



November 1, 2010

Effective December 1, 2010 Molina Healthcare of Michigan for Medicaid, Medicare and MICHild product lines will be implementing policy changes that affect short stay inpatient hospital admissions with the goal of reducing inappropriate one-day stay admissions through appropriate decision making for admissions versus observation.

This policy, consistent with the Michigan Department Provider Manual Definition Section 3.22, Centers for Medicare and Medicaid Services practice and recent Recovery Audit Contractor findings, is being implemented as a result of the recent experience of many members staying less than 24 hours and not requiring full admission. Section 3.22 states, "Observation is a defined set of clinically appropriate specific services that include ongoing short-term treatment, assessment and reassessment before deciding whether a beneficiary requires further treatment as a hospital inpatient or discharge from the outpatient hospital."

Molina Healthcare requires facilities to provide notification of all inpatient admissions. One of the following will occur when a facility requests an inpatient admission:

- 1) If Inpatient InterQual® Admission Criteria is **not** met and InterQual® Observation Criteria **is** met, Molina Healthcare will authorize an observation stay. If the facility believes inpatient admission is necessary, a Molina Healthcare Medical Director will review the case. Facilities are not required to seek authorization for observation stays.
- 2) The following conditions frequently meet both observation criteria and inpatient criteria. Since these conditions are frequently evaluated and treated within 24 hours and rapid improvement of the member's condition is anticipated, Molina Healthcare will initially authorize an observation stay. If the member remains hospitalized past 24 hours (a typical observation timeframe) and continues to meet inpatient InterQual® criteria, Molina Healthcare will approve (authorize) an inpatient admission.
  - Appendicitis
  - Asthma
  - Acute Bronchitis
  - Bronchiolitis
  - Cellulitis or Abscess
  - Chronic Obstructive Pulmonary Disease (COPD)
  - Congestive Heart Failure (CHF)
  - Deep Vein Thrombosis (DVT)
  - Dehydration
  - Disorders of Fluid, Electrolyte, and Acid-base Balance (Nausea, Vomiting)
  - Gastroenteritis / Esophagitis
  - General Symptoms
  - Pneumonia, Organism Unspecified or Simple
  - Poisoning / Toxic Ingestions
  - Syncope or Decreased Responsiveness

- 3) If Inpatient InterQual® Admission Criteria is met and the condition other than listed in # 2, Molina Healthcare will approve an inpatient admission based upon criteria at the time of admission.

Use of an observation bed is non-reimbursable for the following:

1. Services provided for the convenience of the physician, member and/or family
2. Services that are benefit exclusions
3. Following outpatient surgery or routine diagnostic procedures, such as endoscopies except if complications arise
4. When documentation does not adequately support the use of observation beds
5. Observation stays that exceed 24 hours except in unusual circumstances where a few more hours of observation will avoid an inpatient admission.

Thank you for continuing to provide the quality care that Molina Healthcare members depend on. We are always looking for ways to support the most effective health care for our members, and improve service to our providers.

Should you have any questions, please call the Utilization Management Department at 1-888-898-7969, choose Option 1 and Option 4, and ask to speak with a Clinical Case Manager.

Thank you,

Utilization Management Department  
Molina Healthcare of Michigan