

Medicare Releases Draft Proposal for Patient “Observation Status” Notice

[A new federal law](#) requiring hospitals to explain why a patient was under observation but not formally admitted will be implemented on August 6. The NOTICE Act was passed in response to higher charges for Medicare patients under hospital observation who, if not admitted, do not qualify for Medicare’s nursing home coverage. Patients who receive hospital care on “observation status” are left to pay for skilled nursing care, even if their hospitalization lasts longer than three days.

Under the new law, hospitals must issue a “plain language” notice that explains each patient’s Medicare coverage and how their bill is structured. The notice must be supplied after 24 hours of observation care and no later than 36 hours. However, many healthcare professionals worry the language is not plain enough and relies too heavily on health insurance language.

“Efforts to keep patients informed about their hospital status and Medicare coverage is admirable,” said **Joseph Peters, Jr.**, Secretary-Treasurer of the Alliance, “but we must make sure this information is readable and accessible.”