

## We follow CMS guidelines and evidence-based criteria when reviewing inpatient admission requests

In this communication, we're reaffirming that:

- Blue Cross Blue Shield of Michigan and Blue Care Network have used and will continue to use applicable evidence-based medical necessity criteria as part of our internal coverage criteria and Medicare coverage guidelines to make determinations on prior authorization requests for hospital admissions of our Medicare Advantage members.
- We require admitting physicians and facilities to:
  - Evaluate and document that their expectation of two or more midnights of medically necessary hospital care is reasonable and can be supported by documented medical evidence as required by the Centers for Medicare & Medicaid Services coverage guidelines.
  - Submit medical documentation that supports the necessity of a hospital admission.

For our Medicare Plus Blue<sup>SM</sup> and BCN Advantage<sup>SM</sup> members, Blue Cross and BCN will continue to use InterQual<sup>®</sup>, LOCUS, CALOCUS, ECSII, ASAM criteria and our internal coverage criteria, along with applicable Medicare coverage guidelines, to evaluate hospital admissions when making medical necessity determinations for requests for prior authorization.

According to Medicare coverage guidelines, three conditions require reimbursement for hospital-based services:

- Two-midnight benchmark – the admitting physician expects the patient to require hospital care that crosses two midnights.
- Inpatient admission for a surgical procedure that appears on the Medicare Inpatient Only list, or IPO list.
- Case-by-case exception – The admitting physician expects the patient to require care only for a limited time that does not cross two midnights.

The 2024 CMS Medicare Advantage Final Rule provided guidance to Medicare Advantage plans regarding the presumption of validity of hospital admissions crossing two midnights and the application of internal coverage criteria to requests for authorization for such hospital admissions.

**The two-midnight benchmark** states that a patient is generally appropriate for hospital level of care if the patient meets two qualifications.

1. The admitting physician expects the patient to require a medically necessary hospital care spanning two or more midnights.
2. The expectation is **supported by the medical record clinical documentation of the members severity of illness and intensity of services required.**

**The two-midnight presumption** applies to Medicare Administrative Contractors and states that if the hospital stay spans two or more midnights, the hospital stay is reasonable and necessary and therefore won't be selected for review unless there is evidence of abuse or delays in the provision of care to qualify for the two-midnight presumption. The provider is given the benefit of doubt that these admissions meet medical necessity.

Although the CMS 2024 Medicare Advantage [Final Rule](#)\* states the two-midnight presumption doesn't apply to Medicare Advantage plans, Medicare Advantage plans may conduct prior authorization, concurrent and retrospective reviews, using internal coverage criteria, on hospital stays of any length to consistently interpret medical necessity, including the two-midnight rule. This means the provider's decision and clinical documentation must support and be substantiated in the medical record to demonstrate the medical necessity of hospital care regardless of the total time spent in the facility. See [federalregister.gov/documents/2023/04/12/2023-07115](https://www.federalregister.gov/documents/2023/04/12/2023-07115)\* for more information.

Blue Cross and BCN will review prior authorization requests for inpatient admissions for the following based on CMS 2024 Final Rule:

- Less than two-midnight hospital admission: We'll review such requests following the CMS case-by-case exception and apply the evidence-based factors as part of our internal coverage criteria to ensure the complex medical factors documented in the record support the medical necessity of hospital level of care. If the internal coverage criteria aren't met at an acute, intermediate or critical level of care status, the Blue Cross medical director will review the authorization request to determine medical necessity extending beyond the applicable internal coverage criteria.
- Two-midnight admission: We'll review such requests applying evidence-based factors as part of our internal coverage criteria to ensure the complex medical factors documented in the medical record support the medical necessity of the hospital level of care. If the internal coverage criteria aren't met at an acute, intermediate, or critical level of care status, the Blue Cross medical director will review the authorization request to determine medical necessity extending beyond applicable evidence-based criteria
- Greater than two-midnight admission: We'll review such requests applying evidence-based factors as part of our internal coverage criteria and the Medicare

coverage guidelines to ensure the complex medical factors documented in the medical record support the medical necessity of the hospital level of care for acute, intermediate or critical level of care status. If criteria aren't met, the Blue Cross medical director will review the authorization request to determine medical necessity extending beyond the applicable evidence-based criteria.

**Note:** Hospital care per CMS and under the two-midnight benchmark includes observation level of care. Blue Cross doesn't perform prior authorization, concurrent or retrospective review for observation level of care. If hospital care meets observation criteria, then the facility should bill appropriately for the level of care.

For additional information, see this CMS document: [Fact Sheet: 2024 Medicare Advantage Final Rule \(CMS 4201-F\)](#)\*.

[Subscribe](#) to Provider Alerts Weekly, a weekly email with a list of links to the previous week's provider alerts.

\*Clicking this link means that you're leaving the Blue Cross Blue Shield of Michigan and Blue Care Network website. While we recommend this site, we're not responsible for its content.