



Medicare Utilization Review Version

CAUTION: These course materials will quickly become out-of-date.

Caution should be exercised in relying on these materials after this course. There are frequent changes to the various statutes, regulations, and guidelines applicable to the Medicare program. In addition, this notebook contains abbreviated or time sensitive copies of many documents. Links to the current versions of many Medicare statutes, regulations, and guidelines may be found on the following web page:

<https://revenuecycleadvisor.com/helpful-links>

At a minimum, before relying on any documents in this notebook, you should (1) download a current copy of the complete document and (2) confirm that the information provided in the document has not been rescinded, modified, or superseded.

Caution: This course is not a substitute for professional advisors.

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Kimberly is a Senior Regulatory Specialist for HCPro, Inc. She oversees HCPro's Medicare Boot Camps® and the regulatory content for HCPro's Medicare Propel Advisory Services, including Ask the Expert and monthly Watchdog services. She develops the content for HCPro's Medicare Boot Camp® – Hospital Version, Utilization Review Version, Provider-Based Department Version, and Revenue Integrity and Chargemaster Boot Camp, including the Critical Access Hospital version. She is also an instructor for the Medicare Boot Camp® - Critical Access Hospital Version and Rural Health Clinic Version. She specializes in regulatory guidance on Medicare patient status, coverage, billing, and reimbursement and has been a frequent speaker at national conferences, live events, and webinars.

Kimberly has over 30 years of healthcare experience in varying roles. As a Compliance Officer and In House Legal Counsel, she developed and implemented corporate-wide compliance programs for two hospitals and regularly provided research and guidance on federal and state laws and regulations, including EMTALA, Stark, anti-kickback and anti-inducement laws, fraud and abuse issues, physician recruiting, and coding, billing, and reimbursement issues for a wide-range of hospital services. She has experience conducting compliance audits and internal investigations as well as oversight of expense and payer contracting.

Kimberly earned her Bachelor of Arts degree in Philosophy from Yale University and her Juris Doctor degree from the University of Montana School of Law, where she received the Corpus Juris Secundum Award for Excellence in Contracts. She is licensed to practice law in the state of California¹ and is a member of the California Bar Association. She is also a Certified Professional Coder through the American Academy of Professional Coders.

¹ No legal services are provided through HCPro, Inc.



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Yvette has over 25 years' experience with extensive experience as a Professional/Outpatient Coding Consultant. She has extensive knowledge of Medicare coding, billing, and compliance issues. She worked with a Medicare Program Safeguard Contractor where she filled the roles of data analyst, policy consultant, and data manager during her employment.

Yvette is accredited as a Certified Professional Coder, Certified Professional Medical Auditor, and a Certified Inpatient Coder by the American Academy of Professional Coders. She holds a Master of Health Administration from Seton Hall University and a Bachelor of Science in Applied Behavioral Sciences from Pennsylvania State University.



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Gina M. Reese, RN, JD, is an expert in Medicare rules and regulations and is an instructor for HCPro's Medicare Boot Camp-Hospital Version®, Utilization Review Version® and Provider-Based Departments Version®. She is also the author of *Provider-Based Entities: A Guide to Regulatory and Billing Compliance*, published by HCPro. As a registered nurse and attorney, Ms. Reese has specialized for more than 30 years in assisting health care providers in Medicare regulatory interpretation, survey preparation, compliance with Medicare certification and Joint Commission accreditation requirements, responses to adverse certification/accreditation findings, appeals of reimbursement disputes, utilization management, and representation in fraud/abuse investigations and disclosures.

Ms. Reese graduated Magna Cum Laude from Whittier College School of Law in Los Angeles, after receiving a Bachelor's Degree in Business Administration with an emphasis in Accounting, Magna Cum Laude, from California State University at Los Angeles, and a Nursing degree from Samuel Merritt Hospital School of Nursing in Oakland, California. Ms. Reese specialized in pediatric intensive care, chemotherapy and diabetic care/education at University Hospital in San Diego and Childrens Hospital at Los Angeles (CHLA). She then moved into a position as supervisor in utilization management and quality review at CHLA, overseeing a cadre of nurses performing these tasks, staffing peer review, UM and quality committees at the hospital and drafting and managing policies and procedures for these activities. While attending law school, Ms. Reese accepted a position at Shriners Hospital for Crippled Children, Los Angeles, as the Director of Risk Management, Quality Assurance and Utilization Management.

After completing law school, Ms. Reese provided legal services for 10 years at Hooper, Lundy and Bookman, a boutique health law firm in Century City, California, representing health care providers across the country. For the next 10 years, Ms. Reese worked as Senior Counsel at Kaiser Foundation Health Plan/Hospitals, further broadening her knowledge of health care law to include managed health care, provider contracting, Medicare Advantage (including risk adjustment), revenue cycle, coding, privacy, electronic health records, and many other areas. Ms. Reese then became the Director of Risk Management at an acute care hospital in Southern California for 9 years, and is a Certified Professional Risk Manager through the American Hospital Association. In that capacity, she performed Medicare One Day Stay reviews and supported the Utilization Review Committee.



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Teri Rice is the lead instructor for the HCPro's Medicare Boot Camp – Critical Access Hospital Version and Rural Health Clinic Version (live and online). She also instructs the Medicare Boot Camp – Utilization Review Version and Utilization Review for Critical Access Hospitals Version. She also provides content for HCPro's Medicare Propel Advisory Services, including Monthly Watchdog and Ask the Expert services.

Teri has is a nurse with extensive experience in Compliance. In this position, she assisted an acute care hospital with documentation integrity, internal auditing, charge capturing, and education. She played an active role in software implementation, process improvement, and established a variety of workgroups. She assisted with the new design of a physical therapy software to promote compliance with Federal Medicare Regulations. She has assisted with rule based functionality within electronic health records for accurate charge capturing. She has also presented department specific educational programs to focus specifically on documentation, charging practices, and Medicare regulations.

She has extensive knowledge of Medicare billing and compliance issues. She has developed policies and procedures focused on Medicare regulations to promote compliance. She has collaborated on compliance workplans, internal organizational risks, and root cause analysis.



