

Medicare Minute Script – May 2015

Medicare Coverage of Hospital Care

Your hospital status can affect how much you pay for the services you receive. Knowing how Medicare covers hospital care helps ensure that you ask the right questions to reduce your health care costs.

Point 1: Understand how Medicare covers hospital services. Original Medicare has two parts: Part A (hospital insurance) and Part B (other medical insurance). Part A generally covers your inpatient hospital care, x-rays, and certain medications you receive during your hospital stay. Part B generally covers the physician services you receive (whether inpatient or outpatient), as well as outpatient hospital and ambulance services. Your health care costs are determined by which part of Medicare covers your hospital services. If you have a Medicare Advantage Plan, all of your hospital services are covered by your plan as long as you use a hospital that is in your plan's network.

Point 2: Know whether you are receiving inpatient or outpatient hospital care.

It is important to know whether you receive inpatient or outpatient hospital care to understand how your services are covered. Inpatient hospital care is care you receive as a formally admitted inpatient. Staying overnight in the hospital in itself does not make you a hospital inpatient. You have to be formally admitted into the hospital by an attending physician in order for your care to be considered inpatient hospital care. If you are not admitted into the hospital, the care you receive at a hospital will be considered outpatient care.

As a reminder, Medicare Part B covers outpatient hospital care, such as observation stays, emergency room visits, and same-day surgeries. An outpatient stay occurs when you are kept in the hospital for monitoring, but you are not admitted as an inpatient. The length of an outpatient stay depends on your medical circumstance. Being an outpatient means that you will be responsible for more of your hospital costs than if you were admitted as an inpatient. You should ask the hospital whether you are an inpatient or outpatient, so you know how your services are covered. Tell your caregivers and family members to ask on your behalf if you are unable to ask about your inpatient status yourself.

Note that observation services are services used to assess whether you need to be admitted as a hospital inpatient or if you can be discharged. If you are in the hospital, but you are on observation status, you are not considered a hospital inpatient. Knowing whether your hospitalization is considered an observation stay is especially important because observation stays can look and feel like inpatient stays. Observation stays occur when a physician does not expect you to spend more than two days in the hospital and therefore does not admit you as an inpatient. Observation stays can affect the skilled nursing facility (SNF) care you are eligible for after your hospital stay and can lead to higher out-of-pocket expenses. Original Medicare requires a three-day inpatient hospital stay in the 30 days before you enter a SNF. Know if you meet the three-day requirement before leaving the hospital and entering a SNF. The best way to find out if you are under observation is to ask the hospital staff. Ask family members or caregivers to ask on your behalf if you are unable to ask yourself.

If you have a Medicare Advantage Plan, it must cover the same level of care as Original Medicare, but you may have different costs and restrictions. Contact your SHIP program if you would like to talk about the differences and similarities between Original Medicare hospital coverage and the coverage offered by your plan.

Point 3: Know the cost-sharing rules for hospital stays, both inpatient and outpatient hospital care. If you have Original Medicare and are a hospital inpatient, your Part A costs depend on where you are in your hospital benefit period. A hospital benefit period begins the day you're admitted as an inpatient and ends when you've been home for 60 days. You must meet a deductible for each benefit period of \$1,260. If you are an inpatient for over 90 days, you may use your lifetime reserve days: you get 60 non-renewable lifetime reserve days, which have higher coinsurance costs.

As an inpatient, you owe a separate 20 percent coinsurance under Part B for all physician services. If you receive outpatient hospital services, you typically also have to pay a copayment for each outpatient service you receive. The costs may include facility fees. You also pay a 20 percent coinsurance for physician services you receive. Remember that your costs may be different if you have a Medicare Advantage Plan. Call your plan for a breakdown of inpatient and outpatient hospital costs. Call your SHIP if you need additional assistance understanding the breakdown of costs.

Take Action Point:

- 1) Know how your costs differ if you are a hospital inpatient versus an outpatient.
- 2) Ask the hospital staff throughout your hospital stay if you are considered an inpatient or an outpatient under observation.
- 3) Tell caregivers to question the hospital about your status on your behalf if you are unable to ask yourself.
- 4) Contact your State Health Insurance Assistance Program for help understanding inpatient versus outpatient stays, Medicare cost-sharing rules, and for help with observation status questions or problems.

Local SHIP Contact Information

SHIP toll-free:

SHIP email:

SHIP website:

To find a SHIP in another state: call 877-839-2675 or visit www.shiptacenter.org

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