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# THE LIVANTA CLAIMS REVIEW ADVISOR

*A monthly publication to raise awareness, share findings, and provide guidance about Livanta's Claim Review Services*

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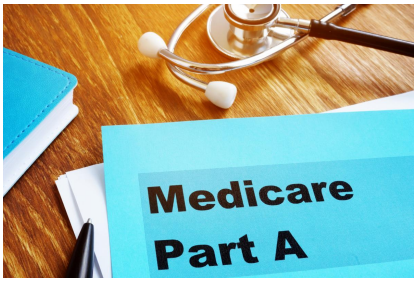
## Short Stay Review (SSR) – Third Year Review Findings

This month's issue of *The Livanta Claims Review Advisor* reports findings from the third year of reviews under Livanta's national Claim Review Services contract. Results for the third year encompass reviews completed from November 1, 2023 through October 31, 2024.

## The Two-Midnight Rule




The Centers for Medicare & Medicaid Services (CMS) implemented the Two-Midnight Rule in Fiscal Year (FY) 2014 to assist hospitals in determining when an inpatient admission would be appropriate for payment under Medicare Part A (inpatient hospital services). Under the Two-Midnight Rule, an inpatient admission is generally appropriate for Medicare Part A payment if the physician (or other qualified practitioner) admits the patient as an inpatient based upon the expectation that the patient will need hospital care that crosses at least two midnights and the medical record supports that expectation. This Rule outlines two medical review policies: (1) a two-midnight presumption and (2) a two-midnight benchmark.

In the FY2016 Outpatient Prospective Payment System (OPPS) Final Rule, CMS amended the Two-Midnight Rule and clarified that Medicare would allow exceptions to the two-midnight benchmark to be determined on a case-by-case basis by the physician responsible for the care of the patient, subject to medical review. CMS continues to expect that stays under 24 hours would rarely qualify for an exception to the two-midnight

benchmark. The Two-Midnight Rule does not apply to procedures on the Inpatient-Only List.

CMS issued the BFCC-QIO Two-Midnight Claim Review Guideline, which graphically depicts the tenets of the Two-Midnight Rule. Livanta utilizes this Guideline when making payment determinations for SSR claims.

CMS Two-Midnight Claim Review Guideline (file may appear in a download folder)
**https://www.cms.gov/sites/default/files/2022-04/BFCC-QIO-2-MidnightClaimReviewGuideline. 508.pdf**

Livanta's CMS-approved sampling strategy for SSR claims is described in the May 2024 edition of this newsletter, which can be found here:
**https://www.livantaqio.cms.gov/en/ClaimReview/files/The_Livanta_Claims_Review_Advisor_May_2024.pdf**

## Overall Findings

The findings below are from Livanta's third year of reviews under the national Claim Review Services contract. The date range for these reviews was November 1, 2023 through October 31, 2024.

After review, 86 percent of SSR claims were approved for appropriate Part A reimbursement.

| Description | Number | Percent |
|---|---|---|
| Approved | 17,461 | 86% |
| Admission Denials | 2,893 | 14% |
| Total Claims Reviewed | 20,354 | 100% |

## Length of Stay

Length of stay (LOS) is calculated from the date of inpatient admission to the date of discharge as submitted on the claim. Claims with a 0-day LOS are twice as likely to be denied as claims with a 1-day LOS.

| Length of Stay | Number of Claims Reviewed | Number of Claims Denied | Percent of Claims Denied |
|---|---|---|---|
| 0-Day Stay | 3,856 | 915 | 24% |
| 1-Day Stay | 16,498 | 1,978 | 12% |
| Total Reviewed | 20,354 | 2,893 | 14% |

## Findings by CMS Region

These regional findings are based on claims sampled and reviewed per the CMS-approved sampling strategy outlined in the May 2024 edition of this newsletter referenced above.

