

In the News

Appropriate Acute Hospital Utilization: Supporting High-Quality, High-Value Care

Acute inpatient hospitalization remains a cornerstone of care for patients with serious or high-risk conditions. Ensuring that each admission is clinically appropriate, well-documented, and aligned with evidence-based standards is essential. As pressures on inpatient capacity and healthcare spending continue to rise, appropriate utilization has never been more important.

Why Appropriate Utilization Matters

Appropriate admission decisions have far-reaching impacts across the care continuum. They help:

- Improve patient safety and experience
- Reduce avoidable readmissions and claim denials
- Preserve inpatient capacity for high-acuity needs
- Lower overall healthcare costs

National data indicates that nearly **13% of adult inpatient stays are potentially preventable**, representing billions in excess spending annually. This underscores the importance of thoughtful, evidence-based utilization management.

The CMS Two-Midnight Rule: What Providers Should Keep in Mind

CMS guidance establishes a clear framework for determining when inpatient admission is appropriate. According to their Two-Midnight Rule:

“Inpatient admission is generally appropriate when the admitting practitioner expects medically necessary hospital care spanning two or more midnights, supported by documentation in the medical record.”

This expectation must be grounded in clinical judgment and supported by the patient’s presenting condition, comorbidities, and anticipated course of care.

Case-by-Case Exceptions

Even when a stay is expected to be shorter than two midnights, inpatient admission may still be justified when:

- The patient’s condition presents **significant risk** of deterioration
- An **inpatient-only procedure** is required
- The patient’s **clinical complexity** necessitates inpatient-level resources

These exceptions must be clearly documented to support the admission decision.

Documentation Best Practices: Strengthening the Clinical Record

Clear, timely, and comprehensive documentation is essential for supporting medical necessity. Providers should ensure that the medical record

- Describes the severity of illness and risk of deterioration
- Identifies failed outpatient or observation treatment, when applicable
- Supports the expected length of stay and required level of care
- Links clinical findings directly to the admission decision

Strong documentation not only supports appropriate utilization but also reduces administrative burden and minimizes the risk of denials.

Alternatives to Acute Hospitalization

Not every clinical scenario requires an acute inpatient stay. When safe and appropriate, alternatives can reduce unnecessary utilization while maintaining high-quality care. Options include:

- Observation services
- Enhanced outpatient management with rapid follow-up
- Home health services or Hospital-at-Home programs
- Skilled nursing facility or inpatient rehabilitation placement

Evidence shows that many hospitalizations for ambulatory-care–sensitive conditions are preventable with timely outpatient intervention and coordinated care.

Partnering for Better Outcomes

We encourage collaboration between providers, care management and utilization management teams to ensure members receive the right care, at the right time, in the right setting.

This partnership approach strengthens care coordination, enhances patient outcomes, and supports responsible resource stewardship.