Medicare Utilization Review Version

KEY CONCEPTS OUTLINE

Module 1: Medicare Overview, Contractors, and Resources

I. The Four Parts of Medicare

A. Medicare Part A

1. Part A covers inpatient care, including:
 - a. Hospital care at a general acute care hospital, Critical Access Hospital (CAH), Inpatient Rehabilitation Facility, Inpatient Psychiatric Facility, or Long-Term Acute Care Hospital (LTCH);
 - b. Care at a Religious Nonmedical Health Care Institution;
 - c. Skilled Nursing Facility (SNF) care;
 - d. Home Health care (under a home health plan of care);
 - e. Hospice care. <Medicare.gov, “What Part A covers” website>
2. These facilities are referred to as “providers” under the Medicare regulations. <42 C.F.R. 400.202>
3. The beneficiary generally doesn’t pay a premium for Part A if they, or their spouse, paid Medicare taxes. <Medicare.gov, “Part A costs” website>
 - a. If an individual doesn’t qualify for premium free Part A benefits, they can purchase them. To purchase Part A, the beneficiary must generally also purchase Part B and may have to meet certain other requirements. <Medicare.gov, “Part A costs” website>
4. Institutional providers bill Part A services to the Medicare Administrative Contractor (MAC) using the UB-04/837I claim format. <Medicare Billing: 837I and Form CMS-1450 Fact Sheet>
 - a. Course note: The MAC is discussed later in this outline.

B. Medicare Part B

1. Part B covers inpatient, outpatient, and medical care, including:
 - a. Outpatient hospital diagnostic and non-diagnostic (therapeutic) services;
 - b. Certain inpatient hospital services, discussed in a later module;
 - c. Certain SNF¹ and Home Health² services;
 - d. Preventative services provided to inpatients or outpatients;
 - e. Physician and other professional services, including outpatient therapy;
 - f. Ambulatory Surgery Center (ASC) services;
 - g. Independent Diagnostic Testing Facility (IDTF) and Clinical Diagnostic Laboratory services; and
 - h. Durable Medical Equipment (DME). <Medicare.gov, “What Part B covers” website>
 2. These services can be provided by institutional “providers” or “suppliers”, including physicians and other non-institutional providers. <42 C.F.R. 400.202>
 3. The beneficiary generally pays a premium for Part B. <Medicare.gov, “Part B costs” website>
 - a. The beneficiary may purchase Part B, even if they are not eligible for or do not purchase Part A.
- Medicare beneficiaries may have both Part A and Part B or just Part A or just Part B. Enrollment should be verified.
4. Institutional providers bill Part B services to the MAC on the UB-04/837I claim format. <Medicare Billing: 837I and Form CMS-1450 Fact Sheet>
 - a. Physicians and other non-institutional suppliers bill Part B services to the MAC using the CMS 1500/837P claim format.

¹ SNF services provided to non-inpatient beneficiaries, provided to beneficiaries not in a covered Part A stay, or excluded from the Part A prospective payment system.

² Home Health services provided outside a plan of care.

C. Medicare Part C

1. Medicare Part C is an alternative to traditional fee-for-service Medicare Part A and B. Private insurance companies offer Part C in the form of Medicare Advantage (MA) plans. <Medicare.gov, “Your Medicare coverage choices” website>
2. MA plans may be Coordinated Care Plans (CCPs), Medical Savings Account (MSA) plans, and Private Fee-for-Service (PFFS) Plans. <*Medicare Managed Care Manual*, Chapter 1 § 20.1>
 - a. Coordinated Care Plans may take the form of Health Maintenance Organizations (HMOs) that use a network of providers and a primary care provider gatekeeper, Local and Regional Preferred Provider Organizations (PPOs), and Special Needs Plans (SNPs) for institutionalized beneficiaries (I-SNPs), dual eligible beneficiaries (D-SNPs) and beneficiaries with a severe or disabling chronic condition (C-SNPs).
3. MA plans must cover as basic benefits all services traditional Medicare covers, except hospice care, applying coverage criteria that are no more restrictive than traditional Medicare coverage criteria. <42 C.F.R. 422.101(a); 88 Fed. Reg. 22185-200>
 - a. Traditional Medicare covers hospice care for beneficiaries covered by MA Plans, except plans participating in the Value-Based Insurance Design Model with the Hospice Benefit Component. <Medicare.gov, “What Medicare health plans cover” website; cms.gov, “VBID Model Hospice Benefit Component Overview”>

Link: Medicare Advantage Value Based Insurance Design – Hospice Model under Medicare-Related Sites - General
4. MA plans may cover additional services not covered under traditional Medicare as supplemental benefits if they are primarily health related and are not for comfort, cosmetic, or for daily maintenance. <*Medicare Managed Care Manual*, Chapter 4 § 30.1>
 - a. Examples of supplemental benefits include
 - i. Vision, hearing, dental, or preventative services not covered by Medicare <*Medicare Managed Care Manual* Chapter 4 § 30.2>;
 - ii. Bathroom safety devices, fitness benefits, health and nutritional education and weight management programs, meals on a temporary basis after surgery or for a chronic condition, over the counter

supplements and drugs, remote access technology such as a nurse hotline, and transportation services. <Medicare Managed Care Manual, Chapter 4 § 30.3>; and

- iii. Services furnished by a different type of provider or in a different setting than basic benefits (i.e., as covered under traditional Medicare). <88 Fed. Reg. 22186-7, 22192, 22195>
- b. MA Plans may make beneficiaries aware of treatment options and settings under their supplemental benefits or encourage specific treatment options as part of the plan's coordination and management of the care. <88 Fed. Reg. 22195>
- 5. MA plans pay hospitals according to their contract with the hospital or, if they are not contracted with the hospital, they must generally pay the hospital at least the traditional Medicare payment rate. <MA Payment Guide for Out of Network Payments, 4/15/2015 Update>
 - a. Medicare publishes a very helpful guide for payments by MA plans to out of network providers on their "Provider Payment Dispute Resolution for Non-Contracted Providers" website.

Link: Medicare Advantage Out of Network Payment Guide under Medicare-Related Sites - General

D. Medicare Part D

- 1. Part D covers prescription drugs for Medicare beneficiaries. Part D plans are designed to cover drugs obtained from a retail pharmacy.
 - a. Part D may cover drugs, not covered under Part B, provided in hospital outpatient departments. If the hospital is not contracted with the Part D plan, the beneficiary may have to request out of network reimbursement from their Part D plan. <How Medicare Covers Self-Administered Drugs Given in Hospital Outpatient Setting>

II. Medicare Administrative, Program Integrity, and Appeal Contractors

A. The Centers for Medicare and Medicaid Services (CMS) use multiple functional contractors to perform the functions necessary to administer the Medicare program.

