Improving Access to Medicare Coverage Act (H.R. 1179)

**Endorsed by:** AARP, American Medical Association (AMA), American Health Care Association (AHCA), the Center for Medicare Advocacy, American Case Management Association, American Medical Directors Association (AMDA), American Nurses Association (ANA), LeadingAge, National Association of Professional Geriatric Care Managers, National Committee to Preserve Social Security and Medicare, Society of Hospital Medicine

Dear Colleague:

Many Medicare beneficiaries and their families are being saddled with insurmountable out-of-pocket costs for stays at skilled nursing facilities (SNF) solely because of the classification of their hospital stay.

Hospitals are increasingly caring for Medicare beneficiaries on “outpatient observation status” rather than admitting them as an inpatient—a billing technicality. As a result, patients are enduring lengthier hospital stays in observation status and may unknowingly be treated under outpatient observation status for the entirety of their hospital visit.

While the classification of a hospital stay does not affect the level of care a beneficiary receives, it has significant repercussions for Medicare coverage of SNF care. Under current law, Medicare will only cover SNF benefits if the patient had three consecutive days of hospitalization as an inpatient, not counting the day of discharge.

Although the Medicare program manual limits observation status classifications to 24 to 48 hours, many beneficiaries nationwide are experiencing extended stays in acute care hospitals under observation status. According to a recent report in *Health Affairs*, there was a 25% increase in the number of observation stays between 2007 and 2009, with nearly one million beneficiaries being placed on observation status in 2009. While the number of observation stay classifications has increased, the average duration of these stays have also increased 7%.

The growth in observation care has generated considerable confusion among beneficiaries and their families as to why Medicare does not cover their SNF care after a hospitalization. It has also created substantial financial barriers to medically-necessary post-acute care. Beneficiaries are left facing thousands of dollars in unreimbursed out-of-pocket charges for their care. Those who cannot afford to pay privately for their stay in a SNF may decide to forego care altogether.

Our legislation, the Improving Access to Medicare Coverage Act, would address these issues by allowing observation stays to be counted toward the three-day mandatory inpatient stay for Medicare coverage of SNF services.

We ask that you join us to eliminate this unnecessary financial hardship on Medicare beneficiaries and their families. In times of sickness, patients and their families should not have to worry about their hospital billing classification status and whether or not Medicare will reimburse their care. For more information, or to cosponsor, please contact Maija Welton in Congressman Courtney’s office at 5x2076 or at Maija.welton@mail.house.gov.

Sincerely,

/S/ Joe Courtney 
/S/ Tom Latham