

# Clinical Policy: Short Inpatient Hospital Stay

Reference Number: NM.CP.MP.182

Last Review Date: 02/24

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## Description

Medical necessity criteria for day one and day two of an inpatient hospital stay, excluding behavioral health and obstetrical delivery admissions.

Observation care is 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.<sup>3</sup>

## Policy/Criteria

**I.** Observation stay: If a physician orders an eligible recipient to remain in the hospital for less than 24 hours, the stay is not covered as inpatient admission, but is classified as an observation stay. An observation stay is considered an outpatient service.<sup>5</sup>

It is the policy of Western Sky Community Care that inpatient hospital stays (vs. observation) of 24 hours or less are medically necessary for one of the following indications:

- The eligible recipient dies;
- Documentation in medical records indicates that the eligible recipient left against medical advice or was removed from the facility by his legal guardian against medical advice;
- An eligible recipient is transferred to another facility to obtain necessary medical care unavailable at the transferring facility; or
- An inpatient admission results in delivery of a child.

**II.** It is the policy of Western Sky Community Care that inpatient hospital stays (vs. observation) of over 24 hours to less than 48 hours or less are medically necessary for one of the following indications:

- Admission is for a procedure on the CMS Inpatient Only List, (found [here](#));
- Admission to an intermediate or intensive care unit level of care (including neonatal intensive care unit (NICU) considered medically necessary per a nationally-recognized clinical decision support tool;
- Unexpected death during the admission;
- Departure against medical advice from a medically necessary (per a nationally-recognized clinical decision support tool) inpatient stay;
- Transferred from another facility, with a medically necessary (per a nationally-recognized clinical decision support tool) total length of stay greater than 2 days;
- Election of hospice care in lieu of continued treatment in hospital.

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#### Background

Expectation of time and the determination of the underlying need for medical care at the hospital are supported by complex medical factors such as history and comorbidities, the severity of signs and symptoms, current medical needs, and the risk (probability) of an adverse event occurring during the time period for which hospitalization is considered.<sup>1</sup>

Observation services are commonly ordered for patients who present to the emergency department and who then require a significant period of treatment or monitoring in order to make a decision concerning their admission or discharge. The decision whether to discharge a patient from the hospital following resolution of the reason for the observation care, or to admit the patient as an inpatient, can be made in less than 2 days and usually in less than 24 hours. In only rare and exceptional cases do reasonable and necessary outpatient observation services span more than 2 days.<sup>3</sup>

#### Coding Implications

This clinical policy references Current Procedural Terminology (CPT®). CPT® is a registered trademark of the American Medical Association. All CPT codes and descriptions are copyrighted 2020, American Medical Association. All rights reserved. CPT codes and CPT descriptions are from the current manuals and those included herein are not intended to be all-inclusive and are included for informational purposes only. Codes referenced in this clinical policy are for informational purposes only. Inclusion or exclusion of any codes does not guarantee coverage. Providers should reference the most up-to-date sources of professional coding guidance prior to the submission of claims for reimbursement of covered services.

CPT® Codes	Description
N/A	

HCPCS Codes	Description
N/A	

#### ICD-10-CM Diagnosis Codes that Support Coverage Criteria

+ Indicates a code requiring an additional character

ICD-10-CM Code	Description
N/A	

Reviews, Revisions, and Approvals	Date	Approval Date
Policy developed	03/23/2021	03/23/2021
Annual review, no changes	01/16/2022	02/08/2022
Annual review, no changes	02/06/2023	03/15/2023
Annual review, no changes	02/15/2024	02/21/2024