B. Part A/B Medicare Administrative Contractors (MACs)

1. MACs are Medicare contractors who perform all core claims processing functions and act as the primary point of contact for providers and suppliers for functions such as enrollment, education, coverage, billing, processing, redetermination requests, payment, and auditing. <CMS.gov, “What is a MAC” website>

a. MACs publish substantial claims processing, billing, and coding guidance on their websites, including medical review and documentation guidelines, coverage policies, and appeals and audit information.

Tip: Medicare contractors sometimes refer to hospital outpatient services as “Part B of A” or simply Part A outpatient services. Policies and guidance for outpatient services are found on MAC Part A websites even though these services are actually covered under Part B.

2. There are 12 Part A/B MACs, designated by either a letter or number. <See “Medicare Administrative Contractors (MACs)” post 3/28/23; see “A/B MAC Jurisdictions”, posted 3/28/23>

In 2010, CMS began consolidating the original 15 MAC jurisdictions (designated by numbers) into 10 consolidated MACs (designated by letters). In 2014, after consolidating 12 jurisdictions, CMS discontinued the consolidation leaving four numbered jurisdictions (J5, J6, J8, and J15).

a. CMS publishes a map with state-by-state contractor information.

Link: Medicare Administrative Contractors (MAC) Jurisdictions under Medicare-Related Sites – General

C. Quality Improvement Organizations (QIOs)

1. Beneficiary and Family Centered Care QIOs (BFCC-QIOs) manage beneficiary complaints and quality of care reviews, including beneficiary discharge appeals. <CMS.gov, “Quality Improvement Organizations” website; CMS.gov, “Inpatient Hospital Reviews” website; 80 *Fed. Reg.* 39350-53>
2. CMS contracts with two BFCC-QIOs, Acentra (formerly KEPRO) and Livanta, to provide services in 10 distinct areas designated by CMS. For details, refer to the QIO map included in the materials behind the outline. <See “QIO MAP”>
3. Short Stay Reviews
 - a. One of the QIOs, Livanta, was awarded a national contract to conduct short stay reviews (SSRs) and higher weighted DRG reviews in all QIO jurisdictions.

Note: Beginning September 1, 2025, the MACs will take over short-stay audits and they will fall under the Targeted Probe and Educate (TPE) audit program.

Link: Inpatient Hospital Reviews – New Site under Medicare-Related Sites – Hospital

Link: Targeted Probe and Educate under Medicare-Related Sites - General

- b. Livanta has posted multiple “Claim Review Advisors” on its Provider Resources webpage that address general information about the short stay and higher weighted DRG review programs, sampling strategy, audit results, and specific clinical scenarios or diagnoses. <Livanta National Claim Review Contractor website>
 - c. Providers can sign up to receive the Claim Review Advisors and other information from Livanta by email.

Link: Livanta Claims Review Advisors under Listserv Subscriptions

D. Recovery Audit Contractors/Recovery Auditors (RAC)

1. CMS identified four Part A/B Recovery Audit Jurisdictions (i.e., Regions 1-4). There is also a national Region 5 Recovery Audit Jurisdiction for DMEPOS, home health, and hospital. The map of the RAC regions is included in the materials behind the outline. <See “A/B Recovery Audit Program Regions”>
2. CMS contracts with one Recovery Auditor for each jurisdiction, who is paid a contingency fee based on identified overpayments and underpayments. <CMS.gov, “Medicare Fee for Service Recovery Audit Program” website>
3. CMS publishes all proposed and approved audit topics on their website.

Link: Recovery Audit Program under Medicare-Related Sites - General

E. Unified Program Integrity Contractors (UPICs)

1. Unified Program Integrity Contractors (UPICs) are responsible for preventing, detecting, and deterring fraud, waste, and abuse in both the Medicare and Medicaid programs. <Medicare Program Integrity Manual, Chapter 4 § 4.2.2.1>

In performing fraud and abuse functions, UPIC may:

- Conduct investigations and perform medical review
- Perform data analysis
- Request medical records and documentation
- Conduct interviews with beneficiaries, complainants, or providers
- Conduct site verification or onsite visits
- Identify the need for a prepayment or auto-denial edit
- Share information with other UPICs/ZPICs
- Institute a provider payment suspension
- Refer cases to law enforcement to consider civil or criminal prosecution

Unified Program Integrity Contractor page, Noridian website

F. Comprehensive Error Rate Testing Program Contractor (CERT)

1. CMS contracts with CERT contractors to perform audits to measure the error rate of Medicare paid claims. <CMS.gov, “Comprehensive Error Rate Testing” website>

- a. The CERT contractor uses a statistically valid random sample of approximately 50,000 claims to determine a national improper payment rate for the Medicare program. <CMS.gov, “Comprehensive Error Rate Testing” website>
- b. The CERT contractor assigns of improper payment categories:
 - i. No Documentation
 - ii. Insufficient Documentation
 - iii. Medical Necessity
 - iv. Incorrect Coding
 - v. Other
 - a) Examples include duplicate payment error and non-covered or unallowable service

G. Supplemental Medical Review Contractor (SMRC)

- 1. CMS contracts with SMRCs to perform and provide support for a variety of tasks, including nationwide medical review audits aimed at lowering improper payment rates by conducting reviews focused on vulnerabilities identified by CMS. <CMS.gov, “Supplemental Medical Review Contractor” website>
- 2. SMRC’s conduct medical reviews selected based upon multiple sources of information including, but not limited to:
 - a. CMS identified vulnerabilities;
 - b. OIG/GAO (Office of Inspector General/Government Accountability Office) identified issues; and
 - c. Comprehensive Error Rate Testing (CERT) Errors. <Medicare Program Integrity Manual, Chapter 1 § 1.3.1>

H. Qualified Independent Contractors (QICs)

- 1. QICs conduct the second level of appeal if the MAC denies the providers first level appeal. <CMS.gov, “Second Level of Appeal: Reconsideration by a Qualified Independent Contractor” website>

III. Independent Government Entities

A. Departmental Appeals Board (DAB)

1. DAB is an agency within the Department of Health and Human Services that provides independent review of disputed decisions in a wide range of Department programs under more than 60 statutory provisions. <DAB Website, Background>
2. The two primary divisions of DAB with respect to Medicare disputes and appeals are:
 - a. Office of Medicare Hearings and Appeals (OMHA);
 - i. The Administrative Law Judges (and attorney advisors) are employed directly by the Office of Medicare Hearings and Appeals (OMHA).
 - ii. ALJs issue third level appeal decisions following an appeal of a decision of the QIC.
 - b. Medicare Appeals Council (often referred to as either “MAC” or the Council)
 - i. The Council provides the final administrative review (fourth level of appeal) of claims for entitlement to Medicare and individual claims for Medicare coverage and payment filed by beneficiaries or health care providers/suppliers appealed from the ALJs.

