Short Stay Review – The Inpatient Admission Decision

Background

The Centers for Medicare and Medicaid Services (CMS) published updates to the Two-Midnight Rule in the calendar year (CY) 2016 Hospital Outpatient Prospective Payment System (OPPS) final rule. These updates emphasize the physician’s medical judgment in admission decisions for Medicare patients who require hospital care.


CMS recognizes that making these admission decisions is a complex process. The appropriate decision balances multiple objectives, including appropriate care for the patient, appropriate reimbursement for providers, efficient utilization of hospital resources, and management of the Medicare Trust Fund. Inappropriate use of observation status can lead to limited patient care, under-reimbursement of hospitals for their services, and excessive out-of-pocket costs to patients as part of their Medicare Part B coverage. Overuse of inpatient status results in excessive and inappropriate expenditure of the Medicare Trust Fund.

In 2016, CMS published the Two-Midnight Claim Review Guideline to assist with decision-making. In formulating this guideline, CMS assumed that hospital admissions that span two midnights require expenditure of resources that merit inpatient (Part A) reimbursement. A corollary assumption was that hospital admissions that span less than two midnights would not qualify for Part A reimbursement unless the criteria outlined in the Two-Midnight Claim Review Guideline were met.

Read more:

Determining Inpatient Status
Admission Decision: Observation or Inpatient

CMS does not consider proprietary guidelines such as Milliman (MCG) or InterQual authoritative with respect to making an inpatient admission decision. As noted above, CMS relies on the Two-Midnight Claim Review Guideline to identify cases where resource utilization best justifies inpatient payment. Each case should be assessed individually against that Guideline by the physician responsible for admitting the patient and developing the plan of care. Hospital admission (which may be for observation status) and inpatient status are distinct and the terms should not be used interchangeably. The decision to admit to inpatient status requires case-by-case assessment against the Two-Midnight Claim Review Guideline using the documentation available in the medical record at the time the inpatient admission order is written. If information critical to such a determination is pending (e.g., test results, consultations), it may be better to defer the decision regarding length of stay and inpatient status until that information is available. In addition, best practice requires that the physician explain the case specific reasons for selection of inpatient care when an order to admit to inpatient status is written.

Step 4: Documentation of a Two-Midnight Expectation

The most common provider justification for inpatient payment Livanta encounters in reviews involves Step 4 of the Guideline. This step addresses situations in which a two-midnight stay is expected based on the clinical scenario but does not occur. Providers are given latitude in exercising clinical judgment in this regard. However, it is expected that providers have sufficient documentation (e.g., clinical indicators, plan of care) in the medical record to support a two-midnight expectation at the time of the inpatient admission order. When this documentation does not support the two-midnight expectation or one of the unforeseen circumstances listed in Step 4, then request for Part A reimbursement is not granted under this step.

Step 6: Need for Inpatient Admission without a Two-Midnight Expectation

CMS recognizes circumstances exist when inpatient care may be needed despite the lack of a two-midnight expectation. Such cases are addressed in Step 6 of the Two-Midnight Rule Claim Review Guideline. As an example, there are circumstances in which a significantly increased risk of an adverse event would require intense resource utilization or monitoring for less than two midnights. If the patient remains stable and no adverse events occur, the patient would be expected to be discharged after 24 to 36 hours. These cases do not meet the two-midnight expectation (Step 4) but could still be eligible for Part A reimbursement under Step 6.

Examples of an adverse event requiring inpatient care that is expected to resolve with treatment in less than two midnights might include:

- Metabolic abnormalities such as diabetic ketoacidosis, symptomatic hyperkalemia or hypercalcemia;
- Acute medical conditions such as crescendo angina or life-threatening arrhythmia requiring urgent intervention or high risk medication, pulmonary embolism with right ventricular strain;
- Acute surgical conditions such as cholecystitis or appendicitis where early intervention may be associated with next day discharge; or
- Other use of high-risk medication that can only be given on an inpatient basis.

Best practice includes documentation of specific reasons that inpatient care is required. In the case of increased risk, it is best to specify the nature of the increased risk and the need for inpatient services required for detection and treatment.

