

# New State and Federal Requirements for Hospital Observation Services

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# 8 Important Things to Know About SB 1076 & NOTICE Act

1. Observation status affects patient out-of-pocket costs and subsequent use of nursing homes.
2. California's SB 1076 (General Acute Care Hospitals: Observation Services) went into effect **January 1, 2017**. Federal "Notice of Observation Treatment & Implication for Care Eligibility (NOTICE)" Act will go into effect **March 8, 2017**.



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## 3. SB 1076 requires

- Observation status notification to patient
- Mark observation unit as outpatient facility
- Same nurse-to-patient ratio as ED
- Report financial & patient data to OSHPD

## 4. NOTICE Act requires notification to patients about how Medicare will handle their observation status.



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5. SB 1076 applies to general acute care hospitals that provide observation services. NOTICE Act applies to hospitals and Critical Access Hospitals.
6. SB 1076 applies to ALL patients under observation status. NOTICE Act only applies to Medicare and Medicare Advantage patients receiving observation services.



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7. SB 1076 requires patients to receive notification “as soon as applicable.” Notification window for NOTICE Act is 24-36 hours after observation status began.
8. SB 1076 requires written notification but does not prescribe specific wording or format. NOTICE Act requires both written AND verbal notification. Written notification is to be given in a standardized format called “Medicare Outpatient Observation Notice” or MOON.



# Practical Considerations:

- Who should provide these notifications?
- What are the interpretation and translation requirements?
- How do we document and keep records of observation notifications?
- Is it okay to combine the state and federal forms or keep them separate?
- How do we respond to patient questions or disagreements?



# Practical Considerations:

- What other states require observation care notices?
- What are the anticipated fiscal impacts to hospitals?
- What happens if hospitals do not meet this requirement?
- How are Adventist Health hospitals responding to these new requirements?



# Policy Considerations:

- Both SB 1076 and NOTICE Act merely notify patients about their observation status and its financial implications
- MOON is a blanket statement that is not tailored to patients and their unique insurance coverage situation





# THANK YOU!

Any other questions?

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