Medicare: “2 Midnight Rule” for Payment of Short Inpatient Hospital Stays

**Background:**
On July 1, 2015, CMS released proposed updates to the “Two-Midnight” rule regarding when inpatient admissions are appropriate for payment under Medicare Part A. These changes would continue CMS’ long-standing emphasis on the importance of a physician’s medical judgment in meeting the needs of Medicare beneficiaries. These updates were included in the calendar year (CY) 2016 Hospital Outpatient Prospective Payment System (OPPS) proposed rule. Not all care provided in a hospital setting is appropriate for inpatient, Part A payment. Therefore, when a Medicare beneficiary arrives at a hospital in need of medical or surgical care, the physician or other qualified practitioner must decide whether it is appropriate to admit the beneficiary as an inpatient or treat the patient as an outpatient.

**What’s Required?**
Currently, the Two-Midnight Rule states: Every inpatient admission requires specific documentation elements under the Medicare “2-Midnight Rule” in order to qualify for coverage under Medicare Part A:

1. An order to ‘Admit to Inpatient’, e.g., IP order from the attending physician (or an IP order from other licensed practitioner with admitting privileges).
2. Attestation that the episode of care is expected to extend over 2 midnights.
3. Documentation in the medical record regarding the medical necessity for the inpatient admission.
   a. **KEY**: Documentation within the body of the medical record of the *reasonable clinical indicators at the time of admission which support the medical necessity* of an anticipation the patient’s episode of care will extend over 2 midnights.
   b. **Note**: ‘Observation’ is appropriate for patients with potential clinical risks only, but no clinical findings at the time of admission.
4. The IP order and medical necessity documentation MUST be authenticated by signing (or co-signing) and dating the medical record prior to patient discharge by a physician with admitting privileges and with knowledge and involvement in the patient’s clinical care.

Although a length of stay greater than 2 midnights (LOS>2 MNs) is presumed to meet inpatient criteria, it does NOT preclude the requirement for medical necessity documentation.

Professional fees are at risk to be denied which are associated with an IP admission deemed to not meet the 2 Midnight Rule requirements.

**Epic E.H.R. Alert: Two-Midnight Rule Attestation**
The Medicare inpatient certification attestation is present as an alert in two places in Epic – the Inpatient Order Entry Screen and in the Epic Discharge Navigator. If the patient is getting discharged without the certification in place, the provider will receive one last alert (reminder) that documentation is needed. Refer to the Epic screen-shot image...
Proposed Changes (November 2015)

In the Federal Register (CY2016 Inpatient Payment Rule), CMS proposes the following changes for short stays (less than two midnights) and will respond to comments in a final rule to be issued on or around November 1, 2015:

1. “For stays for which the physician expects the patient to need less than two midnights of hospital care (and the procedure is not on the inpatient only list or otherwise listed as a national exception), an inpatient admission would be payable under Medicare Part A on a case-by-case basis based on the judgment of the admitting physician. The documentation in the medical record must support that an inpatient admission is necessary, and is subject to medical review.”

2. “CMS is reiterating the expectation that it would be rare and unusual for a beneficiary to require inpatient hospital admission for a minor surgical procedure or other treatment in the hospital that is expected to keep him or her in the hospital for a period of time that is only for a few hours and does not span at least overnight. CMS will monitor the number of these types of admissions and plans to prioritize these types of cases for medical review.”

Want to learn more?