

Provider Memorandum

Attention Hospital Providers: CMS Formalized Two Midnight Rule

On December 22, 2016, Centers for Medicare and Medicaid Services (CMS) formalized the two midnight rule in Chapter 1 of the Medicare Benefit Policy Manual. This document states that generally, a patient is considered an inpatient if formally admitted as inpatient with the expectation that he or she will require hospital care that is expected to span at least two midnights. It goes on to say that physicians should order admission for patients who are expected to require a hospital stay that crosses two midnights and the medical record supports that reasonable expectation. Chapter 6 of the Medicare Benefit Policy Manual defines observation care as a well-defined set of specific, clinically appropriate services, which include ongoing short term treatment, assessment, and reassessment before a decision can be made regarding whether patients will require further treatment as hospital inpatients or if they are able to be discharged from the hospital.

Molina Healthcare follows CMS standards, as outlined in Chapter 1 of the Medicare Benefit Policy Manual, in making a determination regarding the payment methodology to be used for acute hospital care. For Medicare, Molina will pay for hospital care as an inpatient for those stays where there is a clear expectation, and the medical record supports that reasonable expectation, of an extended stay crossing two midnights. Molina will pay for inpatient stays less than two midnights as a rare exception when the admitting physician has clearly documented the reasons in the medical record for an expectation of an inpatient stay lasting more than two midnights and the patient dies, is transferred or leaves the facility against medical advice before the two midnight stay is completed, or the patient makes an unexpected clinical improvement leading to early discharge. Molina will also pay for inpatient admission for those procedures on the CMS inpatient only list, as found in CMS Addendum E at:

https://www.cms.gov/apps/ama/license.asp?file=/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/CMS1392FC_Addendum_E.zip.

Molina Healthcare appreciates our collaborative relationship and joint focus on improving health care for Molina Members. As always, our goal is to provide you with excellent customer service and support. If you have any questions, please call Provider Network Management at (630) 203-3965, Monday through Friday from 8 a.m. and 5 p.m.