

Southeast Hospital: Case Management  
**CMS IPPS 2014 – New Inpatient and Observation Rules**  
Reference Card

Questions: Contact Case Management (573) 651-5831 or  
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Physician certification – required for all **inpatient**  
Admissions starting Oct 1, 2013

- Authentication of inpatient order – must be done **before** discharge
- The **reason** for inpatient services – the medical reasons that inpatient care is needed as documented in the H&P and progress notes
- Estimated time the patient required in the hospital – based on the two midnight expectation.
- The plans for post hospital care, if appropriate.

The physician certification must be completed before discharge, but the first three points should be completed at the time of admission.

**Two midnight benchmark:**

- The decision to admit as **inpatient** must be based on an expectation that they stay will span two midnights.
- If the patient has spent one night as an outpatient in observation and you document a medical reason that they need to stay another midnight, it is appropriate to admit them before the second midnight.
- The first midnight in observation or in the ED counts toward the two midnight benchmark, but it is still an outpatient day and does not count toward the three inpatient midnights needed to qualify for skilled benefits.

- Surgeries on the Medicare inpatient only list are exempted from the two midnight benchmark and should be inpatients regardless of their length of stay.
- Stays for social or scheduling issues alone do not show a medical reason to be in the hospital.
- Without a reasonable expectation of two midnight stay, even ICU admissions should be observation.

There are other circumstances supporting short inpatient stays, exceptions to the 2-Midnight benchmark, based upon CMS guidance which are as follows:

- Procedures defined as “Inpatient–Only”
- Unforeseen beneficiary death
- Unforeseen transfer
- Unforeseen departure against medical advice
- Unforeseen clinical improvement
- Election of hospice care in lieu of continued treatment in the hospital
- Mechanical ventilation initiated during present visit