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#### References

1. Centers for Medicare & Medicaid Services (CMS). Reviewing Short Stay Hospital Claims for Patient Status: Admissions On or After January 1, 2016. (Last Updated: 12/31/2015). Accessed at: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Medical-Review/Downloads/Reviewing-Short-Stay-Hospital-Claims-for-Patient-Status.pdf>
2. Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual. Chapter 1 - Inpatient Hospital Services Covered Under Part A. (Rev. 234, 03-10-17). Accessed at: <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/bp102c01.pdf>
3. Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual, Chapter 6 - Hospital Services Covered Under Part B (Rev. 267, 02-04-20). Accessed at: <https://www.cms.gov/media/125106>
4. Centers for Medicare & Medicaid Services (CMS). Inpatient Only List 2020. Accessed 3/13/20 at Centers for Medicare & Medicaid Services (CMS). <https://www.cms.gov/apps/ama/license.asp?file=/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/CMS-1717-FC-2020-OPPS-Addenda.zip>
5. New Mexico Administrative Code (NMAC): 8.311.2.14 Title 8 Social Services Chapter 311 Hospital Services, Part 2 Hospital Services Section 14 Inpatient Services <https://www.hsd.state.nm.us/providers/rules-nm-administrative-code-.aspx>

#### **Important Reminder**

This clinical policy has been developed by appropriately experienced and licensed health care professionals based on a review and consideration of currently available generally accepted standards of medical practice; peer-reviewed medical literature; government agency/program approval status; evidence-based guidelines and positions of leading national health professional organizations; views of physicians practicing in relevant clinical areas affected by this clinical policy; and other available clinical information. The Health Plan makes no representations and accepts no liability with respect to the content of any external information used or relied upon in developing this clinical policy. This clinical policy is consistent with standards of medical practice current at the time that this clinical policy was approved. “Health Plan” means a health plan that has adopted this clinical policy and that is operated or administered, in whole or in part, by Centene Management Company, LLC, or any of such health plan’s affiliates, as applicable.

The purpose of this clinical policy is to provide a guide to medical necessity, which is a component of the guidelines used to assist in making coverage decisions and administering benefits. It does not constitute a contract or guarantee regarding payment or results. Coverage decisions and the administration of benefits are subject to all terms, conditions, exclusions and limitations of the coverage documents (e.g., evidence of coverage, certificate of coverage, policy, contract of insurance, etc.), as well as to state and federal requirements and applicable Health Plan-level administrative policies and procedures.

This clinical policy is effective as of the date determined by the Health Plan. The date of posting may not be the effective date of this clinical policy. This clinical policy may be subject to

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applicable legal and regulatory requirements relating to provider notification. If there is a discrepancy between the effective date of this clinical policy and any applicable legal or regulatory requirement, the requirements of law and regulation shall govern. The Health Plan retains the right to change, amend or withdraw this clinical policy, and additional clinical policies may be developed and adopted as needed, at any time.

This clinical policy does not constitute medical advice, medical treatment or medical care. It is not intended to dictate to providers how to practice medicine. Providers are expected to exercise professional medical judgment in providing the most appropriate care, and are solely responsible for the medical advice and treatment of member/enrollees. This clinical policy is not intended to recommend treatment for member/enrollees. Member/enrollees should consult with their treating physician in connection with diagnosis and treatment decisions.

Providers referred to in this clinical policy are independent contractors who exercise independent judgment and over whom the Health Plan has no control or right of control. Providers are not agents or employees of the Health Plan.

This clinical policy is the property of the Health Plan. Unauthorized copying, use, and distribution of this clinical policy or any information contained herein are strictly prohibited. Providers, member/enrollees and their representatives are bound to the terms and conditions expressed herein through the terms of their contracts. Where no such contract exists, providers, member/enrollees and their representatives agree to be bound by such terms and conditions by providing services to member/enrollees and/or submitting claims for payment for such services.

**Note: For Medicaid member/enrollees**, when state Medicaid coverage provisions conflict with the coverage provisions in this clinical policy, state Medicaid coverage provisions take precedence. Please refer to the state Medicaid manual for any coverage provisions pertaining to this clinical policy.

**Note: For Medicare member/enrollees**, to ensure consistency with the Medicare National Coverage Determinations (NCD) and Local Coverage Determinations (LCD), all applicable NCDs, LCDs, and Medicare Coverage Articles should be reviewed prior to applying the criteria set forth in this clinical policy. Refer to the CMS website at <http://www.cms.gov> for additional information.

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