

# Benefits Tips and Helpful Information

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By Al Horan, Chair, CRA Benefits Committee

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It recently came to my attention that Medicare patients are being held by hospitals for observation for more than 24 hours as outpatients rather than being admitted as inpatients. According to a research study conducted by Brown University, between 2007 and 2009 Medicare patients held for observation increased by 34% while inpatient admissions decreased by approximately 23%. Further, the study showed that more than 10% of patients held for observation were kept more than 48 hours; and in 2009, 44,800 patients were held more than 72 hours (an 88% increase from 2007). How does a patient know if they are considered an inpatient or if they are an outpatient being held for observation? Since it is not always obvious they should ask their doctor or hospital staff.

What is the significance of being held for observation as an outpatient or being admitted as an inpatient? Original Medicare, Part A (Hospital Insurance) covers inpatient expenses, subject to plan limitations and copayments. As an outpatient Medicare Part B (Medical Insurance) covers expenses, other than prescription and over-the-counter drugs (Self-Administered Drugs), subject to plan limitations, the annual deductible and coinsurance payments. If an individual subscribes to prescription drug coverage (Part D), they may file a claim with the insurer/provider for reimbursement, subject to plan rules. In addition to Medicare, many individuals carry Medicare Supplement Insurance (Medigap) to help defray the cost of medical care. Medigap insurance typically covers a portion of expenses associated with Medicare deductibles, copayments and coinsurance payments. In the case of Chevron retirees, eligible former employees may supplement original Medicare coverage by enrolling in one of the Medigap plans offered by the Company, i.e. the Medicare Plus Plan, the Senior Care Plan or the Medicare Standard Plan. Under the Chevron Plans, Medicare would automatically notify United Healthcare when they pay the hospital claim. United Healthcare would process the claim for covered expenses in accordance with the provisions of the Plan elected by the insured. The covered retiree would need to file a separate claim with Express Scripts for reimbursement of covered Self-Administered Drugs. For more information about outpatient expenses please refer to Medicare's pamphlet, "Are You a Hospital Inpatient or Outpatient? If You Have Medicare – Ask!" The pamphlet is located at <https://www.medicare.gov/Pubs/pdf/11435.pdf>. For more information about Self-Administered Drugs, please see Medicare's pamphlet, "How Medicare Covers Self-Administered Drugs Given in Hospital Outpatient Settings." The pamphlet is located at <http://www.medicare.gov/Pubs/pdf/11333.pdf>.

As you can see, the difference between being an inpatient and an outpatient being held for observation is not significant, with one major exception – treatment in a Skilled Nursing Facility (SNF) following discharge from a hospital. Medicare Part A covers the full cost of the first 20 days in a SNF and the next 80 days, subject to a per diem copayment of \$152. However, to qualify for SNF coverage, the patient must have been confined as an inpatient

in a hospital for at least three consecutive days prior to being admitted to a SNF. An inpatient hospital stay begins the day the patient is admitted and ends with the day prior to discharge. Medigap plans, like Chevron's Plans, typically cover expenses that are approved by Medicare. Also, in the case of the Chevron Plans they do not cover the first 20 days in a SNF. Therefore, it is extremely important that an individual know if a hospital admitted them as an inpatient or if they were an outpatient held for observation. This is especially important if their doctor is recommending treatment in a SNF following a three day stay in a hospital. The consequences could be very costly.

Finally, anyone who is covered by a Medicare Advantage Plan, including a Chevron HMO, should contact their insurer/provider to determine their coverage under the above circumstances.

If you have any questions please either email me at [awhoran@verizon.net](mailto:awhoran@verizon.net) or phone me at 972-964-1787.