



FOR IMMEDIATE RELEASE

May 15, 2024

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NABIP Applauds Bipartisan Effort to Eliminate Medicare’s Observation Status Rule

Washington, D.C. — The National Association of Benefits and Insurance Professionals (NABIP) applauds the bipartisan initiative led by Senators Sherrod Brown (D-OH), Susan Collins (R-ME), and Sheldon Whitehouse (D-RI), who have introduced the *Improving Access to Medicare Coverage Act of 2024* (S. 4137). This important legislation aims to repeal the outdated Medicare requirement that necessitates a three-day inpatient hospital stay before a Medicare beneficiary qualifies for covered skilled nursing care.

Jessica Brooks-Woods, CEO of NABIP, highlights the critical need for this legislative change: “Currently, Medicare requires beneficiaries to undergo at least three days of inpatient care to access their entitled 100 days of skilled nursing services. However, many hospitals categorize seniors under ‘observation status’ instead of admitting them as inpatients—a distinction that, while subtle, has led to costly Medicare denials.”

Brooks-Woods adds, “This outdated policy not only restricts access to necessary skilled nursing facilities for our sickest seniors but also results in unexpected, high out-of-pocket costs due to changes in admission status—costs that are billed directly to patients, bypassing Medicare coverage.

“During the pandemic, the Centers for Medicare & Medicaid Services (CMS) temporarily suspended this rule, recognizing its impracticality. With the temporary suspension proving beneficial, it's imperative that Congress permanently eliminate this rule and ensure all seniors have unrestricted access to the care they require.

“The *Improving Access to Medicare Coverage Act of 2024* represents a significant step towards aligning Medicare policies with the realities of patient care, embodying principles similar to those in NABIP's Healthcare Bill of Rights. This legislation aims to eliminate outdated barriers, reduce unexpected costs and enhance access to necessary healthcare services for seniors.

“NABIP remains fully committed to fostering productive discussions with CMS, members of Congress, and other key stakeholders to protect the interests of Medicare beneficiaries and the dedicated professionals who support them.”

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[NABIP](#) is the preeminent organization for health insurance and employee benefits professionals, working diligently to ensure all Americans have access to high-quality, affordable healthcare and related benefits. NABIP represents and provides professional development opportunities for more than 100,000 licensed health insurance agents, brokers, general agents, consultants, and benefit professionals through more than 200 chapters across America.