**SCOPE:** All of the following Company-affiliated hospitals performing and/or billing Medicare inpatient and/or outpatient services: acute care, including acute care psychiatric, Long Term Care Hospitals (LTCH) and critical access hospitals (CAH); employed physicians and their office staff; and all affiliated physicians.

**PURPOSE:** To require that facilities obtain appropriate patient status orders and required physician documentation for Medicare inpatient admissions.

To follow appropriate procedures to ensure such orders and documentation are obtained.

**POLICY:**

The Centers for Medicare and Medicaid Services (CMS) initially established the Two Midnight Rule (Rule) on October 1, 2013. Under this Rule, CMS indicated that an inpatient stay is generally appropriate if the patient requires hospital care that will cross two midnights. When the physician determines the patient will need hospital care, and anticipates that the patient will stay at least two midnights, the physician should complete an order for inpatient admission and document the expectation of a two midnight stay in the medical record.

Effective for admissions on or after January 1, 2016, CMS modified the Rule to allow inpatient status for less than two midnight stays on a case-by-case basis. CMS recognizes that a patient with a hospital stay of less than two midnights may be appropriately considered an inpatient, if the medical record documentation distinctly supports an inpatient stay. In such instances, when the physician determines the patient will need hospital care for less than two midnights, the physician may complete an order for inpatient admission. When inpatient admission is ordered, the medical record documentation must describe the patient’s condition, including history and comorbidities, severity of signs and symptoms, current medical needs, and the risk of an adverse event should the patient be sent home or be treated as an outpatient.

Medicare also suggests that an inpatient admission would generally be inappropriate for patients having minor surgical procedures or limited services who are not expected to stay in the hospital overnight.

Medicare has a list of procedures by CPT code (“Medicare’s Inpatient-Only List”; also known as Addendum E) that is considered to be inpatient only. If a patient is to receive a procedure on this list, the physician should admit the patient as an inpatient regardless of the expected length of stay.

HCA hospitals must require physicians to use HCA’s [Medicare Order Form](#) to document patient status as described further in the procedure section below.
Physician’s Inpatient Admission Order
A Medicare patient is considered an inpatient of a hospital if formally admitted as an inpatient pursuant to an order for inpatient admission by a physician or other qualified practitioner. The physician’s inpatient admission order:
1. Must be obtained at admission.
2. Must be supported by the physician admission and progress notes.
3. Must be furnished by a physician or other practitioner who is:
   a. Licensed by the State to admit inpatients to hospitals,
   b. Granted admitting privileges by the hospital to admit inpatients to that specific facility, and
   c. Knowledgeable about the patient’s hospital course, medical plan of care, and current condition at the time of admission.

All inpatient admission orders must be signed or countersigned by a physician with admitting privileges in accordance with the hospital’s medical staff bylaws, medical staff policies, or medical staff rules and regulations. Therefore, when an ED physician, resident, or other non-physician practitioner initiates the inpatient admission order, a physician with admitting privileges must countersign the order.

Physician Documentation Supporting Inpatient Admission
In addition to the inpatient admission order and physician expectation of an inpatient stay, the physician’s medical record documentation must be sufficient to support that inpatient hospital services were reasonable and necessary. The supporting documentation must be present at the time the inpatient order is written and can be included in the history and physical, progress notes and/or the discharge summary. The documentation must include:
1. Patient history and comorbidities;
2. Severity of signs and symptoms;
3. Current medical needs requiring inpatient care (e.g., frequent 2-4 hour monitoring, IV medication requiring hospitalization, high risk of possible infection, etc.); and
4. Risk of an adverse event should the patient be sent home or be treated as an outpatient.

DEFINITIONS

Inpatient Status – Generally, a Medicare patient who is expected to receive hospital services for at least two midnights; or a patient who stays less than two midnights when the physician’s clinical judgment is clearly documented in the medical record and supports the rationale for an inpatient admission; or a patient who receives services listed on Medicare’s Inpatient-Only List, also known as Addendum E.
Outpatient Status – Generally, a Medicare patient who is expected to receive a minor surgical procedure or limited hospital services that will not result in a two midnight stay; not a patient who receives services on Medicare’s Inpatient Only List. This includes outpatients receiving observation services.

Medicare’s Inpatient-Only List (also known as Addendum E) – Surgical procedures represented by CPT codes listed in Addendum E to the yearly Outpatient Prospective Payment System (OPPS) Regulations that Medicare has defined as only being payable on an inpatient basis.

Medicare Order Form – the HCA standardized paper or electronic (CPOE) format for capturing the physician’s patient status order.

PROCEDURE:

1. The hospital CEO shall provide oversight of, and the hospital CFO is responsible for, implementation of this policy including the procedures listed below.
2. The hospital must utilize HCA’s Medicare Order Form for all Medicare patients who need a bed for continuing hospital care. It must be used for the initial patient status order as well as any subsequent patient status orders. Modifications to the Medicare Order Form are not permitted.
3. Hospitals must monitor compliance with the use of the Medicare Order Form. This includes a process to ensure that the Medicare Order Form is countersigned by a physician with admitting privileges when either an ED physician, resident, or non-physician practitioner has initiated the inpatient order. The hospital must provide feedback regarding the monitoring results to physicians, affected staff and the hospital’s Utilization Review Committee.
4. The hospital must distribute tools and resources and provide ongoing education to physicians and relevant hospital staff. Hospitals must use the tools and resources available on Atlas regarding patient status. (See Regs Atlas - Medicare Two Midnight Rule.)
5. Hospitals must follow and monitor compliance with any corporate-defined process related to the Two Midnight Rule.
6. Facilities/Divisions must develop a process for escalating physician refusals to sign or use the Medicare Order Form to administration and/or the appropriate medical staff committee(s).
7. Hospitals must participate in ongoing efforts to improve medical record documentation, so that the documentation in the medical record supports the physician’s inpatient status decision.

REFERENCES:

1. CMS-1633-FC; CMS 1607-F2 Hospital Outpatient Prospective Payment – Final Rule with Comment Period and Final CY2016 Payments Rates
2. 42 CFR 412.3 Admissions
3. Regs Atlas - Medicare Two Midnight Rule
4. HCA Two Midnight Rule for Physicians