B. Department of Health and Human Services Office of Inspector General (OIG)

1. The DHHS OIG is the largest inspector general’s office in the Federal Government, with the majority of their resources directed at oversight of the Medicare and Medicaid programs. <About OIG, HHS OIG website>
2. The DHHS OIG conducts nationwide audits, investigations, and evaluations; publishes an annual work plan of audit activity; provides cost saving and policy recommendations; and develops and distributes resources to assist health care providers with compliance with fraud and abuse laws. <About OIG, HHS OIG website>

IV. Web-Based Resources

A. There are two main websites with Medicare source authority (i.e., Medicare “rules”):

1. The U.S. Government Printing Office (GPO) Federal Digital System (FDsys) website hosts statutes and regulations. The FDsys generally has prior versions of statutes and regulations going back several years.
2. The CMS website hosts CMS sub-regulatory guidance, including manuals, transmittals, and other guidance on the Medicare program.

Caution: The CMS website does not maintain an archive of prior versions of manuals and often removes transmittals or other guidance without notice. If you rely on guidance from the CMS website, you should retain a printed or electronic copy to ensure you have it for future reference.

B. HCPro maintains a website with extensive links to Medicare resources, including the FDsys and CMS websites at:

<https://www.revenuecycleadvisor.com/helpful-links>

1. Handout 3 is a copy of HCPro’s links page for your reference or to note links you find useful during class.

V. Key Sources of Authority

A. For your reference, Handout 4 explains key sources of authority, or Medicare “rules”, as well as where they are published, where to find them on the internet, example citations, and tips for navigating them to find important information.

1. Handout 4 is organized in the order audit contractors should apply guidance in making medical review decisions. <Medicare Program Integrity Manual, Chapter 3 § 3.3 A>

VI. Ways to Stay Current (All Free)

A. Subscribe to The Livanta Claims Review Advisor

Link: Livanta Claims Review Advisors under Listserv Subscriptions

B. Subscribe to CMS email updates.

1. Suggested CMS mailing lists include:

Link: CMS Email Update Lists – Subscriber’s Main Page under Listserv Subscriptions

- a. CMS Coverage Email Updates
- b. MLN Connects™ Provider eNews
- c. Hospital Open Door Forum

Tip: CMS conducts periodic “Hospital Open Door Forum” calls which provide valuable information to hospitals. You can receive dial in information by signing up to this list or checking the Hospital Open Door Forum website.

- d. CMS News Releases (including proposed and final rule fact sheets)

C. Subscribe to your MAC’s email list.

D. Subscribe to HCPro’s resources to receive information and updates.

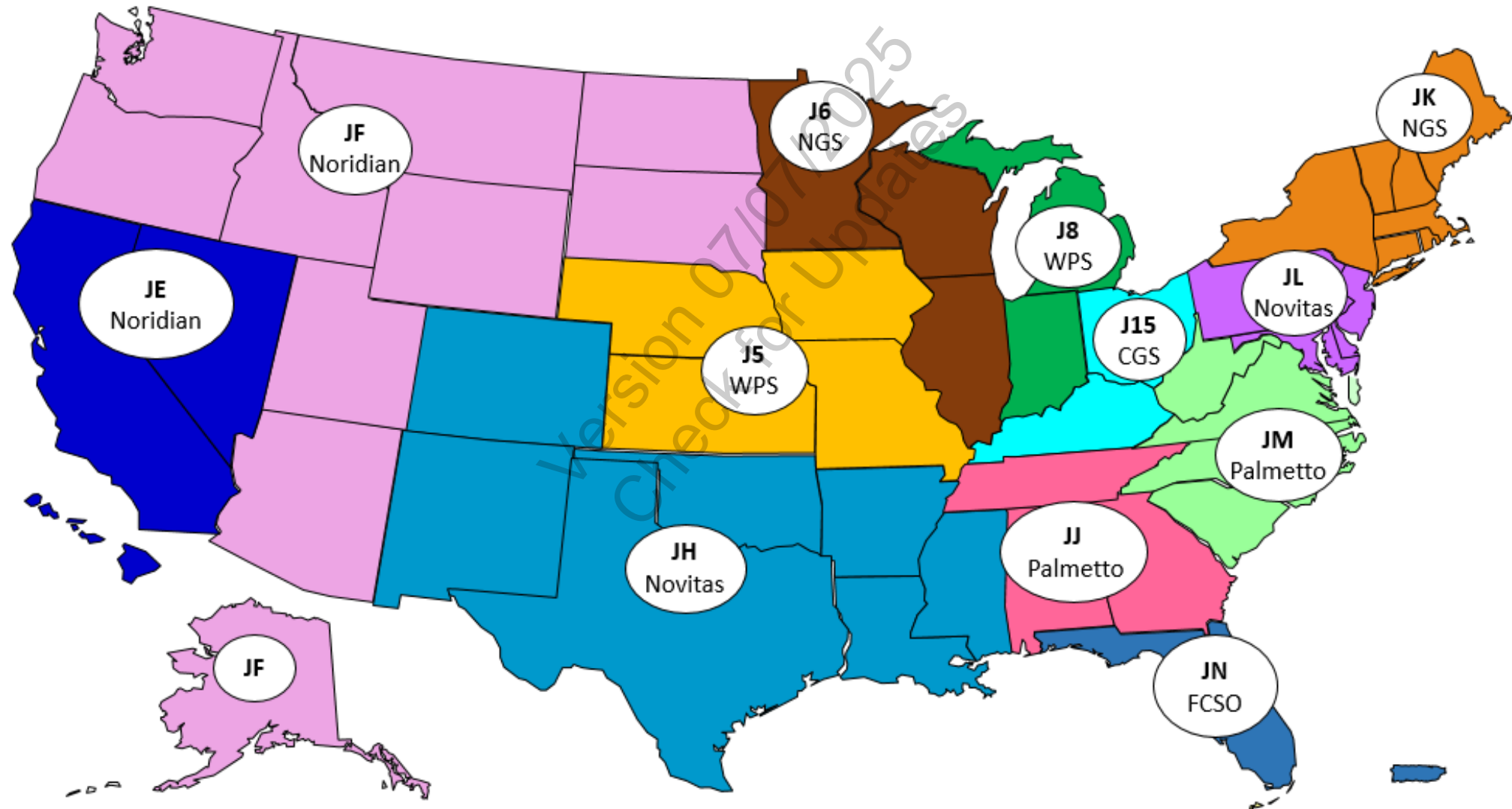
- 1. Revenue Cycle Daily Advisor is a free daily email publication with informative articles gathered from a variety of HCPro and HealthLeaders sources.
- 2. Revenue Integrity Insider is a free email publication with information from the National Association of Healthcare Revenue Integrity (NAHRI), a new association dedicated to providing revenue integrity professionals with resources, networking, and education.

