

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



TDL-11447, 08-24-11

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**MEMORANDUM**

**DATE:** August 29, 2011

**FROM:** Director Provider Compliance Group  
Office of Financial Management  
  
Director, Medicare Contractor Management Group  
Center for Medicare

**SUBJECT:** Medical Review Policy Clarification

**TO:** All Fiscal Intermediaries (FIs), Carriers, and Part A and Part B  
Medicare Administrative Contractors (A/B MACs)

The Centers for Medicare & Medicaid Services (CMS) is in the process of clarifying the guidelines related to orders for inpatient hospital admissions. We expect to formally release these clarifications in the near future. Until the new guidelines are formally released by CMS, the contractor shall conduct reviews in accordance to the instructions below. All contractors shall follow these guidelines.

**Inpatient Hospital Order to Admit**

A patient of an acute care hospital is considered an inpatient after issuance of a written or electronic admission order authored by a practitioner who is responsible for the care of the patient. An admission order is considered evidence of the physician's decision to admit the beneficiary to inpatient status.

If the order to admit is missing or defective (i.e., illegible or incomplete), yet the physician intent, physician decision, and physician recommendation to admit to inpatient can clearly be derived from the medical record, contractors have the discretion to substitute this information for a written or electronic admission order. In order for the documentation to provide acceptable evidence of an admission to inpatient status, there can be no disagreement regarding the physician intent, decision, and recommendation to do so and no reasonable possibility that the care could have been adequately rendered in an outpatient setting.

Example – A patient comes into the Emergency Department with complaints of chest pain and the physician writes an order for observation. The physician proceeds to perform an EKG (electrocardiogram) and sends the patient to the

cardiac catheterization lab. During the cardiac catheterization, severe coronary artery disease is discovered and the patient is sent to the Operating Room for Coronary Artery Bypass Graft. The patient is sent to the cardiac surgical Intensive Care Unit post-operatively with an endotracheal tube still in place and orders are written for frequent vital signs, nursing assessments, and intravenous medications. Due to the timing of these events, a written or electronic order to admit the patient to inpatient status was never completed. In this case, there can be no reasonable disagreement that there was the intent, decision, and recommendation to admit this patient to inpatient status, therefore providing an adequate substitute for the written admission order.

Contractors shall review all claims in accordance with this clarification no later than four business days of the issuance date of this technical direction letter (TDL).

**NOTE:** These guidelines will also be followed by the Comprehensive Error Rate Testing (CERT) contractor and Recovery Auditors. Instructions are being issued to them in separate TDLs.

**NOTE: MEDICARE ADMINISTRATIVE CONTRACTORS (MACs)**

#### **A/B MAC Contract Numbers**

Jurisdiction 1 ~ HHSM-500-2008-M0002Z  
Jurisdiction 3 ~ HHSM-500-2006-M0005Z  
Jurisdiction 4 ~ HHSM-500-2007-M0001Z  
Jurisdiction 5 ~ HHSM-500-2007-M0002Z  
Jurisdiction 9 ~ HHSM-500-2008-M0008Z  
Jurisdiction 10~HHSM-500-2009-M0004Z  
Jurisdiction 11~HHSM-500-2010-M0001Z  
Jurisdiction 12~HHSM-500-2008-M0001Z  
Jurisdiction 13~HHSM-500-2008-M0004Z  
Jurisdiction 14~HHSM-500-2009-M0002Z  
Jurisdiction 15~HHSM-500-2010-M0002Z

**This Technical Direction Letter (TDL) is being issued to you as technical direction under your MAC contract and has been approved by your Contracting Officer's Technical Representative (COTR). This technical direction is not construed as a change or intent to change the scope of work under the contract and is to be acted upon only if sufficient funds are available. In this regard, your attention is directed to the clause of the General Provisions of your contract entitled Limitation of Funds, FAR 52.232-22 or Limitation of Cost, FAR 52.232-20 (as applicable). If the Contractor considers anything contained herein to be outside of the current scope of the contract, or contrary to any of its terms or conditions, the Contractor shall immediately notify the Contracting Officer in writing as to the specific discrepancies and any proposed corrective action.**

Should you require further technical clarification, you may contact your COTR. Contractual questions should be directed to your CMS Contracting Officer. Please copy the COTR and Contracting Officer on all electronic and/or written correspondence in relation to this technical direction letter.

If you are an FI or carrier and have any questions, please contact Vicki Chitwood at (410) 786-7776.

/s/  
George Mills

/s/  
Karen Jackson

cc:

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