Medicare Minute Teaching Materials – May 2015
Medicare's Coverage of Hospital Care

1) What types of hospital care does Medicare cover?
Medicare Part A generally covers inpatient hospital care, and Medicare Part B generally covers any physicians' services received while in the hospital **and** outpatient hospital care, like observation stay or same-day surgery. A more detailed list of covered services is included in the chart below. While no Medicare Advantage Plan may offer less coverage than Original Medicare, they may have additional restrictions or different costs. If you have a Medicare Advantage Plan, contact your plan to find out how hospital services are covered for you.

Part A	Part B
Covers inpatient hospital care, after you are **formally admitted** to the hospital	Covers services and procedures you receive as an outpatient and all physician services provided in the hospital
• Semi-private hospital room • Meals • Most medications administered during an • inpatient hospital stay • General nursing • Supplies and appliances • Blood transfusions • Equipment the hospital provides for you to use during your inpatient stay • X-rays and other diagnostic services	• Physician services (whether you receive the as an inpatient or outpatient) • Outpatient hospital services including observation stays (see question 2), outpatient procedures, physical therapy, and same-day surgeries • Medical supplies • Emergency room care • Outpatient clinic services • Ambulance services to or from the hospital, in certain situations (e.g., when an ambulance is the only safe method of transport) • Blood transfusions • Hospital-billed laboratory tests • Medications related to your outpatient care

Note that Part A does not cover private duty nursing or a private room (unless medically necessary or if it is the only available room).

2) What is an observation stay?
During an observation stay, you are kept in the hospital for monitoring to determine whether you need to be admitted as an inpatient. Observation stays are considered outpatient hospital stays and are covered under Part B. Observation stays can last just a few hours or longer. If your doctor expects you to need two or more midnights in the hospital, the hospital should formally admit you as an inpatient. Your costs can be higher as an outpatient, so it is important to ask the hospital if you are an inpatient or under observation. For more on how observation stays affect you, please see question 10.

3) How are prescription drugs covered while I'm in the hospital?
How prescription drugs are covered depends on whether you are an inpatient or outpatient. If you are an inpatient, medically necessary medications are covered under Part A. If you are an outpatient, Part B covers drugs prescribed for you during your time in the hospital; however, Part B does not cover drugs you routinely take (maintenance drugs). Many hospitals don't allow you to bring these medications with you from home, so you have to get the prescriptions through the hospital's pharmacy. These pharmacies are rarely part of a Part D Plan's network, so the drugs may be covered but at out-of-network prices. You pay the hospital directly, and then submit the hospital bill to your Part D Plan for reimbursement. Note that you are responsible for the difference between what the hospital charged and what the Part D Plan pays in addition to any deductibles and copays you would normally pay.

4) What is a hospital benefit period?
A hospital benefit period begins when you are admitted to the hospital as an inpatient and ends when you have not received inpatient care for 60 days in a row (see diagram below). Note that you must be out of both the hospital and a skilled nursing facility (SNF) for 60 days before your benefit period ends. If you are readmitted to a hospital more than 60 days after your previous inpatient hospital stay, a new benefit period begins. This means that you pay the inpatient hospital deductible again, and your coverage days renew. If you are readmitted to a hospital before 60 days have passed, then you are in the same benefit period. You do not have to pay the inpatient hospital deductible again. However, your coverage days continue from where you left off.

Benefit Period Begins	Benefit Period	Benefit Period Ends
You are admitted to the hospital as an inpatient	You receive hospital care (or SNF care) as an inpatient	You are discharged from the hospital (or SNF) and are home for 60+ days

5) What are my inpatient hospital costs (Part A)?
If you have Original Medicare, Part A covers medically necessary inpatient hospital care. Part A hospital costs depend on where you are in your hospital benefit period, as illustrated in Table 1.

2015 Part A Inpatient Hospital Costs			
Inpatient Days 1-60	**Inpatient Days 61-90**	**Inpatient Days 91-150 (Lifetime Reserve Days)**	**Inpatient Days After Using Lifetime Reserve Days**
$0 coinsurance after $1,260 deductible	$315 per day	$630 per day	Full cost

6) What are lifetime reserve days?
Once you have reached 90 days as a hospital inpatient during a single hospital benefit period, Original Medicare covers up to 60 additional lifetime reserve days. Reserve days are not renewable and can be used only once during your lifetime. In 2015, the coinsurance for lifetime reserve days is $630 per day.

Your 60 reserve days don't have to be used during the same hospital stay or benefit period. The hospital should notify you when you have five days left in your 90-day benefit period so that you can decide if you want to use your hospital lifetime reserve days. If you're in the hospital for more than 90 days in a single benefit period, the hospital starts deducting days from your lifetime reserve days unless you decide you don't want to use them. For example, if you are in the hospital for 95 days in a row, your last five days are considered lifetime reserve days—and you have 55 remaining lifetime reserve days—unless you notify the hospital that you don't want to use your lifetime reserve days.

If you don't want to use your lifetime reserve days, you have to put your decision in writing and give it to the hospital. If you choose not to use your lifetime reserve days, Medicare won't pay toward any hospital costs beyond your standard 90 Medicare-covered days in a benefit period. If you later change your mind and decide to use your reserve days, the hospital must approve your decision. Note that the hospital automatically elects not to use your lifetime reserve days if the average daily charge for your hospital services is equal to or less than the lifetime reserve day coinsurance.

