



August 29, 2012

Marilyn Tavenner  
Acting Administrator  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
Attention: CMS-1589-P  
P.O. Box 8013  
Baltimore, MD 21244-1850

Dear Administrator Tavenner:

I am writing on behalf of the National Association of Professional Geriatric Care Managers (NAPGCM). With over 2,000 members, the NAPGCM is dedicated to the advancement of professional geriatric care management through education, collaboration, and leadership. A Geriatric Care Manager is a health and human services specialist who helps families who are caring for older relatives.

The 2013 hospital inpatient prospective payment system rule asks for feedback on a problem faced by Medicare beneficiaries who are placed in observation status instead of being formally admitted to the hospital as inpatients. "Observation" is the term used to describe the outpatient status of a patient who is in a hospital bed, but who is not called an inpatient. Patients in observation status receive medical and nursing services, tests, medications, and food and they are often intermingled with inpatients. The care is indistinguishable from the care received by inpatients. Although Medicare rules limit observation to, at most, 24-48 hours, many older people and people with disabilities nationwide are experiencing much longer stays in acute care hospitals under observation.

We support changes to observation status that are embodied in the bipartisan legislation pending in Congress, the Improving Access to Medicare Coverage Act of 2011, H.R. 1543/S. 818. This bill counts all time in the hospital toward meeting the three-day qualifying hospital stay. We recommend that CMS adopt this approach.

Since the Medicare statute requires that patients have at least three consecutive days of inpatient status (not counting the date of discharge) in order to qualify for Medicare-covered care in a skilled nursing facility (SNF), a major consequence for beneficiaries of not being classified as inpatients is that their subsequent stays in SNFs are not covered by Medicare. In addition, the prescription drugs that patients take while in the hospital in observation status are not paid for, as they would be if the beneficiaries were inpatients.

The current approach imposes great financial burden on Medicare beneficiaries. Often, beneficiaries are unaware of the costs and barriers imposed by a classification as “observation status” until they are required to pay the full costs of a skilled nursing facility stay. In addition hospitals devote a significant amount of time and money to assuring that patients are properly classified as inpatients or outpatients. Various Medicare contractors and federal fraud reviewers focus on patients' short inpatient stays.

We look forward to working with you to resolve this issue. If you should have questions or comments, please contact Susan Emmer, NAPGCM Legislative Consultant at 301-320-3873.

Sincerely,

A handwritten signature in black ink, appearing to read "Byron Cordes". The signature is fluid and cursive, with a long horizontal stroke at the end.

Byron Cordes  
President, NAPGCM