



Preventing Medicare Fraud

## ND SMP Scam of the Month – February 2023

### What is “Outpatient” Observation Status?

Observation status is typically assigned to patients with an unexpected lengthy recovery after surgery or to emergency room patients who require short-term treatment, assessment, and reassessment before a decision can be made regarding whether the patient will require further treatment as an inpatient or if they are able to be discharged.

#### Why does observation status matter?

- Many patients cannot afford their care if Medicare doesn't pay.
  - Observation status means higher out-of-pockets costs for patients.
- If post-hospital nursing or rehab care won't be covered by Medicare, many people do without the necessary care, rather than be strapped with huge bills.
  - Remember, you must be a hospital INPATIENT for 3 days before Medicare will pay for your nursing home or rehab care.

#### How to fight observation status

- Take action at the beginning of your hospital stay to stop Observation before it starts.
- Ask the hospital doctor to admit you as an “INPATIENT” based on needed care.
- Reach out to your regular doctor and ask them to contact the hospital doctor to support your request to be an inpatient.
- If you are admitted to the hospital under Observation Status, hospitals are required to give patients a Medicare Outpatient Observation Notice (MOON) within 36 hours.
- You can file an appeal with Medicare.

#### Observation Status Fraud

- By placing patients in observation status rather than an inpatient admission, hospitals can avoid the Medicare penalties associated with readmissions.
- Separate payment is available for observation care in some circumstances and fraud generally occurs when the hospital fraudulently treats the observation care as separately billable.
  - One example of non-billable observation care is for a patient who is transferred from the hospital's own outpatient department into observation.

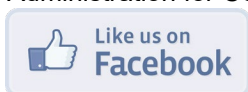
**Reporting Medicare fraud:** If you think you have spotted fraud, report it right away. ND SMP will help seniors prevent, detect and report Medicare fraud. If you see anything suspicious, contact the ND SMP at [ndsmp@minotstateu.edu](mailto:ndsmp@minotstateu.edu) or call 1-833-818-0029 or 701-858-3580. For non-Medicare fraud issues, contact the ND Attorney General's Office at 1-800-472-2600.

The information provided is intended to be a general summary only. Source of information: Center for Medicare Advocacy (n.d.). *Outpatient Observation Status*. Retrieved December 19, 2022, from <https://medicareadvocacy.org/medicare-info/observation-status/>

**North Dakota Senior Medicare Patrol Phone: 833-818-0029 or (701) 858-3580**

For more information or to locate your SMP, visit <https://ndcpd.org/smp/>

This project was supported, in part, by grant number 90MPPG0021, from the Administration for Community Living, Department of Health and Human Services. Points of view or opinions do not necessarily represent official Administration for Community Living policy.



**Like us on Facebook:** North Dakota Senior Medicare Patrol