<table>
<thead>
<tr>
<th>Requirement</th>
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| **Inpatient Order and Authentication** | **Order:** Written by a physician or other practitioner who is granted privileges by the hospital to admit inpatients. Write order as “Admit to inpatient.”  
**Authentication:** In the case of verbal orders, admitting physician signature or co-signature with date/time is required. Admitting physician must be knowledgeable about the patient’s hospital course, medical plan of care, and current condition at the time of admission. Orders by mid-levels and RNs must be authenticated by an MD/DO. |
| **Documentation of Medically Necessary Hospital Care** | **Rationale and Supporting Documentation for Admission:** Document the history, comorbidities, severity of signs and symptoms, current medical needs, and risk/probability of an adverse event occurring during the time period for which inpatient hospitalization is ordered that lead you to believe the patient will stay two midnights or longer.  
In the documented plan of care, note why you believe the patient will stay at least **two midnights** at the time of inpatient status decision. The two midnights includes time spent receiving care prior to the inpatient admission, including in the ED.  
**Example of Documented Plan on Admission:**  
- Severe COPD exacerbation with objective hypoxemia. The documented plan includes the need for IV steroids for > 2 midnights.  
- Traumatic hemo-thorax with insertion of a chest tube. The documented plan includes the chest tube will require water seal drainage > 2 Midnights.  
**Exceptions:**  
- Medical exception to the 2 Midnight rule is acute intubation and ventilation.  
- Surgical exception to the 2 Midnight rule is inpatient-only surgery.  
**Medically Unnecessary Care:** Any care that can be provided outside of a hospital facility, such as a skilled nursing facility, clinic, home with VNA or other less intensive setting is not considered medically necessary hospital care. Factors that result in inconvenience in terms of time and money needed to care for the beneficiary in a less intensive setting do not, by themselves, justify inpatient admission. |
| **Inpatient Certification** | **Certification:** The certification is an attestation by the attending physician of the medical necessity of the inpatient services.  
**Certification Requirements:** The certification must be completed, signed, dated, and documented prior to discharge. This can be done anywhere in the medical record and doesn’t need to be in one place.  
- Inpatient admission order signed or co-signed by attending physician  
- Reason for inpatient services  
- Estimated length of stay  
- Post-hospital care |
| **Disposition** | **Condition Code 44:** Consider if the decision to admit as inpatient was incorrect. Condition Code 44 allows the admitting physician to change the patient from inpatient to outpatient status prior to discharge.  
**Discharge Summary Documentation:** If patient leaves prior to anticipated 2 midnight stay, must explain that the patient recovered quicker than expected, or document the other reason for shortened admission:  
- Unexpected Recovery  
- Unexpected death  
- Unexpected transfer  
- AMA departure  
- Unexpected hospice |
# Required Outpatient Observation Documentation

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| **Outpatient Observation Order** | **Order**: Written by practitioner who is granted outpatient privileges by the hospital. Write, “place in observation” with date/time.  
**Authentication**: In the case of verbal orders, the outpatient observation order must be co-signed by the ordering practitioner prior to discharge. |

| **Documentation of Medical Necessity** | **Use of Observation**: Observation is used for a short period of time for assessment and reassessment before a decision can be made regarding whether a patient will be admitted inpatient discharged from the hospital.  
**General rule**: Observation cannot be pre-determined.  
**Rationale for Observation Care**: Complete admission note, progress notes and/or discharge note that reflect the need to establish a probable or differential diagnosis and treatment plan.  
**Examples include**:  
- Telemetry for syncope  
- Serial cardiac enzymes for chest pain  
- Neuro checks for TIA with ABCD score < 3  
**Exclusions include**:  
- Patient awaiting nursing home placement as self-pay  
- Routine outpatient surgical procedures – preparation or recovery  
- Convenience of patient, family, or physician  
- Routine therapeutic services (e.g. blood administration, chemotherapy)  
- Substitution for appropriate inpatient admission |

| **Certification** | **Not Required** |

| **Disposition** | **Timing**: Observation is intended to be for one-midnight to assess presenting signs and symptoms as they progress toward improvement, stabilization, or decline. A second midnight is allowed with documentation that supports the continued need for re-assessment to determine if discharge or inpatient admission is appropriate. If unable to discharge due to non-medically necessary reasons, consider changing to outpatient in a bed.  
**Disposition Options**:  
<table>
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<tr>
<th><strong>If</strong></th>
<th><strong>Then</strong></th>
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<tbody>
<tr>
<td>Continued medically necessary hospital stay requires a second midnight</td>
<td>Admit inpatient and document the medically necessary hospital care that meets criteria for admission</td>
</tr>
<tr>
<td>Unable to discharge and still need re-assessment</td>
<td>Continue observation for a second midnight</td>
</tr>
<tr>
<td>Unable to discharge due to non-medically necessary reasons</td>
<td>Consider change to outpatient in bed</td>
</tr>
<tr>
<td>Medically stable with outpatient follow-up</td>
<td>Discharge</td>
</tr>
</tbody>
</table>

**Medically Unnecessary Care**: Any care that can be provided outside of a hospital facility, such as a skilled nursing facility, clinic, home with VNA or other less intensive setting is not considered medically necessary hospital care. Factors that result in an inconvenience in terms of time and money needed to care for the beneficiary in a less intensive setting do not, by themselves, justify hospital care.