Link: HCPro Free Email Newsletter under Listserv Subscriptions

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A/B MAC Jurisdictions

Posted 03/28/23



Medicare Administrative Contractors (MACs)

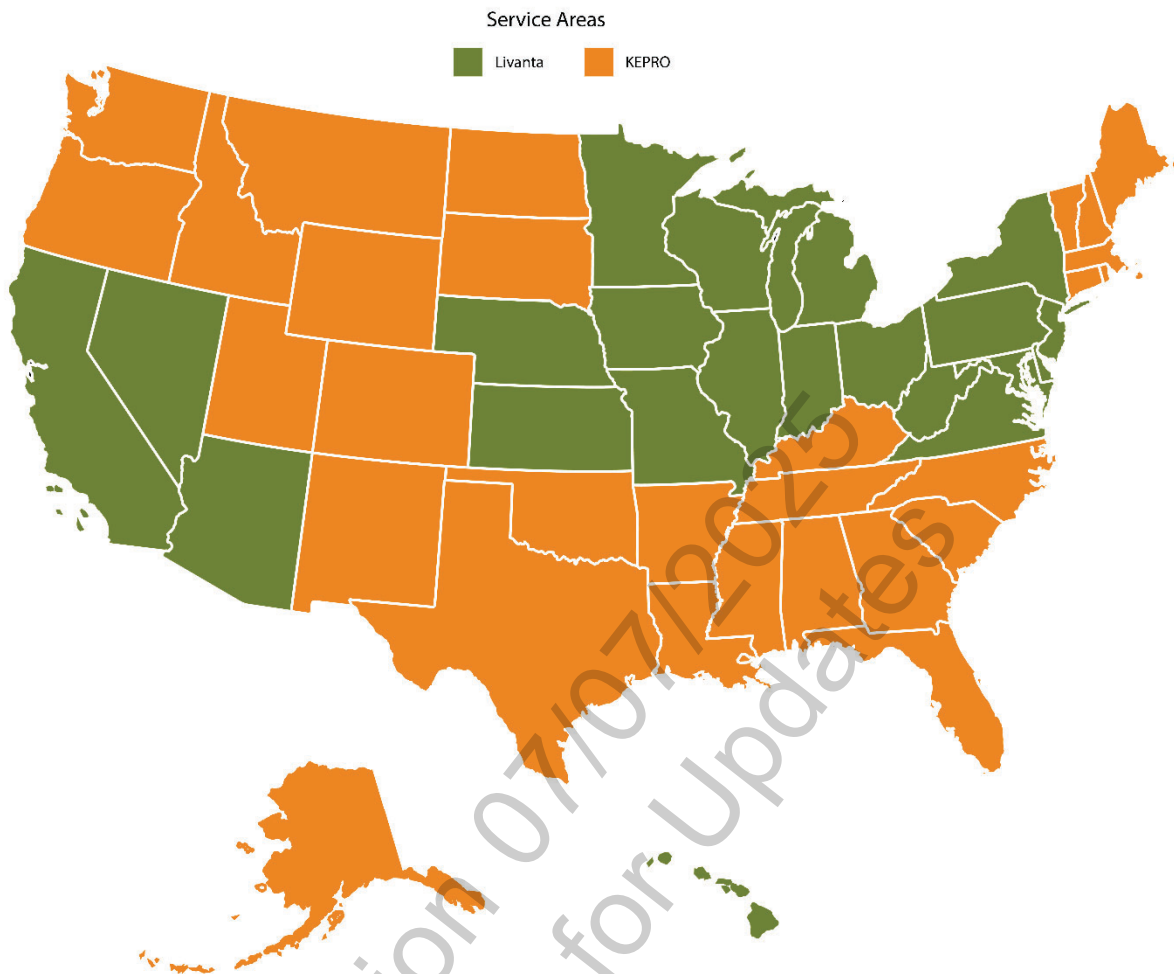
1 - 20

Posted 03/28/23

MAC Jurisdiction	Processes Part A & Part B Claims for the following states/territories:	MAC
DME A	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont	Noridian Healthcare Solutions, LLC
DME B	Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, Wisconsin	CGS Administrators, LLC
DME C	Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, Puerto Rico, U.S. Virgin Islands	CGS Administrators, LLC
DME D	Alaska, Arizona, California, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, American Samoa, Guam, Northern Mariana Islands	Noridian Healthcare Solutions, LLC
5	Iowa, Kansas, Missouri, Nebraska	Wisconsin Physicians Service Government Health Administrators
6	Illinois, Minnesota, Wisconsin **HH + H for the following states: Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Oregon, Puerto Rico, US Virgin Islands, Wisconsin and Washington	National Government Services, Inc.
8	Indiana, Michigan	Wisconsin Physicians Service Government Health Administrators
15	Kentucky, Ohio **HH + H for the following states: Delaware, District of Columbia, Colorado, Iowa, Kansas, Maryland, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Utah, Virginia, West Virginia, and Wyoming	CGS Administrators, LLC
E	California, Hawaii, Nevada, American Samoa, Guam, Northern Mariana Islands	Noridian Healthcare Solutions, LLC
F	Alaska, Arizona, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Noridian Healthcare Solutions, LLC
H	Arkansas, Colorado, New Mexico, Oklahoma, Texas, Louisiana, Mississippi	Novitas Solutions, Inc.
J	Alabama, Georgia, Tennessee	Palmetto GBA, LLC
K	Connecticut, New York, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont **HH + H for the following states: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont	National Government Services, Inc.
L	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania (includes Part B for counties of Arlington and Fairfax in Virginia and the city of Alexandria in Virginia)	Novitas Solutions, Inc.
M	North Carolina, South Carolina, Virginia, West Virginia (excludes Part B for the counties of Arlington and Fairfax in Virginia and the city of Alexandria in Virginia) **HH + H for the following states: Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, and Texas	Palmetto GBA, LLC
N	Florida, Puerto Rico, U.S. Virgin Islands	First Coast Service Options, Inc.

