

THE LIVANTA CLAIMS REVIEW ADVISOR



A monthly publication to raise awareness, share findings, and provide guidance about Livanta's Claim Review Services

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Short Stay Review – Claim Review Guideline Steps 4 & 6

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.

<https://www.govinfo.gov/content/pkg/FR-2015-11-13/pdf/2015-27943.pdf>

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 2015, 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 or more 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:

<https://www.cms.gov/sites/default/files/2022-04/BFCC-QIO-2-MidnightClaimReviewGuideline.%20508.pdf>

Determining Patient Status

CMS does not consider proprietary guidelines such as Milliman (MCG) or InterQual authoritative with respect to determining patient status and appropriateness of Part A payment for short stay inpatient hospital claims. As noted above, CMS relies on the Two-Midnight Claim Review Guideline to identify cases appropriate for Part A payment. When no procedure on the Inpatient-Only List is performed, there are two steps in the Two-Midnight Rule Claim Review Guideline that require adequate clinical documentation to support a decision to admit to inpatient status. These steps are discussed more thoroughly below.

Each case needs to be assessed individually against that Guideline by the physician responsible for admitting the patient and developing the plan of care. Admission to the hospital is not synonymous with inpatient admission. For a hospital admission to be payable under Part A it must meet the Two-Midnight Rule Claim Review Guideline.

The decision for inpatient admission 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), Livanta advises that it may be better to defer the decision regarding length of stay and inpatient status until that information is available. Following longstanding guidance, CMS instructs the QIO to review the reasonableness of the inpatient admission decision based on the information known to the physician at the time of the admission order. The expectation for sufficient documentation is well rooted in good medical practice.

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 by the treating physician 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 documentation does not support the two-midnight expectation or one of the unforeseen circumstances listed in Step 4 is not present, then request for Part A reimbursement is not granted under this step.

Step 6: Need for Inpatient Care 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 risk of an adverse event would require more 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 a risk of an adverse event requiring inpatient care that is expected to resolve with treatment in less than two midnights might include:

- Severe metabolic abnormalities such as diabetic ketoacidosis, symptomatic hyperkalemia, or hypercalcemia that require frequent monitoring and/or treatment to prevent a serious adverse event; or
- Acute medical conditions such as crescendo angina or life-threatening arrhythmia requiring urgent intervention or pulmonary embolism with right ventricular strain.

Good medical 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 care 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 action is to adequately document in the record case-specific support for inpatient care. 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 need for inpatient care.

A second area of concentration is accurate distinction between circumstances that support Step 4 and Step 6. When there is not 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.

CMS authorizes the BFCC-QIO reviewer to determine whether the documentation present in the record is sufficient to support the inpatient admission decision. This is clearly outlined in Section II.B.2.B of the CMS publication *Reviewing Short Stay Hospital Claims for Patient Status: Admissions On or After January 1, 2016*. Therefore, it is in the best interest of the provider to clearly document in the medical record the factors that led to the decision to admit for inpatient care. Failure to clearly document these factors may result in denial of the claim.

The overall goal of this newsletter is to reinforce the specific steps of the Two-Midnight Claim Review Guideline regarding Part A reimbursement. When writing inpatient admission orders, providers should be cognizant of the steps supporting inpatient status as defined in the Two-Midnight Claim Review Guideline and ensure that documentation in the record supports their decision.



Documentation to Support Inpatient Admission

Livanta advises that patient-specific documentation be included in the medical record to support the reason for inpatient care. The BFCC-QIO follows longstanding CMS guidance to review the reasonableness of the inpatient admission for purposes of Part A payment based on the information known to the physician at the time the inpatient admission is ordered. In the absence of a clear statement by the physician, the information about expected length of stay in support of Step 4 may be inferred from the plan of care, treatment orders, and physician notes. It is expected that complex medical factors such as history and comorbid conditions, severity of signs and symptoms, current medical needs, and the risk (probability) of an adverse event occurring during the time period for which hospitalization is considered in support of Step 6 be documented in the physician assessment and plan of care. Entries in the medical record after the point of the admission order are used in the context of interpreting what the physician knew and expected at the time of inpatient admission.

About Livanta

Livanta is the Medicare Beneficiary and Family Centered Care Quality Improvement Organization (BFCCQIO) conducting postpay 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 CMS1599F, as revised by CMS1633F.

CMS issued the following BFCCQIO 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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