

# PROVIDER Update



Health Net®

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## Two-Midnight Rule for Billing Inpatient and Outpatient Hospital Stays

On October 1, 2013, the Centers for Medicare & Medicaid Services (CMS) adopted the two-midnight rule to provide direction on billing short hospital stays. Under the two-midnight rule, an inpatient admission is generally appropriate if the physician (or other qualified practitioner) admits the patient as an inpatient based on the expectation that the patient will need hospital care that crosses at least two midnights. If the patient is expected to need less than two midnights of care in the hospital, the services furnished should generally be billed as outpatient services.

### TWO-MIDNIGHT BENCHMARK EXCEPTIONS

On November 13, 2015, CMS clarified its rule on billing related to hospital stays that are two days or less. CMS modified its existing exceptions policy, in which the only exceptions to the two-midnight benchmark were cases involving services designated by CMS as inpatient only and those published on the CMS website or other sub-regulatory guidance.

With the clarification, CMS now allows exceptions to the two-midnight benchmark to also be determined on a case-by-case basis by the physician responsible for the member's care, subject to medical review. However, CMS continues to expect that stays under 24 hours would rarely qualify for an exception to the two-midnight benchmark.

### REVIEWS OF SHORT INPATIENT STAYS

Quality improvement organization (QIO) contractors – instead of Medicare administrative contractors (MACs) – are conducting reviews of short inpatient stays. QIOs assumed medical responsibility for hospital stays affected by the two-midnight rule on October 1, 2015.

Health Net of Arizona, Inc. (Health Net) requests that providers keep this ruling in mind when billing hospital stays of two midnights or less. Health Net may ask providers to submit copies of medical records for inpatient stays less than two midnights.

### ADDITIONAL INFORMATION

Providers are encouraged to access Health Net's provider portal online at [provider.healthnet.com](http://provider.healthnet.com) for real-time information, including eligibility verification, claims status, prior authorization status, plan summaries, and more.

If you have questions regarding the information contained in this update, contact the Health Net Provider Services Center by email at [AZ\\_InternetProviderInquiries@healthnet.com](mailto:AZ_InternetProviderInquiries@healthnet.com), through the Health Net provider website at [provider.healthnet.com](http://provider.healthnet.com), or by telephone at 1-800-289-2818.

THIS UPDATE APPLIES TO ARIZONA PROVIDERS:

- Physicians
- Medical Groups/IPAs
- Hospitals
- Ancillary Providers

LINES OF BUSINESS:

- Advantage Platinum (HMO)
- Advantage Platinum (PPO, POS)
- Medicare Advantage (HMO)

PROVIDER SERVICES

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