

Inpatient Hospital Services



INDEPENDENT CARE HEALTH PLAN

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Medicare Advantage Medical Coverage Policy

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Disclaimer

The Coverage Summaries are reviewed by the iCare Medicare Utilization Management Committee. Clinical policy is not intended to preempt the judgment of the reviewing medical director or dictate to health care providers how to practice medicine. Health care providers are expected to exercise their medical judgment in rendering appropriate care. Identification of selected brand names of devices, tests and procedures in a medical coverage policy is for reference only and is not an endorsement of any one device, test, or procedure over another. Clinical technology is constantly evolving, and we reserve the right to review and update this policy periodically. References to CPT® codes or other sources are for definitional purposes only and do not imply any right to reimbursement or guarantee of claims payment. No part of this publication may be reproduced, stored in a retrieval system or transmitted, in any shape or form or by any means, electronic, mechanical, photocopying or otherwise, without permission from iCare.

Related Documents

Please refer to [CMS website](#) for the most current applicable CMS Online Manual System (IOMs)/National Coverage Determination (NCD)/ Local Coverage Determination (LCD)/Local Coverage Article (LCA)/ Transmittals.

Type	Title	ID Number	Jurisdiction Medicare Administrative Contractors (MACs)	Applicable States/Territories
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Internet-Only Manuals (IOMs)	Pub. 100-02, Medicare Benefit Policy Manual, Chapter 1	Inpatient Hospital Services Covered Under Part A		
Internet-Only Manuals (IOMs)	Pub. 100-02, Medicare Benefit Policy Manual, Chapter 6	Hospital Services Covered Under Part B		
Internet-Only Manuals (IOMs)	Pub. 100-02, Medicare Benefit Policy Manual, Chapter 6	§10.1 – Reasonable and Necessary Part A Hospital Inpatient Claim Denials		
Internet-Only Manuals (IOMs)	Pub. 100-04, Medicare Claims Processing Manual Chapter 3	Inpatient Hospital Billing		
Internet-Only Manuals (IOMs)	Pub. 100-04, Medicare Claims Processing Manual Chapter 4	Part B Hospital (Including Inpatient Hospital Part B and OPPS)		
Internet-Only Manuals (IOMs)	Pub. 100-04, Medicare Claims Processing Manual Chapter 4	§290.2.2 - Reporting Hours of Observation		
Internet-Only Manuals (IOMs)	Pub. 100-04, Medicare Program Integrity Manual, Chapter 6	Medicare Contractor Medical Review Guidelines for Specific Services		

Coverage Determination

iCare follows the CMS requirement that only allows coverage and payment for services that are reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member except as specifically allowed by Medicare.⁷

iCare applies the criteria outlined under 42 C.F.R. 412.3—and related sub regulatory guidance cited below—in its coverage decisions for inpatient hospital services. An inpatient admission is generally appropriate for coverage under Medicare Part A when the admitting physician’s reasonable expectation is

that the patient requires medically necessary hospital care that crosses two midnights, the expectation of the physician is based on complex medical factors and is supported by the medical record documentation.^{1,5,8} This is referred to herein as the two-midnight benchmark.

According to CMS, complex medical factors include the following:

- Member's medical history and current medical needs;
- Types of facilities available to inpatients and to outpatients;
- The relative appropriateness of treatment in each setting;
- The severity of the signs and symptoms exhibited by the patient;
- The medical predictability of something adverse happening to the patient;
- The need for diagnostic studies that appropriately are outpatient services (i.e., their performance does not ordinarily require the patient to remain at the hospital for 24 hours or more) to assist in assessing whether the patient should be admitted; and
- The availability of diagnostic procedures at the time when and at the location where the patient presents.¹

Medicare Part A payment is prohibited for care rendered for social purposes or reasons of convenience that are not medically necessary. Factors that may result in an inconvenience to a beneficiary, family, physician, or facility do not, by themselves, support Part A payment for an inpatient admission.⁵

iCare may consider [InterQual guidelines](#) when evaluating the criteria above.

CMS Inpatient Only List

Itemized services, also known as the inpatient-only list can be accessed at [Addendum E. - Final HCPCS Codes that Would Be Paid Only as Inpatient Procedures for 2023](#).

Coverage Limitations

Refer to:

[Medicare Benefit Policy Manual, Chapter 6, §10.1 – Reasonable and Necessary Part A Hospital Inpatient Claim Denials](#)

[Medicare Claims Processing Manual, Chapter 4, §290.2.2 - Reporting Hours of Observation](#)

[US Government Publishing Office. Electronic code of federal regulations: part 411 – 42 CFR § 411.15 - Particular services excluded from coverage](#)

Coding Information

Any codes listed on this policy are for informational purposes only. Do not rely on the accuracy and inclusion of specific codes. Inclusion of a code does not guarantee coverage and/or reimbursement for a service or procedure.

CPT® Code(s)	Description	Comments
No code(s) identified		
CPT® Category III Code(s)	Description	Comments
No code(s) identified		
HCPCS Code(s)	Description	Comments
No code(s) identified		

References

- Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual, Chapter 1 – Inpatient Hospital Services Covered Under Part A. <https://www.cms.gov>. Accessed July 25, 2023.
- Centers for Medicare & Medicaid Services (CMS). Medicare Benefit Policy Manual, Chapter 6 – Hospital Services Covered Under Part B. <https://www.cms.gov>. Accessed July 25, 2023.
- Centers for Medicare & Medicaid Services (CMS). Medicare Claims Processing Manual Chapter 3 - Inpatient Hospital Billing. <https://www.cms.gov>. Accessed July 25, 2023.
- Centers for Medicare & Medicaid Services (CMS). Medicare Claims Processing Manual Chapter 4 - Part B Hospital (Including Inpatient Hospital Part B and OPPS). <https://www.cms.gov>. Accessed July 25, 2023.
- Centers for Medicare & Medicaid Services (CMS). Medicare Program Integrity Manual, Chapter 6 – Medicare Contractor Medical Review Guidelines for Specific Services. <https://www.cms.gov>. Accessed July 25, 2023.
- US Government Publishing Office. Electronic code of federal regulations: part 411 – Exclusions from Medicare and limitations on Medicare payment. Particular services excluded from coverage. <https://www.ecfr.gov> Published October 11, 1989. Updated January 19, 1990. Accessed July 26, 2023.
- US Government Publishing Office. Electronic code of federal regulations: part 412.3 – Prospective payment systems for inpatient hospital services. Admissions. <https://www.ecfr.gov> Published August 19, 2013. Updated November 16, 2021. Accessed September 8, 2023.

Change Summary

- 01/01/2024 New Policy.