
 <b>PROCEDURE</b>	<b>Department:</b>  <b>FINANCE</b>	<b>Policy No.</b>  <b>FIN 0100B</b>
		<b>Supersedes Policy No.</b>  N/A
<b>Subject:</b>  <b>MEDICARE OUTPATIENT OBSERVATION NOTICE</b>	<b>Approved By:</b>   By: Edward N. Chu Its: HHSC President & CEO	<b>Approved Date:</b>  July 25, 2024
		<b>Last Reviewed:</b>  May 20, 2024

**I. PURPOSE:**

This policy establishes guidelines for the provision of written notification to Individuals entitled to Medicare benefits (or their Representatives) who receive observation services at HHSC’s hospitals and Critical Access Hospitals (“CAHs”) as outpatients for more than 24 hours.

**II. DEFINITIONS:**

“Individual” refers to an individual entitled to Medicare benefits under Title XVIII of the Social Security Act, regardless of whether Medicare is the primary or secondary payer, when such individual receives observation services as an outpatient for more than 24 hours.

“Medicare Outpatient Observation Notice” abbreviated as “MOON” is a standardized written notice that includes an explanation of an Individual’s status as an outpatient receiving observation services, the reason for the outpatient status and an explanation of the implication of such status. Attached hereto as Appendix 1 is the CMS approved MOON.

“Representative” refers to an Individual’s appointed representative (as designated on CMS form CMS-1696) or authorized representative.

Any other terms used in this policy and not defined in this section are defined under 42 U.S.C. § 1395cc(a)(1)(Y) and 42 C.F.R. § 489.20(Y).

**III. PROCEDURES:**

A. Required Delivery Timeframes. In compliance with the NOTICE Act and implementing CMS regulations, HHSC’s hospitals and CAHs shall provide to all Individuals or their Representatives the MOON **no later than 36 hours** after observation services begin or sooner if the Individual is transferred, discharged, or admitted as an inpatient. HHSC may provide the MOON to an Individual or his or her Representative before the Individual receives 24 hours of observation services as an outpatient.

B. Consistent with the CMS regulations and published guidance, HHSC shall complete and deliver the MOON as specified below:

1. The MOON may only be modified as indicated on the form and CMS MOON instructions attached hereto as Appendix 2. Each respective HHSC facility shall include its facility’s logo and contact information but may not shift any information from page 1 to page 2 of the MOON to accommodate large logos, address headers or any other information.

2. The MOON shall include the Individual's name, Individual's identification number (i.e., medical record number) and specific reason for the Individual's outpatient status. The Individual's identification number shall not be the Individual's social security number.
3. HHSC shall provide an oral explanation of the MOON to each Individual or his or her Representative. The format of such oral explanation may include, but is not limited to, a video explaining the MOON, provided that a HHSC staff member is available to answer the Individual's or Representative's questions related to the MOON.
4. HHSC shall ensure that each Individual or his or her Representative signs and dates the MOON to demonstrate the Individual or Representative received notice and understands its contents. If a Representative's signature is not legible, HHSC shall print the Representative's name by the Representative's signature.
5. If an Individual refuses to sign the MOON and there is no Representative to sign on the Individual's behalf, the HHSC staff member who orally explained and presented the MOON to the Individual shall sign the MOON in the "Additional Information" section of the MOON. The HHSC staff member's signature shall include the name and title of the staff member and a certification that the notification was presented and the date and time of that presentation.
6. If an Individual is incapacitated and his or her Representative is not physically present to receive the MOON, HHSC shall complete the MOON and telephonically provide the information contained in the MOON to the Representative. HHSC shall annotate the "Additional Information" section to:
  - a. Note the date and time of the telephone conversation and that all of the information contained in the MOON was communicated to the appointed or authorized representative,
  - b. Include the name of the HHSC staff member who spoke with the Representative and the name of the Representative, and
  - c. Include the date and time of the telephone call and the telephone number called.
7. HHSC shall mail a copy of the annotated MOON to the Representative on the same day of, if possible, and no later than 24-hours after the telephone call by certified mail, return receipt requested or other delivery method that can provide signed verification of delivery.
8. HHSC shall retain the original signed MOON in the Individual's medical record; provided that electronic retention of the original signed MOON shall be permitted.
9. Consistent with Section 1557 of the Affordable Care Act, HHSC shall provide language assistance to Individuals with limited English proficiency.