Opportunities for Documentation Improvement to Support Inpatient Admission Decision

Providers can take several actions to improve their documentation and minimize the short stay review denial rate for inpatient admissions. The first is to adequately document in the record case-specific support for the inpatient admission decision. Since CMS requires these admissions be adjudicated on a case-by-case basis, generic statements that do not refer to circumstances specific to the case that led to the decision for inpatient care are insufficient. In this regard, directions to “refer to the record” for support and templated statements that accompany the inpatient admission order without reference to the specifics of the case may fail to meet the requirements of the Two-Midnight Claim Review Guideline. Providers are encouraged to supplement any such generic statements rather than rely on them to support the inpatient admission decision.

A second area of concentration is accurate distinction between circumstances that support Step 4 and Step 6. When there is not support for a two-midnight expectation, yet the physician clearly feels that inpatient care is required, they should consider whether Step 6 would apply. For these cases, they should document their reasons for determining that inpatient care is required despite lack of a two-midnight expectation. This is preferable to stating a “two-midnight expectation” when there is insufficient support and then relying on “rapid recovery” to explain why the two-midnight stay did not occur.

The overall goal is to reinforce the specific steps of the Two-Midnight Claim Review Guideline regarding Part A reimbursement. When writing admission orders, providers should critically assess the resources required for patient care and the length of time care is likely to be required, and document these clearly in the record. They should be cognizant of the steps supporting inpatient status as defined in the Two-Midnight Claim Review Guideline and select inpatient care only when these guidelines are met and clearly identified in the record.
Illustrative Cases – Step 4 vs Step 6

Scenario 1

Case Summary
This 86-year-old male with multiple prior episodes of angioedema without clear causation presented with onset of voice change and dysphagia. He self-administered steroids and an EpiPen at home prior to the emergency department (ED) visit. He still had symptoms in the ED, but his vital signs and oxygenation were normal and there was no stridor or trouble with secretions. Imaging confirmed the diagnosis of pharyngeal and neck edema. Documentation in the record shows he was admitted to inpatient status for close monitoring. He was never in distress clinically and improved symptomatically in the ED prior to inpatient admission.

He was admitted, treated with steroids and Pepcid, continued to improve overnight, and was discharged after a one-midnight stay.

Analysis using Two-Midnight Claim Review Guideline
See the BFCC-QIO Two Midnight Claim Review Guideline, below, for reference.

Step 1: Did the inpatient stay from the point of a valid inpatient admission order to discharge last two midnights?
No. The patient was discharged home after one midnight.

Step 2: Did the patient need hospital care?
Yes.

Step 3: Did the provider render a medically necessary service on the Inpatient-Only List?
No.
Step 4a: Was it reasonable for the admitting physician to expect the patient to require medically necessary hospital services for two midnights or longer?
No. The patient was never in respiratory distress and improved in the ED with treatment. He had had prior episodes that resolved. Given his improvement and condition on admission it is reasonable to expect he would be stable for discharge after an overnight stay.

Step 4b: Did the patient receive medically necessary hospital services for two midnights or longer including all outpatient/observation and inpatient care time?
No. The patient was discharged after one night in the hospital.

Step 4c: Did any of the following “unforeseen circumstances” result in a shorter stay?
- Death
- Transfer
- Departures against medical advice
- Clinical improvement
- Election of hospice
No.

Step 5: Does the claim fit within one of the “rare and unusual” exceptions identified by CMS (currently mechanical ventilation)?
No.

Step 6: Does the medical record support the admitting physician’s determination that the patient required inpatient care despite not meeting the two-midnight benchmark based on complex medical factors such as:
- Patient history and comorbidities and current medical needs
- Severity of signs and symptoms
- Risk of an adverse event
Yes. There is a real concern for a serious adverse event. This prompted his change in status to inpatient admission despite there not being a reasonable expectation of a two-midnight stay.

Decision: Medicare requirements for inpatient admission under the Two-Midnight Rule, including medical necessity, were met. Part A payment is appropriate.

