

RAC News UPDATE

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CMS proposes changes to two-midnight policy

The Centers for Medicare & Medicaid Services July 1 issued a [proposed rule](#) for calendar year 2016 for the hospital outpatient prospective payment and ambulatory surgical center payment systems. In the rule, CMS proposes to alter its two-midnight policy so that certain hospital inpatient services that do not cross two midnights may be appropriate for payment under Medicare Part A if a physician determines and documents in the patient's medical record that the patient requires reasonable and necessary admission to the hospital as an inpatient. CMS does not propose any changes for stays that are expected to last more than two midnights. The agency also proposes changes to the related enforcement requirements, proposing to use Quality Improvement Organizations to conduct first-line medical reviews of the majority of patient status claims rather than Medicare Administrative Contractors or Recovery Audit Contractors, which would focus only on those hospitals with consistently high denial rates. However, CMS does not propose to reverse the 0.2% payment cut associated with the two-midnight policy. AHA Executive Vice President Rick Pollack [called](#) the proposals a "good first step," saying hospitals appreciate the "proposal to maintain the certainty that patient stays of two midnights or longer are appropriate as inpatient cases." However, he expressed dismay that CMS did not propose to withdraw the 0.2% cut and urged the agency to extend the partial enforcement delay beyond Sept. 30. For more information on the proposals related to the two-midnight policy, see the AHA [Special Bulletin](#).