CMS Two-Midnight Rule: Managing Impact and Compliance

Presented by: Bob Herman | Nanne M. Finis, RN, MS | Rodger Fletcher
Overview of CMS Two Midnight Rule
About TeleTracking
Hospital Challenges
Case Study: LewisGale Regional Health System
10 Things to Know about Rule Changes from Hospital CFO's
Questions & Answers

Agenda
Overview of 2 Midnight
Basics Behind the Rule

- Inpatient Stays vs. Outpatient or Observation Stay
CMS and Congress Weigh In

- CMS and Congress concern
- CMS: Some short inpatient stays may be inappropriate
- Congress: Worries beneficiaries may be paying more with observation status
OIG (Office of Inspector General) Study

- OIG: Hospitals provided 1.5 million observation services under Medicare in 2012
- 92% of beneficiaries in observation spent at least one night in the hospital
- Medicare paid nearly 3 times more for short inpatient stays than observation stays
- Beneficiaries paid more for short inpatient stays
CMS Final Ruling

- CMS released final rule for FY 2014 inpatient prospective payment system
- ‘Appropriate’ inpatient admit... stay of 2 midnights or more
- Less than 2 midnights would not qualify
- Paid as an outpatient instead
TELETRACKING drives EFFICIENT CARE DELIVERY and ELIMINATES WASTE in healthcare systems.
An Operational Platform In Harmony

Successfully integrated or partnered with more than 60 vendors/systems
Hospital Challenges
Challenges Across Hospitals

- Significant **rise in number of observation patients** over last several years

- **Planning for care episode and discharge** from hospital is critical to capacity management & efficiency

- **Medical necessity** for inpatient stays **must be documented comprehensively**

- Increasing dependency upon **interdisciplinary plan of care**
Challenges Across Hospitals (cont’d)

- **Estimated length of stay** begins with care initiation and... **evidence of physician decision is required**

- **Reliable internal reports** to be designed and readily available

- **Limited resources** and **visibility** to ensure that hospital is properly reimbursed for care
Physician Involvement

- Stephanie Kitt, Director, Clinical Documentation, Utilization, and Coding
  Northwestern Memorial Hospital, Chicago, IL

- Physician involvement is imperative and critical to success!
What Does it Mean to be Real-Time?

**Patient Tracking Portal**
Unit-level Visibility & Accountability

- Dashboards to allow you to manage your processes & workflows minute-by-minute making choices that impact your business performance in real-time
- Reporting and analytics to measure that activity, after the fact, for accountability

Real-time information to all stakeholders in the care continuum
Case Study: LewisGale Regional Health System in Salem, Virginia

- **Challenges:**
  - **To identify patients**, prior to discharge, **that could be audited** for two-midnight rule to ensure admission order was correct
  - **Limited resources to manage documentation** for large number of Medicare patients
    - Less than 15 case managers // Over 100 Medicare patients at a time
  - **Wanted to enlist support** from nursing and patient placement / transfer center
Case Study: LewisGale Regional Health System in Salem, Virginia

- Challenges:

  - Reports from either case management system or EMR that *didn’t reflect the real-time situation*
  
  - Reports would be run over and over again but were *always out of date*
  
  - *Only case management could check the documentation system* in real-time so the benefit of the ‘all hands on deck’ objective was lost
Case Study: LewisGale Regional Health System in Salem, Virginia

Solution:

- “All-Hands On Deck Approach”

- **Real-time, at-a-glance access to patient status** for all patient documentation stakeholders
  - Case management, nursing, placement / transfer center
Case Study: LewisGale Regional Health System in Salem, Virginia

Solution:

- **Payer profile data is integrated** in TeleTracking’s Capacity Management Suite™ system

- **Displayed as a patient attribute** on TeleTracking’s PatientTracking Portal™ view

- **Nursing can** now update the portal to **indicate they’ve checked for up-to-date documentation** prior to a patient’s discharge
Observations and Analysis
MAC, RAC and Medicare Auditor Reviews

- Qualifications for MAC and RAC review
- Qualifications for Medicare auditor reviews
- Critical access hospitals are exempt from these reviews
Considerations for Reviews

- No compliance issues? MAC will stop probe reviews from Oct. 1st to March 31st
- Medicare auditors will base their reviews off of information available to physician at admission
- Circumstances for rebilling for inpatient services
- Additional reviews for hospitals MACs identify as having moderate to major concerns
- Determining whether a claim meets the Two-Midnight Rule: Outpatient care
CMS and Future of the Rule

- CMS intends to work with hospital industry and MACs regarding inpatient issues
- Physician documentation is crucial
- CMS educational outreach efforts in 2014
- CMS expects final rule will result in an increase of 40,000 inpatient admissions
For More Information:

Bob Herman: bherman@beckershealthcare.com
Financial Editor, Becker’s Hospital Review

For more information: marketing@teletracking.com / 800-331-3603

Nanne Finis, RN, MS, VP Consulting Services, TeleTracking
Rodger Fletcher, Sr. Product Manager, TeleTracking