AMA
AMERICAN MEDICAL ASSOCIATION

James L. Madara, MD
Executive Vice President, CEO

American Medical Association
515 N. State Street
Chicago, Illinois 60654

ama-assn.org

(p) 312.464.5000
(f) 312.464.4184

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The Honorable Joe Courtney
U.S. House of Representatives
2348 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Latham
U.S. House of Representatives
2217 Rayburn House Office Building
Washington, DC 20515

Dear Congressmen Courtney and Latham:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to express our support for H.R. 1179, the "Improving Access to Medicare Coverage Act of 2013." This legislation is urgently needed to remedy a growing practice among hospitals to classify hospital stays in a manner that creates significant financial exposure for patients who then require care in a skilled nursing facility (SNF). We strongly support H.R. 1179 because it would require the time period of outpatient "observation" care in a hospital to be counted toward satisfying the three-day inpatient hospital requirement for coverage of SNF services under Medicare.

A growing number of hospitals utilize proprietary databases to change patients' status from "admitted" to "observation," and then bill inpatient services as outpatient and/or elect not to bill for certain inpatient services at all. These changes, which are often made without the knowledge or consent of the admitting physician or patient, are inappropriate and can have serious negative consequences. For patients, a reclassification from "inpatient" to "observation" can result in unanticipated patient co-payments and, in the case of SNFs, which require a prior three-day hospital inpatient admission, a substantial and unanticipated financial burden. Patients who require SNF placements may have to forgo such placements because the cost is prohibitive. This, in turn, may result in follow-up hospitalization.

This problem has been driven by recovery auditors and other Medicare contractors' use of screening criteria found in proprietary databases to make inappropriate admissions determinations that result in audits and denials. In an attempt to avoid these audits and denials, hospitals have also used proprietary database screening criteria to second-guess the admitting physician's decision regarding whether a patient's condition is severe enough to justify admission to a specific level of care. The AMA has identified significant problems with the accuracy, validity, and transparency of these proprietary databases and hospital reliance on them to make level-of-care determinations. We have advocated that hospitals should instead submit claims based on the medical judgment of the admitting physician, and that patients should not have to bear the significant costs associated with these current classification practices.

We therefore strongly support H.R. 1179, which would remedy the downstream negative effect of this practice on patients who require SNF care by allowing the time period of outpatient "observation" care to qualify for the SNF benefit. Thank you for your leadership on this important access to care issue.

Sincerely,

James L. Madara, MD