



# American Academy of Nursing

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## **American Academy of Nursing Supports Efforts to Reduce Out-of-Pocket Costs for Medicare Beneficiaries**

### ***Academy Releases Policy Brief Addressing the Need for Payment Reform to Relieve Burden on Medicare Patients Placed in Observation Status***

Washington, D.C. (December 12, 2016) – The American Academy of Nursing announces support for initiatives that change payment policies that currently limit Medicare patient's financial liability when they are placed under "Observation Status" – a designation for beneficiaries who are undergoing short term treatments and assessments while waiting a decision to be admitted as an inpatient (which is covered by Medicare Part A), or discharged from a hospital ending their treatment.

The Academy recommends that Medicare payment rules be amended to provide coverage for Medicare beneficiaries under observation status in the same way they would be covered as an inpatient under Medicare Part A. The Academy's policy brief "Admit to Observation Status" was published in the November/December issue of the Academy's journal, *Nursing Outlook*:  
<http://dx.doi.org/10.1016/j.outlook.2016.09.002>

Medicare beneficiaries who opt out of Medicare Part B (which is optional coverage) may incur all of the costs associated from their stay under Observation Status if they do not have additional insurance coverage. The time a Medicare beneficiary spends in Observation Status does not count toward a later stay in a skilled nursing facility (SNF), which would normally be covered by Medicare.

"Some patients are shocked to discover that being in a hospital, even for a couple of days, does not necessarily mean they were admitted. Instead, they were designated as being under observation, which Medicare considers outpatient service. These patients can have higher out-of-pocket expenses," explains Academy President Bobbie Berkowitz, PhD, RN, FAAN. "The Academy urges efforts to change current Medicare payment rules to limit patients' financial liabilities under observation status because of that specific care designation."

While Congress has acted to alleviate some of the burden on patients by passing the NOTICE Act of 2015 – which requires hospitals to notify beneficiaries that they are being placed under observation status – it still does not fully address the financial burdens for patients who incur the costs for services that they may think are covered under Medicare.

[Read the full policy brief here http://dx.doi.org/10.1016/j.outlook.2016.09.002](http://dx.doi.org/10.1016/j.outlook.2016.09.002)

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