

424.7 General limitations.

(a) Utilization review finding on medical necessity. When a QIO or a UR committee notifies a hospital or SNF of its finding that further services are not medically necessary, the following rules apply:

(1) Hospitals subject to PPS. Payment may not be made for inpatient hospital services furnished by a PPS hospital after the second day after the day on which the hospital received the notice.

(2) Hospitals not subject to PPS and SNFs - (i) Basic rule. Except as provided in paragraph (a)(2)(ii) of this section, payment may not be made for inpatient hospital services or posthospital SNF care furnished after the day on which the hospital or SNF received the notice.

(ii) Exception. Payment may be made for 1 or 2 additional days if the QIO or UR committee approves them as necessary for planning for post-discharge care.

(b) Failure to make timely utilization review. Payment may not be made for inpatient hospital services or posthospital SNF care furnished, after the 20th consecutive day of a stay, to an individual who is admitted to the hospital or SNF after CMS has determined that the hospital or SNF has failed to make timely utilization review in long stay cases. (This provision does not apply to a hospital or SNF for which a QIO has assumed binding review.)