The Centers for Medicare & Medicaid (CMS) announced this week it will delay Recovery Audit Contractor (RAC) audits of the “two-midnight” rule for 90 days. The 2014 Inpatient Prospective Payment System Final Rule, released in August 2013, finalized the “two-midnight” rule, under which hospital inpatient admissions that span at least two midnights presumptively qualify as appropriate under Medicare Part A, and hospital inpatient admissions that span less than two midnights (i.e., less than one Medicare utilization day) are presumptively inappropriate for payment under Part A. When auditing medical necessity, the RACs would presume that the occurrence of 2 midnights after formal inpatient hospital admission indicates an appropriate inpatient status for a medically necessary claim. If the occurrence of 2 midnights after formal inpatient hospital admission does not occur, government recovery auditors do not apply the same presumption and claims for such admissions receive a higher level of scrutiny.

As part of its announcement, CMS stated it will not, for a period of 90 days, permit government recovery auditors to review the medical necessity of inpatient admissions of one midnight or less between October 1, 2013 and December 31, 2013.

CMS’ frequently asked questions with its announcement can be found here.

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