

<b>Policy</b>	<b>MM-0105</b>
<b>Effective Date</b>	<b>05/01/2026</b>
Reviewed/Revised Date	4/13/2026
Next Review Date	4/16/2027
Origination Date	3/27/2026
Originated Department	Clinical Operations

## Inpatient and Rehab Medical Appropriateness

<b>Audience</b>
Medical Management

<b>Purpose</b>
<p>To establish standardized criteria and processes for determining the medical appropriateness and necessity of:</p> <ul style="list-style-type: none"> <li>• Acute inpatient hospital admissions</li> <li>• Inpatient rehabilitation facility (IRF) admissions</li> </ul> <p>This policy ensures decisions are evidence-based, consistent, and compliant with regulatory and accreditation standards while incorporating a full and fair review of each member’s clinical and social context.</p>

<b>Definition</b>
<p><b>Medical Necessity:</b> Health care services that are reasonable and necessary for the diagnosis or treatment of illness or injury and meet accepted standards of medical practice.</p> <p><b>Medical Appropriateness:</b> The suitability of a specific level of care based on clinical severity, intensity of services, and patient-specific factors.</p> <p><b>Full and Fair Review:</b> A comprehensive, unbiased evaluation of all available clinical and non-clinical information relevant to the case.</p> <p><b>Social Determinants of Health (SDOH):</b> Non-medical factors that influence health outcomes, including socioeconomic status, housing stability, access to care, and support systems.</p>

<b>Policy/Procedure</b>
<p><b>1.</b> All determinations regarding inpatient and rehabilitation admissions shall:</p> <ul style="list-style-type: none"> <li><b>1.1</b> Be based on objective, evidence-based clinical criteria.</li> <li><b>1.2</b> Incorporate nationally recognized guidelines, including Milliman Care Guidelines (MCG).</li> <li><b>1.3</b> Include consideration of internal organizational medical policies.</li> <li><b>1.4</b> Reflect a full and fair review of all available medical records.</li> </ul>

**1.5** Incorporate Social Determinants of Health when relevant to care needs and discharge planning.

**1.6** Be rendered by appropriately qualified licensed clinical personnel.

## **2. Use of Milliman Care Guidelines (MCG)**

**2.1** MCG shall be the primary clinical decision support tool.

**2.2** Reviewers must evaluate:

- a) Admission criteria
- b) Continued stay criteria
- c) Discharge readiness criteria

**2.3** Any deviation from MCG must be clearly documented with clinical justification.

## **3. Internal Medical Policies**

**3.1** Organization-specific policies must be applied when they are:

- a) More specific to the clinical scenario, or
- b) Required by contractual or regulatory obligations

## **4. Required Documentation Review**

**4.1** A full and fair review must include, when available:

- a) History and physical examination
- b) Emergency department notes
- c) Physician progress notes
- d) Nursing documentation
- e) Laboratory and imaging results
- f) Medication administration records
- g) Consultation reports

## **5. Criteria for Inpatient Admission**

### **5.1 Clinical Review Requirements**

- a) Inpatient admission is considered medically necessary when:
  - i. The patient demonstrates severity of illness requiring acute hospital-level care, AND
  - ii. The patient requires an intensity of services that cannot be safely provided at a lower level of care

## **6. Criteria for Inpatient Rehabilitation Admission**

### **6.1 Medical Necessity Requirements**

- a) Admission to an inpatient rehabilitation facility (IRF) is appropriate when the patient:
  - i. Requires multiple therapy disciplines (e.g., physical therapy, occupational therapy, speech therapy, behavioral)
  - ii. Is capable of participating in the required hours per day/week for therapies (medical or behavioral)
  - iii. Is capable of participating in and benefiting from intensive therapy
  - iv. Requires ongoing medical or behavioral supervision by a physician
  - v. Has a reasonable expectation of functional improvement

### **6.2 Additional Considerations**

- a) Functional status prior to illness/injury
- b) Rehabilitation potential
- c) Safety risks if treated at a lower level of care. Availability of alternative settings (e.g., skilled nursing facility, home health, residential treatment, partial hospital program, intensive outpatient program)

## **7. Full and Fair Review Process**

### **7.1 All determinations must:**

- a) Be conducted without bias or conflict of interest
- b) Consider all submitted and available clinical documentation
- c) Allow for additional information to be requested when necessary
- d) Be clearly documented, including:
  - i. Clinical rationale
  - ii. Criteria applied
  - iii. Any deviations from standard guidelines

**7.2** Peer-to-peer discussion should be offered when adverse determinations are being considered.

## **8. Consideration of Social Determinants of Health (SDOH)**

### **8.1 Reviewers must assess and incorporate SDOH factors that may impact:**

- a) The safety and feasibility of discharge
- b) The appropriateness of the level of care
- c) Risk of readmission or clinical deterioration