#### **IV. ATTACHMENTS:**

**Attachment 1:** Appendix 1 (Standardized MOON)

**Attachment 2:** Appendix 2 (MOON Instructions)

## Medicare Outpatient Observation Notice

Patient name:

Patient number:

---

You're a hospital outpatient receiving observation services. You are not an inpatient because:

---

Being an outpatient may affect what you pay in a hospital:

- When you're a hospital outpatient, your observation stay is covered under Medicare Part B.
- For Part B services, you generally pay:
  - A copayment for each outpatient hospital service you get. Part B copayments may vary by type of service.
  - 20% of the Medicare-approved amount for most doctor services, after the Part B deductible.

Observation services may affect coverage and payment of your care after you leave the hospital:

- If you need skilled nursing facility (SNF) care after you leave the hospital, Medicare Part A will only cover SNF care if you've had a 3-day minimum, medically necessary, inpatient hospital stay for a related illness or injury. An inpatient hospital stay begins the day the hospital admits you as an inpatient based on a doctor's order and doesn't include the day you're discharged.
- If you have Medicaid, a Medicare Advantage plan or other health plan, Medicaid or the plan may have different rules for SNF coverage after you leave the hospital. Check with Medicaid or your plan.

**NOTE:** Medicare Part A generally doesn't cover outpatient hospital services, like an observation stay. However, Part A will generally cover medically necessary inpatient services if the hospital admits you as an inpatient based on a doctor's order. In most cases, you'll pay a one-time deductible for all of your inpatient hospital services for the first 60 days you're in a hospital.

---

If you have any questions about your observation services, ask the hospital staff member giving you this notice or the doctor providing your hospital care. You can also ask to speak with someone from the hospital's utilization or discharge planning department.

You can also call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

**Your costs for medications:**

Generally, prescription and over-the-counter drugs, including “self-administered drugs,” you get in a hospital outpatient setting (like an emergency department) aren’t covered by Part B. “Self-administered drugs” are drugs you’d normally take on your own. For safety reasons, many hospitals don’t allow you to take medications brought from home. If you have a Medicare prescription drug plan (Part D), your plan may help you pay for these drugs. You’ll likely need to pay out-of-pocket for these drugs and submit a claim to your drug plan for a refund. Contact your drug plan for more information.

---

**If you’re enrolled in a Medicare Advantage plan (like an HMO or PPO) or other Medicare health plan (Part C),** your costs and coverage may be different. Check with your plan to find out about coverage for outpatient observation services.

**If you’re a Qualified Medicare Beneficiary through your state Medicaid program,** you can’t be billed for Part A or Part B deductibles, coinsurance, and copayments.

---

**Additional Information (Optional):**

---

Please sign below to show you received and understand this notice.

---

Signature of Patient or Representative

---

Date / Time

---

You have the right to get Medicare information in an accessible format, like large print, Braille, or audio. You also have the right to file a complaint if you feel you’ve been discriminated against. Visit [Medicare.gov/about-us/accessibility-nondiscrimination-notice](https://www.medicare.gov/about-us/accessibility-nondiscrimination-notice), or call 1-800-MEDICARE (1-800-633-4227) for more information. TTY users can call 1-877-486-2048.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1308. The time required to complete this information collection is estimated to average 15 minutes per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

## Notice Instructions: Medicare Outpatient Observation Notice

Page 1 of the Medicare Outpatient Observation Notice (MOON)

The following blanks must be completed by the hospital. Information inserted may be typed or legibly hand-written in 12-point font or the equivalent.

Patient Name:

Fill in the patient's full name or attach patient label.

Patient ID number:

The Patient number may be a unique medical record or other provider-issued identification number. It may not be the Social Security Number, HICN or any other Medicare number issued to the beneficiary such as the MBI (Medicare Beneficiary Identifier).

"You're a hospital outpatient receiving observation services. You are not an inpatient because:"

Fill in the specific reason the patient is in an outpatient, rather than an inpatient stay.

Page 2 of the MOON

Additional Information:

This may include, but is not limited to, Accountable Care Organization (ACO) information, notation that a beneficiary refused to sign the notice, hospital waivers of the beneficiary's responsibility for the cost of self-administered drugs, Part A cost sharing responsibilities if the beneficiary is subsequently admitted as an inpatient, physician name, specific information for contacting hospital staff, or additional information that may be required under applicable state law.

Hospitals may attach additional pages to this notice if more space is needed for this section.

Oral Explanation:

When delivering the MOON, hospitals and CAHs are required to explain the notice and its content, document that an oral explanation was provided and answer all beneficiary questions to the best of their ability.

Signature of Patient or Representative:

Have the patient or representative sign the notice to indicate that he or she has received it and understands its contents. If a representative's signature is not legible, print the representative's name by the signature.

Date/Time:

Have the patient or representative place the date and time that he or she signed the notice.