



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 13, 2015

**H.R. 876**

**Notice of Observation Treatment and Implication for Care Eligibility Act**

*As ordered reported by the House Committee on Ways and Means on February 26, 2015*

H.R. 876 would require hospitals to notify Medicare beneficiaries receiving observation services for more than 24 hours of their status as an outpatient under observation. The written notification must explain that, because the beneficiary is receiving outpatient—rather than inpatient—services:

- The beneficiary will be subject to cost-sharing requirements that apply to outpatient services, and
- The beneficiary's outpatient stay will not count toward the three-day inpatient stay required for a beneficiary to be eligible for Medicare coverage of subsequent skilled nursing facility services.

Enacting H.R. 876 could affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that the bill would not have significant budgetary effects over the 2015-2025 period.

H.R. 876 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Erica Socker. The estimate was approved by Holly Harvey, Deputy Assistant Director for Budget Analysis.