



ISSUE BRIEF

► Medicare Beneficiaries: Observation Stays Deny Access to SNFs

Skilled nursing facilities (SNFs) serve our most vulnerable citizens – frail elders and those with disabilities who need complex medical, rehabilitative, and restorative care, 24 hours a day, 7 days a week.

The American Health Care Association (AHCA) is concerned that Medicare beneficiaries' access to SNF care is being constrained by the increased use of extended hospital stays in observation status. Representatives Joseph Courtney (D-CT) and Tom Latham (R-IA) and Senator Sherrod Brown (D-OH) share our concern and have introduced the **Improving Access to Medicare Coverage Act of 2013** (H.R. 1179/S. 569) to address these situations.

In order to access the SNF benefit under Medicare Part A, patients currently must be admitted to a hospital for at least three days. The **Improving Access to Medicare Coverage Act of 2013** would deem time an individual spends under observation status eligible to count towards satisfying the three-day stay requirement.

Increasingly, hospitals are keeping patients under observation for extended time periods rather than admitting them as inpatients. A study found that between 2007-2009, hospital use of observation stays increased 25%. At the same time, patients remained in observation status, with an 88% increase in the number of patients staying at least 72 hours, well past Medicare's recommended 24-48 hours for this status. In addition, stays of many days, well beyond 72 hours, have been reported. We understand that the use of extended observation stays by hospitals in great part results from the fear of retroactive in-patient denials due to a lack of medical necessity.

If a Medicare beneficiary spends an extended period in the hospital as an observation patient and needs SNF care once released, the patient will have to pay out-of-pocket for post-acute care. Medicare will not cover SNF services under Part A, even if the observation stay lasted more than three days because, technically, the patient was not admitted as an inpatient.

AHCA has long advocated that all days spent in a hospital, regardless of "inpatient" or "observation" status, should count toward Medicare's three-day hospital stay requirement. AHCA believes that incorporating time spent under observation toward the three-day stay requirement represents an important step that will better align the nation's health care policies with our goal of achieving a more person-centered, seamless health care system.

ASK CONGRESS

Ensure observation stays count toward the required three-day stay by co-sponsoring the **Improving Access to Medicare Coverage Act of 2013** (H.R. 1179/S. 569).

► Key Facts

- Medicare covers up to 100 days of SNF care per episode of care, following a qualifying three-day inpatient hospital stay.
- Medicare beneficiaries' access to SNF care is being constrained by the increased use of extended stays in observation status.
- The observation status used by hospitals is technically deemed an outpatient service, while often patients are in the hospital for several days.
- Between 2007-2009, hospital use of observation stays increased 25%.
- Patients in observation status stayed in the hospital longer, with an 88% increase in the number of patients staying at least 72 hours, well past Medicare's recommended 24-48 hours for this status.
- If Medicare SNF coverage is denied due to extended time spent in observation status, the average post-acute SNF stay could result in a patient's out-of-pocket costs totaling many thousands of dollars.
- H.R. 1179/S. 569 would deem an individual on observation status as an in-patient with respect to the Medicare three-day stay requirement.