### **8.2 Examples include:**

- a) Housing instability or homelessness
- b) Lack of caregiver support
- c) Limited access to outpatient services
- d) Transportation barriers
- e) Cognitive or behavioral health conditions

### **8.3 SDOH factors may support:**

- a) Admission when outpatient management is unsafe
- b) Extended length of stay when discharge barriers exist
- c) Transition to rehabilitation services when home discharge is not feasible

## **9. Adverse Determinations**

### **9.1 All denials or partial approvals must be:**

- a) Reviewed by a qualified physician reviewer
- b) Based on clinical evidence and guideline application
- c) Communicated clearly with rationale

### **9.2 Notifications must include:**

- a) Specific reason for denial
- b) Criteria not met
- c) Notices must be written in a “culturally and linguistically appropriate manner so the member understands the reason for the adverse determination and has sufficient information to take action on next steps.

d) Appeal rights and process

**10. Appeals and Reconsiderations**

**10.1** Members and providers have the right to request an appeal

**10.2** Members have the right to have someone else act on their behalf to appeal with written permission

**10.3** Appeals must include:

- a) Review of additional clinical information
- b) Independent clinical judgment
- c) Consideration of original and new documentation

**11. Quality Assurance and Oversight**

**11.1** Regular audits shall be conducted to ensure:

- a) Consistency in the application of MCG and internal policies
- b) Compliance with regulatory requirements
- c) Appropriate consideration of SDOH

**11.2** Ongoing training will be provided for clinical reviewers.

**11.3** Interrater Reliability testing is completed at least annually. Clinical reviewers who do not meet the passing threshold for testing will be retrained and retested.

**12. Documentation Standards**

**12.1** All determinations must be:

- a) Timely based on accreditation, state, or federal requirements
- b) Clearly documented
- c) Supported by clinical evidence
- d) Traceable to applied criteria

**Vendors**

- **Personify**

**References/Associated Policies**

1. Healthy People 2030, U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion. <https://health.gov/healthypeople/objectives-and-data/social-determinants-health>
2. Clinical Criteria for UM Decision Making ADMIN 08 [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/ADMIN\\_018\\_Clinical\\_Criteria\\_for\\_UM\\_Decisions\\_Policy\\_Final\\_2025.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/ADMIN_018_Clinical_Criteria_for_UM_Decisions_Policy_Final_2025.pdf)
3. Medicare Coverage Determination Process, Centers for Medicare and Medicaid Services, <https://www.cms.gov/medicare/coverage/determination-process>
4. Behavioral Health Partial Hospitalization Programs (PHP and Intensive Outpatient Programs MM 090 [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/MM-090\\_Behavioral\\_Health\\_Partial\\_Hospitalization\\_Programs\\_\(PHP\)\\_and\\_Intensive\\_Outpatient\\_Programs\\_\(IOP\)\\_Policy\\_Final\\_2025.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/MM-090_Behavioral_Health_Partial_Hospitalization_Programs_(PHP)_and_Intensive_Outpatient_Programs_(IOP)_Policy_Final_2025.pdf)
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8. Provider Appeals and Disputes. [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/MM\\_004\\_Provider\\_Appeals\\_and\\_Disputes.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/MM_004_Provider_Appeals_and_Disputes.pdf)
9. Mountain Health Co-Op Prior Authorization website [https://mountainhealth.coop/providers/#pre\\_auths](https://mountainhealth.coop/providers/#pre_auths)
10. Inpatient Readmission Review [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/REIMB\\_039\\_Inpatient\\_Readmission\\_Review\\_Policy\\_Final\\_2025.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/REIMB_039_Inpatient_Readmission_Review_Policy_Final_2025.pdf)
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12. Neonatal Intensive Care Unit (NICU) [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/REIMB\\_044\\_Neonatal\\_Intensive\\_Care\\_Unit\\_\(NICU\)\\_Policy\\_Final\\_2025.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/REIMB_044_Neonatal_Intensive_Care_Unit_(NICU)_Policy_Final_2025.pdf)
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16. Hospital-Acquired Conditions and Never Events [https://mountainhealth.coop/wp-content/uploads/Policy-Documents/ADMIN\\_015%20Hospital-Acquired\\_Conditions\\_and\\_Never\\_Events\\_Final\\_2025.pdf](https://mountainhealth.coop/wp-content/uploads/Policy-Documents/ADMIN_015%20Hospital-Acquired_Conditions_and_Never_Events_Final_2025.pdf)

Review/Revision/Approval History	
Date	Description
3/27/2026	New Policy Effective 5/1/2026
4/13/2026	Reviewed and Approved by Policy Committee

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