| CMS Region | Number of Claims Reviewed | Number of Claims Reviewed | Regional Error Rate | Proportion of All Denials |
|---|---|---|---|---|
| 1 | 1,310 | 193 | 15% | 7% |
| 2 | 1,219 | 238 | 20% | 8% |
| 3 | 2,377 | 317 | 13% | 11% |
| 4 | 5,066 | 797 | 16% | 28% |
| 5 | 3,482 | 476 | 14% | 16% |
| 6 | 2,231 | 282 | 13% | 10% |
| 7 | 1,005 | 116 | 12% | 4% |
| 8 | 664 | 71 | 11% | 2% |
| 9 | 2,420 | 339 | 14% | 12% |
| 10 | 580 | 64 | 11% | 2% |
| Total | 20,354 | 2,893 | 14% | 100% |

**Region 1 - Boston**
• Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

**Region 2 - New York**
• New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands

**Region 3 - Philadelphia**
• Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia

**Region 4 - Atlanta**
• Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee

**Region 5 - Chicago**
• Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin

**Region 6 - Dallas**
• Arkansas, Louisiana, New Mexico, Oklahoma, and Texas

**Region 7 - Kansas City**
• Iowa, Kansas, Missouri, and Nebraska

**Region 8 - Denver**
• Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming

**Region 9 - San Francisco**
• Arizona, California, Hawaii, Nevada, American Samoa, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Guam, Marshall Islands, and the Republic of Palau

**Region 10 - Seattle**
• Alaska, Idaho, Oregon, and Washington

## Top Reasons for Denial

1. Provider documentation in support of a two-midnight expectation at the time of the admission order is insufficient. (Review Guideline Step 4)

2. The plan of care does not support a reasonable expectation of two midnights of hospital care. (Review Guideline Step 4)

3. The need for inpatient care without a two-midnight expectation is not supported by provider documentation regarding the patient's documented medical needs and risk for an adverse event. (Review Guideline Step 6)

4. Misclassification of a procedure as being on the Inpatient-Only List for the date the procedure is performed. (Review Guideline Step 3)

## Provider Samples

During this third year of reviews, monthly SSR samples included intensive provider samples selected based on empiric review results. The intention was to focus on individual provider education about the proper application of the Two-Midnight Rule.

During this reporting period, 84 provider samples were completed with the following overall results:

- The error rate for these samples ranged from 0 percent to 57 percent
- The average error rate across the 84 samples was 21 percent

- These 84 samples resulted in 43 individual provider educational teleconferences to discuss the specific claims found to be in error and the rationale for the denials

Livanta will continue to accrue claim findings at the provider level to inform future sampling.

## Best Practices for Claim Approval

**Documentation of the treating physician's reasoning supporting inpatient admission is critical.** Livanta advises that patient-specific documentation be included in the medical record to support the reason(s) for inpatient admission.

**Clear documentation of the factors that support a two-midnight expectation or the need for inpatient care, absent a two-midnight expectation.** Patient-specific documentation will help Livanta clearly understand the physician's reasoning without needing to infer this reasoning.

**Correct classification of procedures performed being on the Inpatient-Only List for the date the procedure was performed.** Livanta advises that hospitals prescreen scheduled surgical admissions for accurate classification of the procedure being on the appropriate year's Inpatient-Only List.

## About Livanta

Livanta is the Medicare Beneficiary and Family Centered Care-Quality Improvement Organization (BFCC-QIO) conducting post-pay fee-for-service claim reviews of acute care inpatient hospitals, long-term acute care hospitals, and inpatient psychiatric facilities to determine the appropriateness of Part A payment for short stay inpatient hospital claims. These claims are reviewed in accordance with the Two-Midnight Rule published in FY 2014 Hospital Inpatient Prospective Payment System (IPPS) Final Rule CMS-1599-F, as revised by CMS-1633-F.

## Questions?

Should you have questions, please email **ClaimReview@Livanta.com**, or visit the claim review website for more information:
**https://www.livantaqio.cms.gov/en/ClaimReview/index.html**

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Livanta LLC | 10820 Guilford Road, Suite 202 | Annapolis Junction, MD 20701 US