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**Scenario 2**

**Case Summary**
This 79-year-old female has a history of gastrointestinal bleed, the most recent of which was six weeks prior to this presentation. At that time, a colonoscopy showed inflammation and ulceration in the sigmoid and rectum as well as likely diverticular bleed. She presented to the ED with several episodes of melena within the last 12 hours. Her hemoglobin (Hgb) was 10.8 and her vital signs were stable. The plan was to admit, monitor her hemoglobin, and consider endoscopy depending on the clinical course. She was stable throughout and was discharged after a one-midnight stay.

**Analysis using Two-Midnight Claim Review Guideline**
See the BFCC-QIO Two Midnight Claim Review Guideline, below, for reference.

**Step 1:** Did the inpatient stay from the point of a valid inpatient admission order to discharge last two midnights?
No. The patient was discharged home after one midnight.

**Step 2:** Did the patient need hospital care?
Yes.

**Step 3:** Did the provider render a medically necessary service on the Inpatient-Only List?
No.

**Step 4a:** Was it reasonable for the admitting physician to expect the patient to require medically necessary hospital services for two midnights or longer?
No. Despite the statement accompanying the order that a two-midnight stay is expected, the record does not support this expectation. The patient had episodic melena. She had no melena or bright red blood per rectum while in the ED. She was hemodynamically stable with a low but acceptable hemoglobin and normal coagulation studies. She was seen by Gastroenterology who advised admission, serial hematocrit, and possible endoscopy. There would be no expectation of a two-midnight stay unless the patient had more bleeding and became unstable.
Step 4b: Did the patient receive medically necessary hospital services for two midnights or longer including all outpatient/observation and inpatient care time?
No. The patient was discharged after one night in the hospital.

Step 4c: Did any of the following “unforeseen circumstances” result in a shorter stay?
- Death
- Transfer
- Departures against medical advice
- Clinical improvement
- Election of hospice
No.

Step 5: Does the claim fit within one of the “rare and unusual” exceptions identified by CMS (currently mechanical ventilation)?
No.

Step 6: Does the medical record support the admitting physician’s determination that the patient required inpatient care despite not meeting the two-midnight benchmark based on complex medical factors such as:
- Patient history and comorbidities and current medical needs
- Severity of signs and symptoms
- Risk of an adverse event
Yes. The ED disposition note describes concern for deterioration and an adverse event. This would qualify for Step 6. More education is needed for doctors to accurately assess a two-midnight expectation and not use it as a default to justify an admission that may in fact meet Step 6. This will lead to more accurate identification of patients who are expected to require two midnights of care.

Decision: Medicare requirements for inpatient admission under the Two-Midnight Rule, including medical necessity, were met. Part A payment is appropriate.

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Documentation to Support the Inpatient Admission Decision

Livanta advises that patient-specific documentation be included in the medical record to support the reason for inpatient admission. As demonstrated with the case scenarios above, a favorable medical review decision is facilitated when there is documentation of the factors that support either a two-midnight expectation or the need for inpatient care. When the information to support Part A payment is lacking, appropriately deferring the decision to admit to inpatient does not adversely affect reimbursement since the medical review decision is based on the information available when the inpatient admission order is written.

About Livanta

Livanta is the Medicare Beneficiary and Family Centered Care-Quality Improvement Organization (BFCC-QIO) conducting post-pay fee-for-service claim reviews of acute care inpatient hospitals, long-term acute care hospitals, and inpatient psychiatric facilities to determine the appropriateness of Part A payment for short stay inpatient hospital claims. These claims are reviewed in accordance with the Two-Midnight Rule published in FY 2014 Hospital Inpatient Prospective Payment System (IPPS) Final Rule CMS-1599-F, as revised by CMS-1633-F.

CMS issued the following BFCC-QIO Two-Midnight Claim Review Guideline that graphically depicts the tenets of the Two-Midnight Rule. Livanta utilizes this Guideline when making payment determinations for SSR claims.
Questions?

Should you have questions, please email ClaimReview@Livanta.com.

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