****Also Processes Home Health and Hospice claims**

QIO MAP

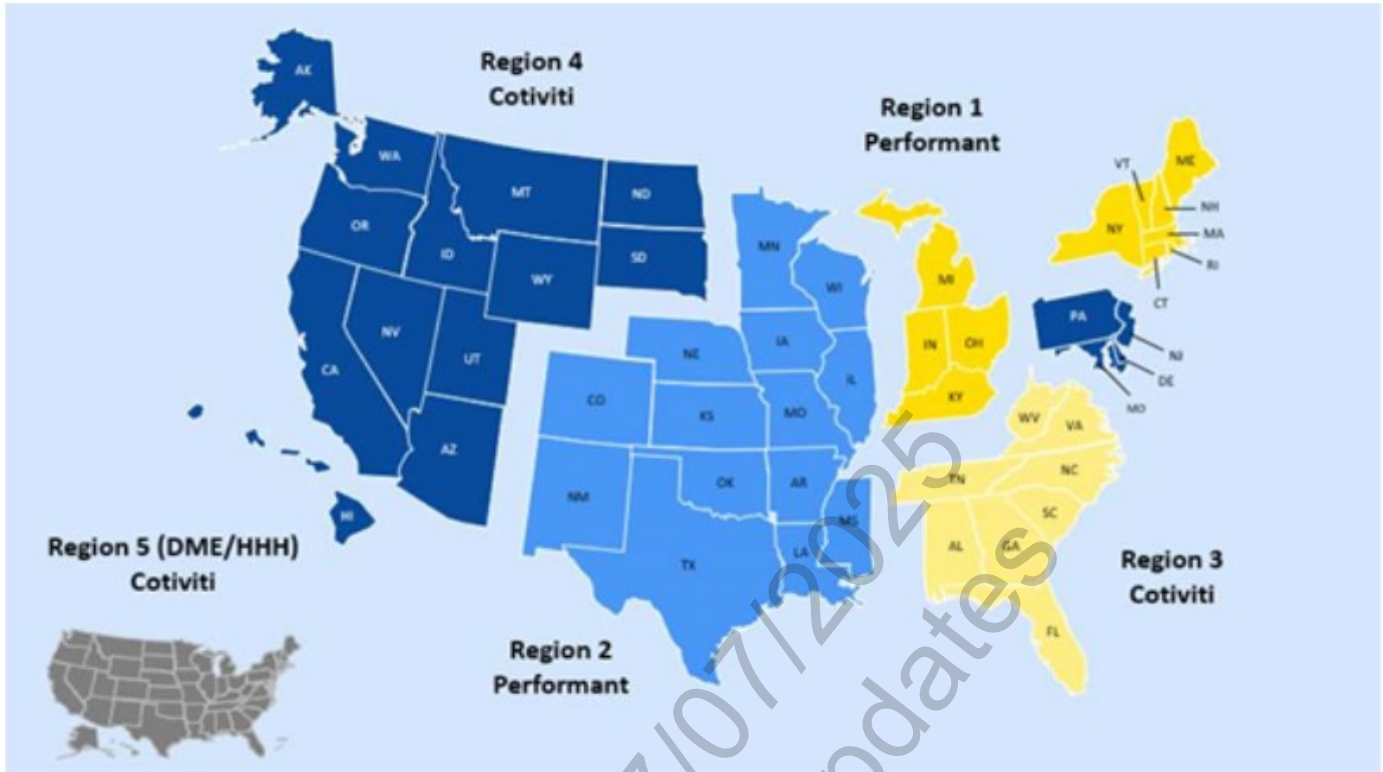


BFCC-QIOs will continue to help Medicare patients [file an appeal](#) if patients (or their families) think they are being discharged from the hospital (or services are ending) too soon. Medicare patients can also [file a complaint](#) when they have a concern about the quality of medical care they are receiving from a health care professional or facility.

How do the new contracts affect healthcare providers?

As a result of BFCC-QIOs providing services to different states (see above to see which BFCC-QIO covers your state), you may or may not have the same BFCC-QIO. To learn more about how this may affect your facility, as well as any action you may need to take, please visit www.keproqio.com/transition or <https://livantaqio.com/en/provider/transition>.

Note: KEPRO changed its name to Acentra Health, however CMS has not updated the QIO Map.



RACs in Regions 1-4 will perform post payment review to identify and correct Medicare claims specific to Part A and Part B. Region 5 RAC will be dedicated to review of Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) and Home Health / Hospice.

THE LIVANTA CLAIMS REVIEW ADVISOR



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

Volume 1, Issue 2

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Exploring Short-Stay Claim Review Guidelines

In this issue of The Livanta Claims Review Advisor:

- History and Background of Short-Stay Claim Reviews
- Short Stay Medical Review
- Step-by-step Guideline for Short-Stay Determinations
- Documentation Features



Brief History of Short-Stay Claim Reviews

The Centers for Medicare & Medicaid Services (CMS) implemented the Two-Midnight Rule in Fiscal Year (FY) 2014 to assist in determining when an inpatient admission would be appropriate for payment under Medicare Part A (inpatient hospital services). Under the Two-Midnight Rule, inpatient admissions would generally be payable under Part A if the admitting practitioner expected the patient to require a hospital stay that crossed two midnights and the medical record supported that reasonable expectation.

