs, including "self-administered drugs," you get in a hospital outpatient setting (like an emergency department) aren't covered by Part B. "Self-administered drugs" are drugs you'd normally take on your own. For safety reasons, many

Patient Name: @PATNAME@

Patient ID: @MRN@

hospitals don't allow you to take medications brought from home. If you have a Medicare prescription drug plan (Part D), your plan may help you pay for these drugs. You'll likely need to pay out-of-pocket for these drugs and submit a claim to your drug plan for a refund. Contact your drug plan for more information.

If you're enrolled in a Medicare Advantage plan (like an HMO or PPO) or other Medicare health plan (Part C), your costs and coverage may be different. Check with your plan to find out about coverage for outpatient observation services.

If you're a Qualified Medicare Beneficiary through your state Medicaid program, you can't be billed for Part A or Part B deductibles, coinsurance, and copayments.

Additional Information:

On @LPPLINK(204000315,1)@ at @LPPLINK(204000316,1)@, you began receiving observation services at Martin Health System. You are not an inpatient. If you have a complaint about the quality of care you're getting during your outpatient stay, you may contact the Quality Improvement Organization (QIO) for this hospital.
QIO Name: KEPRO (BFCC-QIO) QIO phone number: 1-844-455-8708

Please sign and date here to show you received this notice and understand what it says.

Signature of Patient or Representative	Date/Time
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CMS does not discriminate in its programs and activities. To request this publication in an alternative format, please call: 1-800-MEDICARE or email: AltFormatRequest@cms.hhs.gov.

MOON Letter Requirements

- Must be delivered to beneficiaries in original Medicare and Medicare Advantage enrollees who receive observation services as outpatients for more than 24 hours.
- The MOON notice must be provided no later than 36 hours after observation services begin.

What is Reality for Patient Responsibility?

- Current 2018 Medicare part A Deductible
–\$1,340
- Average Observation Coinsurance –
Martin Health this fiscal year
–\$431.28

What to tell your patient?

- Financially?

- **What will I have to pay? Will this be covered?**

Because Observation is an outpatient service, your outpatient benefits apply just like if you scheduled an outpatient visit here at the hospital.

What to tell your patient cont.

- If your patient has Medicare Part B
 - Medicare part B will cover your observation claim and if you have a secondary we will file a claim for you.
- If your patient has a Medicare Replacement or any Commercial Plan
 - Your insurance will cover your claim and your outpatient benefits will apply.

What to tell your patient cont..

- Drugs.... Self Administrable Drugs...ie – over the counter drugs...

We will NOT bill you for your over the counter medications provided to you while you are in observation.

Cont..

- If your patient has **Medicare Part A Only**

This is the only time that a patient is right in thinking their claim will not be covered.

A patient with Medicare Part A only and no other insurance will not be covered for an observation stay. These cases are rare but do happen.

Questions about Financial implications of Observation?

Moving Onto Clinical....

Why is the patient is in observation?

- Two Midnight Rule
- Interqual
- MCG or Milliman

Two Midnight Rule

- Applied to Straight Medicare and rare Medicare Advantage Patients (defined in contract)
- Inpatient admissions will generally be payable under Part A if the admitting practitioner expected the patient to require a hospital stay that crossed two midnights and the medical record supports that reasonable expectation.

Interqual and MCG

An evidence-based clinical decision support solution to help payers, providers, and government agencies make clinically appropriate medical utilization decisions.

The Documented Clinical Evidence

- 38 y/o male with extensive medical history presents intractable nausea
- 78 y/o male with history of symptoms of stroke that improved on route to ER
- 64 y/o male admitted thru ED w/ 2 day hx toe pain & redness.

“Why am not an Inpatient?”

Medicare A and B Clinical Talking Points

Medicare has published rules regarding when they will consider a patient to be admitted as an Inpatient

The very first rule is that your doctor must feel you will need to be here for at least two nights. Right now, the doctor thinks you can be observed and treated sooner than that.

Commercial and Medicare Replacement

Your insurance company uses a complex system to determine your admission status and at this time, your stay does not meet their definition for an inpatient stay. We will continue to monitor your progress and work with your physician and your insurance company if your clinical situation changes.

Where to go for more financial help

If you are a clinician and your patient asks for more information about their outpatient benefits or an estimate of their out of pocket, please contact the admitting lead, supervisor, or manager for help. They will follow up with the patient.

Where to go for more clinical help

If you are a financial person and your patient asks for more information about why they clinically are not an inpatient, please call Utilization Review or Case Mgmt.

(Here at Martin that ext. is x16360)

Questions?