



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Quality Healthcare for All"*

## ***COMPLIANCE ALERT 13-22***

### ***CMS Issues Guidance for the new "Two-Midnight Rule"***

**EXECUTIVE SUMMARY:** On September 26, 2013, CMS issued guidance on the "Two-Midnight rule" addressed in the August 2013 IPPS final rule. Implementation of this new rule begins October 1, 2013; however, the CMS guidance announced a 90-day implementation period beginning October 1, 2013. The RACS will not be able to review inpatient admissions of less than one midnight. MACs will review 10-25 claims per hospital to determine the necessity of admissions.

**SUMMARY:** From the King & Spalding, September 30, 2013 *Health Headlines*: "Under the Two-Midnight rule, patient admissions expected to span at least two midnights will presumptively qualify for payment under Medicare Part A. For those patient admissions that last less than two midnights, CMS will presume care should have been provided on an outpatient basis payable under Medicare Part B. Thus, hospital inpatient admissions spanning less than two midnights ordinarily will not be covered under Medicare Part A.

For admissions occurring during the implementation period, Recovery Auditors (RACs) will not be able to review inpatient admissions of one midnight or less. In order to monitor hospitals' implementation of the Two-Midnight rule, Medicare Administrative Contractors (MACs) will review 10 to 25 claims per hospital that span less than two midnights to determine the medical necessity of the admission. If there are no issues with the selected claims, MACs will discontinue further review during the implementation period. If the review uncovers issues with a hospital's inpatient claims, however, the MAC will conduct education for the hospital and any follow-up steps necessary to ensure compliance. At the end of the implementation period, CMS will review progress made and evaluate the need for further guidance and a possible additional transition period." Reporter, *Paige Fillingame*, Houston, +1 713 615 7632, [pfillingame@kslaw.com](mailto:pfillingame@kslaw.com).

**ACTION NEEDED:** HHSC facilities utilizing the IPPS should review criteria for overnight stays and implement correct procedures, educate physicians and staff, to ensure compliance with the new "two-midnight" rule.

**Source:** <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medical-Review/Downloads/2MidnightInpatientAdmissionGuidanceandPatientStatusReviewsforA-.pdf>