In the FY2016 Outpatient Prospective Payment System (OPPS) Final Rule, CMS amended the Two-Midnight Rule and clarified that, in certain circumstances, Medicare would also pay for inpatient stays that lasted less than two midnights on a case-by-case basis if the documentation in the medical record supported the determination that the patient required inpatient hospital care. The Two-Midnight Rule does not apply to procedures on the Inpatient-Only List.

Under CMS direction, Livanta is the Beneficiary and Family Centered Care -Quality Improvement Organization (BFCC-QIO) conducting 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. This Rule outlines two medical review policies: (1) a two-midnight presumption; and (2) a two-midnight benchmark. CMS also issued a BFCC-QIO Two-Midnight Claim Review Guideline that graphically depicts the tenets of the Two-Midnight Rule.

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.%20508.pdf>

FY 2014 IPPS Final Rule - 78 FR 50938 – 50954 (Medical Necessity Review on Inpatient Admissions)

<https://www.govinfo.gov/content/pkg/FR-2013-08-19/pdf/2013-18956.pdf>

FY2016 Outpatient Prospective Payment System (OPPS) Final Rule - 80 FR 70297 – 70607

<https://www.govinfo.gov/content/pkg/FR-2015-11-13/pdf/2015-27943.pdf>

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Short-Stay Medical Review

Two-Midnight Presumption

Inpatient hospital claims with lengths of stay two midnights or greater after formal inpatient admission are presumed to be appropriate for Medicare Part A payment and are not the focus of medical review efforts, unless there is evidence of systematic gaming, abuse, or delays in the provision of care in an attempt to qualify for the two-midnight presumption. Therefore, these inpatient claims are not subject to sampling under the Short Stay Review (SSR) program. This presumption is explained in Livanta's Step-by-Step Guideline for Short-Stay Review Determinations.

Two-Midnight Benchmark

The two-midnight benchmark represents guidance to Medicare review contractors to identify when an inpatient admission is generally appropriate for Medicare Part A payment under CMS-1599-F, as revised by CMS-1633-F. This guidance is consolidated in the graphic Two-Midnight Claim Review Guideline issued by CMS, noted below. Livanta follows these steps when making SSR determinations for sampled inpatient claims of less than two midnights.

Applying the Claim Review Guideline

The Two-Midnight Rule does not set a standard of care or dictate what kind of care physicians should be providing for patients. The rule is designed to determine how claims will be paid. In most cases, physicians should generally treat patients expected to require medically necessary hospital care for less than two midnights under outpatient care or observation services.



Support for a stay expected to be two midnights or longer

CMS acknowledges that there are circumstances where the patient's length of stay may be less than that initially estimated at the time of admission. Physician estimates of length of stay should be made based on data, clinical judgment, and plans of care. Documentation of these factors is reviewed specific to the admission and to support of the two-midnight expectation. Generic statements accompanying inpatient orders in many electronic medical records do not provide sufficient clarity to support such decisions.

For those hospital stays in which the physician cannot reliably predict the beneficiary to require a hospital stay of two midnights or more, the physician should continue to treat the beneficiary as an outpatient and then admit as an inpatient if and when additional information suggests a longer stay or the passing of the second midnight is anticipated.

Support for admission without a two-midnight expectation

At the time of admission, if a physician believes that the situation is one of the infrequent situations where inpatient care is required—despite the fact that such care is not expected to span at least two midnights—then he or she should explicitly document the reason the specific case requires inpatient care as opposed to hospital services in an observation status. Upon review, CMS and its contractors retain the discretion to determine whether the documentation is sufficient to support the medical necessity of the inpatient admission.

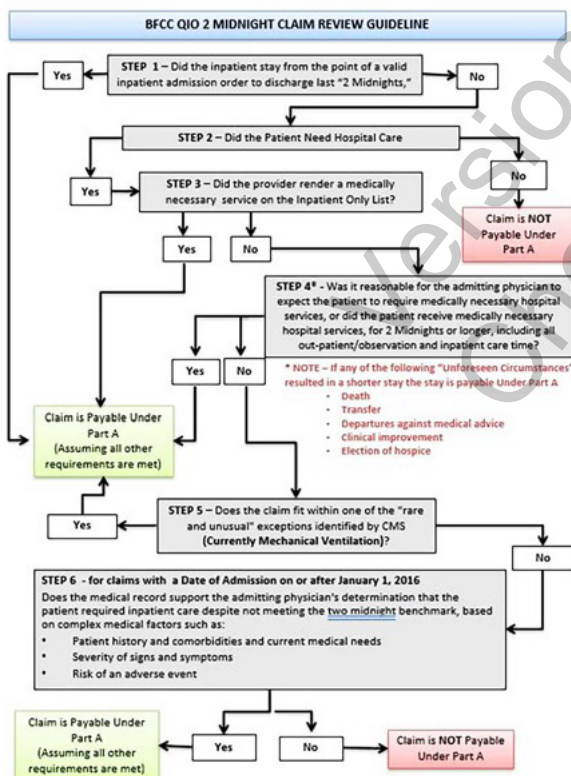
The expectation of the physician should be based on such complex medical factors as patient history and comorbidities, the severity of signs and symptoms, current medical needs, and the risk of an adverse event. The factors that lead to a particular clinical expectation must be documented in the medical record in order to be granted consideration.

The use of telemetry, by itself, is not considered a service that would justify an inpatient admission in the absence of a two-midnight expectation

CMS also specified in the Final Rule that treatment in an intensive care unit should not be an exception to this standard, as the two-midnight benchmark policy is not contingent on the level of care required or the placement of the beneficiary within the hospital.

Potential quality of care issues noted during a review for payment of a short stay are referred to the appropriate Regional BFCC-QIO for follow up.

Step-by-Step Guideline for Short-Stay Review Determinations



Revised May 3, 2016 1:47pm

Livanta includes a copy of the Guideline here, for convenience. The file was last accessed March 29, 2022. A link is also included for reference.

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.%20508.pdf>

Livanta operationalizes this Guideline issued by CMS for claim reviews to approve or deny the sampled claims, using the documentation in the medical record associated with the claim. There are three potential final outcomes of a Short Stay Review:

- **Approved:** the claim is appropriate for Medicare Part A payment.
- **Excluded:** the claim meets one or more of the exclusion criteria outlined in the Rule.
- **Denied:** the claim is not appropriate for Medicare Part A payment.

