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“MOON” is here, so what do you need to know?

Beginning March 8, 2017, hospitals must give patients oral and written notice if they are not actually admitted to the hospital but are considered to be “observation” status. This is particularly important for Medicare patients who might believe that they were admitted for the requisite period of time (three “midnights”) to qualify for Medicare coverage of post-hospitalization rehab. This new notice requirement is in response to the Notice of Observation Treatment and Implication for Care Eligibility Act (NOTICE Act) passed August 6, 2015. The Centers for Medicare and Medicaid (CMS) has announced that hospitals must give patients the standardized Medicare Outpatient Observation Notice (MOON) starting March 8, 2017. This applies to all patients classified as outpatients or under observation status for more than 24 hours; the MOON must be given within 36 hours.

NBC News reported that this is a law designed to protect Medicare patients from hospital bills and rehab bills that they were not expecting (<http://www.nbcnews.com/news/us-news/law-aims-protect-medicare-patients-surprise-hospital-bill-n730686>). If a patient is classified as “outpatient” or “under observation,” Medicare Part A (the hospitalization portion) does not pay for the time in the hospital. All care is billed to Part B (outpatient care) and Part D (prescription drug coverage). The problem is that the patient thinks that he or she is *admitted* and does not realize that he or she may be accruing a bill, since Part B usually only covers to 80 percent and Part D has co-payments; additionally, the drugs given might not be on the individual’s formulary. Furthermore, the patient under observation status does not qualify for rehab under Medicare’s rules even if he or she “stayed” in the hospital more than 3 days.

The advantage to requiring MOON type notices is that the patient and/or his family can dispute the observation status designation hopefully in enough time reverse the situation. The Center for Medicare Advocacy (CMA) (www.medicareadvocacy.org) has self-help information on their website. It is important to work with the patient’s doctor to have the patient’s status changed to “admission” to avoid the pitfalls of unknowing outpatient status. This notice (MOON) at least alerts patients as to their status unlike previously when it was not made clear in most instances. Observation status is a common technique since according to federal estimates more than *one million patients* will receive the MOON form this year.

This is a first step in closing this coverage gap for Medicare beneficiaries. However, CMA points out some issues with the MOON. It will only go to beneficiaries who are classified as under observation status and not to those who are considered “outpatients” (although federal legislation dictates that it should go to all patients who are non-inpatients). In reality, it is semantics to say someone is an “outpatient” or “under observation” since the billing is as outpatient in both cases. The MOON does not give any appeal rights either.

A bill introduced by Congressman Joe Courtney (D-CT) is intended to eliminate the coverage gap altogether. Rep. Courtney says “For hundreds of thousands of families this coverage gap is a quiet crisis that threatens access to critical nursing home care or in the alternative shifts thousands of dollars in costs to elderly patients.” Be alert to protecting Medicare coverage by watching how and when one is actually admitted to a hospital.