

HCS HB 712 -- NOTICE TO HOSPITAL PATIENTS

SPONSOR: Solon

COMMITTEE ACTIONS: Voted "Do Pass with Amendments" by the Standing Committee on Health and Mental Health Policy by a vote of 12 to 0. Voted "Do Pass with HCS" by the Select Committee on Social Services by a vote of 8 to 0.

This bill requires all licensed hospitals to require admission staff to provide written notice to each patient regarding whether the patient is admitted to the hospital under observational status during the intake process, at any time the patient's status changes, and upon discharge. Upon discharge the hospital admission staff must provide written notice to the patient regarding the duration of the patient's inpatient status, observational status, or both.

Each written notice must include:

- (1) A statement regarding whether the patient is being admitted to the hospital under inpatient status or observational status;
- (2) A statement that observation status may affect the patient's Medicare, MO HealthNet, or private insurance coverage for hospital services including medications and pharmaceutical supplies and for home- and community-based care or rehabilitative services at a skilled nursing facility if needed upon discharge from the hospital; and
- (3) A recommendation that the patient contact his or her health insurance provider to better understand the implications of a patient's placement in observation status.

PROPONENTS: Supporters say that the bill was filed due to concerns and claims of constituents. Hospitals are concerned that they won't be reimbursed by Medicare for patient hospital stays; thus, they are keeping patients in observational status. Patients don't know they're in observational status until they get a bill. The instances of observational status have increased a huge amount in the past 10 years. A Medicare recipient cannot get nursing home benefits if they are only in observational status. Medicare regulations require a patient to be admitted in the hospital for three days to get full coverage of the nursing home care, otherwise the first 100 days of nursing home care are not covered. Two states have passed legislation like this. Hospitals are financially motivated to not be dinged for readmissions. Many of the services received during observation status are not covered due to the delineation of observational status; however, it appears to

the patient that he or she is admitted.

Testifying for the bill were Representative Solon and Missouri Association of Area Agencies on Aging.

OPPONENTS: Those who oppose the bill say that they agree with the motivation of the bill. The suggested reason for keeping a patient in observational status is to avoid readmission penalties; however, the penalties are relatively small. The bigger issue is if the Medicare RACs deny the entire payment for the patient stay and services. Many hospitals appeal the RAC clawbacks which is a huge problem because now there is a very long que for the appeals. Estimates expect one million pending appeals by the end of 2015 because there are not enough appeals judges. At the current rate it will take 10 years to work through the current appeals backlog. Opponents have concerns about the administrative expense of the bill for hospitals and are worried about overkill.

Testifying against the bill was Missouri Hospital Association.