

Clinical Policy: Short inpatient hospital stay

Reference Number: LA.CP.MP.182

Last Review Date: 08/2020

Coding Implications
Revision Log

See [Important Reminder](#) at the end of this policy for important regulatory and legal information.

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.³

Policy/Criteria

- I. It is the policy of Louisiana Healthcare Connections that day one and day two (if applicable) of an *inpatient hospital stay* (*vs. observation*) are medically necessary for one of the following indications:
 - A. Admission is for a procedure on the CMS Inpatient Only List, (addendum E found [here](#));
 - B. 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;
 - C. Unexpected death during the admission;
 - D. Departure against medical advice from a medically necessary (per a nationally-recognized clinical decision support tool) inpatient stay;
 - E. Transferred from another facility, with a medically necessary (per a nationally-recognized clinical decision support tool) total length of stay greater than 2 days;
 - F. Election of hospice care in lieu of continued treatment in hospital.

- II. It is the policy of health plans affiliated with Louisiana Healthcare Connections that inpatient hospital stays on day three and beyond are medically necessary according to nationally-recognized clinical decision support tools.

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.¹

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.³

Coding Implications

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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
Converted corporate to local policy.	08/15/2020	

References

- 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>
- 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>
- 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>
- 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>

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. LHCC 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.

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 LHCC administrative policies and procedures.

This clinical policy is effective as of the date determined by LHCC. The date of posting may not be the effective date of this clinical policy. This clinical policy may be subject to 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. LHCC 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 members. This clinical policy is not intended to recommend treatment for members. Members should consult with their treating physician in connection with diagnosis and treatment decisions.

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