

Opinion: Medicare billing not a simple answer

By Sue Fairley and Lisa Fisher

Hospital care can be complex and expensive. Strangely, a short hospital trip may cost more than an extended stay.

Sound familiar? In October 2013, Medicare enacted the “two-midnight rule” to discourage hospital inpatient admissions. Medicare patients staying longer than two midnights in the hospital, excluding discharge, may be considered inpatients. Medicare patients that stay less than two midnights typically receive outpatient or “observation status.”

Observation status costs more for Medicare patients and hospitals. Insurance companies likely will model Medicare’s limited reimbursement plan which means non-Medicare patients may soon experience this change.

Barton wants to help Medicare patients and their families better understand how the “two-midnight rule” affects the patient’s health and financial responsibility.

Am I affected?

Any Medicare patient that enters a hospital for emergency care requiring admission is assessed for inpatient or observation status. Based on the patient’s medical condition and symptoms, a medical provider uses Medicare’s established “two-midnight rule” criteria to determine the patient’s status.

Why does it cost more?

Medicare charges “observation status” like outpatient treatments that occur outside the hospital setting. Outpatients are expected to pay line-by-line for services and both the patients and hospital receives far less reimbursement

than an admitted inpatient.

Will I receive less quality care as an outpatient?

All patients admitted to the hospital receive the same level of expertise and care.

How can hospital staff determine how long I will stay when I arrive? If my condition worsens, can I change from outpatient to inpatient status?

When a patient is admitted to the hospital, the hospital staff considers many factors to determine the patient's status, such as symptoms, treatment needs, and severity of condition/illness. Physicians use these findings, in conjunction with the established criteria from Medicare, to best determine how long a patient will remain in the hospital. If conditions and circumstances change, admission status can change to match the care needed.

To ensure that medical staff has admitted the patient to the correct status, Barton contracts with Executive Health Resources (EHR) to verify the admitted patient matches the correct status under Medicare Guidelines.

Should I insist I be considered inpatient status instead of observation?

If only it were that simple. Medicare has instituted the "two-midnight rule" which medical providers are required to follow, and are the same for every hospital nationwide.

Why can't the hospital just absorb the increase in costs for observation status?

When Medicare reimbursements decrease, hospitals and medical providers must find other ways to make up this decrease in revenue. The hospital cannot absorb these extra costs and still provide the variety and quality of services to the community. Thus, some costs trickle down to the patient.

Barton Health strives to help patients with financial hardship. In 2013, Barton donated nearly \$7 million in care to patients that qualified for financial assistance.

How can I find out what Medicare covers?

For a comprehensive list of Medicare coverage, go online.

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