7) What are my outpatient hospital costs (Part B)?
You pay separately for physician services you receive. Physician services include any time you spend with a physician while you are in the hospital as an outpatient. Part B generally covers 80 percent of the cost of doctors' services, after you've met your yearly deductible ($147 in 2015). In most cases, you are responsible for paying the remaining 20 percent coinsurance.

In addition to Part B coinsurances for physician care, if your hospital costs are covered under Part B (for services like observation stays or same-day surgeries), you are typically billed outpatient copays for each medical service. These costs may include facility fees. Outpatient copays cannot exceed the Part A hospital deductible for that year ($1,260 in 2015).You can be charged an outpatient copay when:

- You are under observation in a hospital;
- You receive other outpatient hospital services; and/or
- You receive care from a doctor whose practice is considered part of a hospital.

8) How are ambulance services covered?
Medicare covers ambulance services if an ambulance is the only safe way to transport you, if you receive care from a Medicare-approved ambulance, and/ or if you are transported to and from certain locations. For Medicare coverage of non-emergency ambulance service,

- You must be confined to your bed (unable to get up from bed without help, unable to walk, and unable to sit in a chair or wheelchair) **OR**
- You must need vital medical services during your trip that are only available in an ambulance (for instance, administration of medications or monitoring of vital functions). In this case, a doctor must prescribe the ambulance transportation.

Ambulance services are generally covered under Part B, so you are responsible for a 20 percent coinsurance. Medicare Advantage Plans must provide at least the same level of coverage for ambulance services but can have different restrictions and costs. If you have a Medicare Advantage Plan, contact your plan to find out its ambulance rules and costs.

9) How does my hospital care affect Medicare's coverage of skilled nursing facility care after I leave the hospital?
To qualify for Original Medicare coverage of skilled nursing facility (SNF) care after you leave the hospital, you must have been admitted as a hospital inpatient for at least three days in a row. You also must enter a Medicare-certified skilled nursing facility within 30 days after leaving the hospital. Keep in mind that Medicare counts days by the number of midnights (i.e. Monday at 1 a.m. to Tuesday at 10 p.m. only counts as one day because there was only one midnight). Any time spent as an outpatient does not count toward the three days to qualify you for Medicare SNF coverage. For example, days spent under observation do not qualify. If you enter a SNF without the three-day or more inpatient hospital stay, you will need to pay out of pocket for any SNF care you receive. This is why it is very important for you and your caregivers to ask the hospital what your inpatient status is, if it will change, and when it will change.

Note that some Medicare Advantage Plans require the three-day inpatient stay before SNF care is covered, and some do not. Check with your Medicare Advantage Plan to find out its SNF rules and costs.

10) Does my supplemental insurance help with my hospital costs?
Your supplemental plan (e.g., employer insurance, a retiree plan, COBRA, a Medigap policy) may help with your hospital costs, depending on which type of supplemental insurance you have.

Medigaps are insurance policies that help cover your Medicare costs after Original Medicare has paid. All Medigap Policies pay the Part A coinsurance that you are charged after day 60 in the hospital, as well as the cost of an additional 365 lifetime reserve days. Most Medigap Policies also cover part or all of your annual hospital deductible. Contact your Medigap Policy to find out which hospital costs it covers. Your Medigap may also cover costs associated with Part B-covered hospital stays like the Part B deductible or the 20 percent Part B coinsurance for observation stays or same-day surgeries.
Retiree coverage from a former job can pay secondary to Medicare. Depending on the type of retiree coverage you have, it may help cover some of your hospital costs. If you have retiree coverage, contact your benefits administrator to find out which hospital costs your plan covers.

For help choosing a Medicare Policy or understanding or existing supplemental insurance, contact your SHIP (see last page for contact information).

11) Can I get help paying for my hospital costs?
Medigap Policies can help with hospital costs. Additionally, health insurance from a current or past employer may help with hospital costs. For people who have lower incomes, there are additional options. For example, Medicaid often covers hospital costs after Medicare pays. If you do not qualify for full Medicaid, a Medicare Savings Program (MSP) may help with your hospital costs.

Contact your local State Health Insurance Assistance Program (SHIP) to learn more about Medicaid and Medicare Savings Programs (see contact information below).

Case Study
Shirley, who is 83 years old and receives her health coverage through Original Medicare, recently fell and subsequently had to be hospitalized. Shirley had stayed overnight in the hospital following her fall, and was informed that she was in the hospital under observation status.

Following her hospitalization, Shirley received bills for a number of tests and doctor's services she received while she was in the hospital. Shirley is confused as to why she received so many bills and is having trouble paying for these services.

What should she do?

- Shirley should contact her SHIP to speak with a counselor who can explain Medicare coverage rules and the costs associated with inpatient vs. outpatient hospital stays, including tips for future hospitalizations, particularly questions she or her caregiver should ask if she should ever be admitted to a SNF after hospitalization.
    - If Shirley doesn't know how to find her SHIP, she can go to www.shiptacenter.org or call 877-839-2675 for assistance
- The SHIP counselor will be able to screen Shirley for cost-saving programs, such as the Qualified Medicare Beneficiary Medicare Savings Program (QMB MSP), which may help her cover the costs of subsequent hospitalizations and health services.
- The SHIP counselor will also be able provide information about Medigap Policies which can supplement her current coverage to help meet the costs of her health care.

Local SHIP Contact Information
SHIP toll-free:
SHIP email:
SHIP website:
To find a state SHIP: call 877-839-2675 or visit www.shiptacenter.org

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