Hospitals can check on the status of their claim reviews at Livanta's Claim Review Services website:

https://livantaqio.com/en/ClaimReview/Provider/case_lookup.html

Step 1: Did the inpatient stay from the point of a valid inpatient admission order to discharge last two midnights?

- Yes to this step leads to the claim being Approved
- No to this step sends the review onto Step 2

Step 1 is related to the Two-Midnight Presumption and only counts time after the inpatient admission order. Outpatient time is taken into consideration at Step 4b.

Step 2: Did the patient need hospital care?

- Yes to this step leads the review onto Step 3
- No to this step requires physician review for a potential denial

Part A payment is not appropriate for purely custodial care. Part A payment is generally not appropriate in the following circumstances: Care rendered for social purposes; care rendered for convenience only; delays in providing medically necessary care (generally, delays greater than 24 hours for consultations, testing, care plan documentation).

Step 3: Did the provider render a medically necessary service on the Inpatient-Only List?

- Yes to this step leads to the claim being Approved as an exclusion
- No to this step sends the review onto Step 4

In implementing the CMS Guideline, Livanta samples with the goal to avoid claims with procedure codes associated with a procedure on the applicable Inpatient-Only List. Due to crosswalk complexities, an occasional sampled claim procedure may be on the Inpatient-Only List. The medical record for such a claim is reviewed by a certified coder to ascertain whether or not the actual procedure performed is a procedure on the Inpatient-Only List. If it is determined that the procedure performed is on the Inpatient-Only List, the claim is approved for payment under Medicare Part A as an exclusion. If the patient presents for a scheduled procedure on the Inpatient-Only List and the procedure is aborted or cancelled, the claim is also approved for payment as an exclusion.

Step 4: Was it reasonable for the admitting physician to expect the patient to require medically necessary hospital services, or did the patient receive medically necessary hospital services for two midnights or longer, including all outpatient/observation and inpatient care time?

Livanta breaks this step down into three components.

4a: Was it reasonable for the admitting physician to expect the patient to require medically necessary hospital services?

- Yes to Step 4a sends the review onto Step 4b
- No to Step 4a requires physician review for a potential denial, if Steps 4b, 4c, and 5 are also answered No

4b: Did the patient receive medically necessary hospital services for two midnights or longer, including outpatient/observation and inpatient care time?

- Yes to Step 4b leads to the claim being Approved
- No to Step 4b sends the review onto Step 4c

For patients who are transferred from one facility to another, the BFCC-QIO considers pre-transfer time and care provided to the beneficiary at the initial hospital. The "clock" for transfers begins when the care begins in the initial hospital. Any excessive wait times or time spent in the hospital for non-medically necessary services are excluded.

4c: Did any of the following “unforeseen circumstances” result in a shorter stay? (select from Death, Transfer, Departures against medical advice, Election of hospice, Clinical improvement)

- Selection of any option at Step 4c leads to the claim being Approved as payable under Medicare Part A.

Generic statements such as “I anticipate a 2 midnight stay” are not sufficient to meet Step 4. The physician documentation of the evaluation and plan of care must indicate a reasonable expectation of a two-midnight stay. If determination of the length of stay will be based on results of further testing, the decision for inpatient admission should await these test results.

Step 5: Does the claim fit within one of the rare and unusual exceptions identified by CMS (currently new mechanical ventilation)?

- Yes to this step leads to the claim being Approved
- No to this step sends the review onto Step 6

This involves newly initiated mechanical ventilation when medically necessary and excluding anticipated intubations related to minor surgical procedures or other treatment.

Step 6: Does the medical record support the admitting physician’s determination that the patient required inpatient care despite not meeting the two-midnight benchmark based on complex medical factors such as patient history and comorbidities and current medical needs, severity of signs and symptoms, or risk of an adverse event?

- Yes to this step leads to the claim being Approved
- No to this step leads to a potential denial of the claim

The decision on this step is always the result of physician review. The physician’s documentation must indicate the reason the patient needs inpatient admission without a two-midnight expectation. The care provided along with the reason for the admission must represent a risk above the patient’s baseline risk. The “patient risk” that qualifies under this category is not the patient’s baseline risk but the risk of the treatment provided that recognizes the patient’s comorbidities. In general, the patient’s comorbidities are only relevant to this decision in so far as they influence the management of the condition that required admission. This influence should be documented in the record.

Documentation is Key

For Medicare payment purposes, both the decision to keep the patient at the hospital and the expectation of needed duration of the stay must be supported by documentation in the medical record based on factors such as beneficiary medical history and comorbidities, the severity of signs and symptoms, current medical needs, and the risk of an adverse event during hospitalization.

Document case-specific features that would support the expectation of a two-midnight stay at the time of admission, such as a complex plan of care, need for frequent monitoring, impact of comorbidities, likelihood of an adverse event, or specific services that can only be provided in the hospital. Be as specific as possible. Part A payment is appropriate on a case-by-case basis where the medical record supports the admitting physician’s determination that the patient requires inpatient care, despite the lack of a two-midnight expectation.



There are three ways that a patient can meet medical necessity for Part A payment:

- Services that required hospital services for at least two midnights;
- Documented reasonable expectation of two midnights of hospital care, supported by the plan of care at the time of admission; or
- Documented need for inpatient care despite the lack of a two-midnight expectation, including specific services needed and provided; the likelihood of an adverse event based on the patient's circumstances; or a service that can only be provided on an inpatient basis.

The more explicit a physician's documentation of his or her thought process, the more accurate the QIO determination will be.

DOCUMENTATION remains the best way to ensure appropriate reimbursement. Physicians should explain the need for a two-midnight stay or inpatient services in the absence of a two-midnight expectation. The attending physician should describe what services are uniquely inpatient services or require two midnights of hospital care. Documentation need not be exhaustive but should be specific to the case.

Questions?

Should you have questions, please email ClaimReview@Livanta.com.

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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>

ABOUT LIVANTA LLC AND THIS DOCUMENT - Disclaimer

This material was prepared by Livanta LLC, the Medicare Beneficiary and Family Centered Care - Quality Improvement Organization (BFCC-QIO) under national contract with the Centers for Medicare & Medicaid Services (CMS), an agency of the