



Dear Marci

What is an observation stay?

Dear Marci,

I was in the hospital for about two days. My nurse told me that my stay in the hospital was considered to be an observation stay and that Medicare would pay for my stay differently than an inpatient hospital stay. What is an observation stay?

- Nancy (Portland, ME)

Dear Nancy,

An [observation stay](#) is an [outpatient](#) hospital stay. During this stay, you receive medical services that help the hospital doctor decide whether you should be admitted to the hospital as an inpatient or discharged from the hospital. For example, observation stays may occur if you go to the emergency room and a doctor has to monitor your symptoms. While the symptoms are monitored, the doctors decide whether you should be admitted or discharged.

You are an outpatient during an observation stay even if you stay in the hospital overnight. While observation stays may seem like [inpatient](#) hospital stays, staying in the hospital overnight does not make you a hospital inpatient. You are only considered to be an inpatient if you have been formally admitted into the hospital as a hospital inpatient by a hospital doctor. If you have not been formally admitted into the hospital as an inpatient, you are considered an outpatient. In general, doctors will admit you as a hospital inpatient if they expect you will need to stay at least two days overnight in the hospital.

[Medicare Part A](#), the hospital insurance part of Medicare, covers inpatient hospital stays. If you get your Medicare benefits through [Original Medicare](#), the traditional Medicare program administered directly through the federal government, [Part A](#) covers most inpatient hospital care you receive during your stay. In general, you or your supplemental insurance plan pays a one-time [deductible](#) for your hospital stay. After you meet the deductible, you do not have to pay a [copayment](#) for the first 60 days of your inpatient hospital stay. Remember, a deductible is the amount you pay out of your own pocket for health care services you receive, before [Medicare](#) starts to pay for some of the cost of your care. A copayment, or copay, is the set amount you pay for care you receive, after Medicare pays for some of the cost of your care.

On the other hand, [Medicare Part B](#), the medical insurance part of Medicare, covers outpatient care, such as health care services you receive while you are under observation in the hospital. If you have Original Medicare, [Part B](#) covers outpatient services you receive. If you are under observation in the hospital, you typically pay a 20 percent [coinsurance](#) for each medical service you receive in the hospital after you have met your yearly Part B [deductible](#). A coinsurance is the percentage amount you pay for care you receive, after Medicare pays for some of the cost of your care.

If you get your Medicare benefits through a [Medicare Advantage plan](#), also known as a Medicare private health plan, different costs and rules may apply. Contact your plan directly to learn more about your plan's coverage of hospital care.

It is important to know whether you are considered to be a hospital [inpatient](#) or an [outpatient](#) since your [Medicare](#) costs and coverage may differ depending on your status because your costs may be higher if you are a hospital outpatient.

If you are in the hospital, you or your family member should ask hospital staff whether you are an inpatient or an outpatient each day during your hospital stay, since this affects what you pay for hospital services. Keep in mind that whether you are an inpatient or outpatient can also affect whether you will qualify for Medicare coverage of [skilled nursing facility](#) care. If you have [Original Medicare](#), Medicare will pay for skilled nursing facility care only if you have been in the hospital as a hospital inpatient for [three nights in a row](#). Again, costs and rules may differ if you get your Medicare benefits through a [Medicare Advantage plan](#).

Click [here](#) to read more about the difference between Medicare coverage of inpatient and outpatient hospital stays.

-Marci



Health Tip

According to a recent [HealthDay News](#) article, a recent study has found that poor sleep is linked to a higher risk of mental decline in older men. The [study](#), published in [Sleep](#), looked at more than 2,800 older men living in six locations across the United States. The average age of the men was 76. The study followed these men for about three and half years. Researchers collected sleep data from the men through a wrist device for an average of five nights. Thereafter, the men underwent tests to assess attention and executive functioning, such as planning, correcting errors, making decisions, and troubleshooting.

Researchers found that higher levels of poor sleep quality were associated with a 40 to 50 percent increased risk of a decrease in executive functioning. The article quotes the lead author of the study, Terri Blackwell, who says, "With the rate of [mental impairment] increasing and the high prevalence of sleep problems in the elderly, it's important to determine prospective associations with sleep and cognitive decline."

Click [here](#) to read the entire HealthDay News article. Click [here](#) to read the actual study online.



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