Comparison of the 2024-2029 California Superior Systems Waiver (SSW) UR Processes to the Medicaid Utilization Control Requirements of Title 42, Code of Federal Regulations (CFR), Part 456, Utilization Control Subpart C, Utilization Control: Hospitals (Sections 456.50-456.145)
Crosswalk of Treatment Authorization Request (TAR) and TAR-Free Processes to CFR Sections

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
§ 456.50 Scope: This subpart prescribes requirements for control of utilization of inpatient hospital services, including requirements concerning— (a) Certification of need for care; (b) Plan of care; and (c) Utilization review plans.	The TAR process is a more stringent utilization review (UR) management approach that requires DHCS to authorize inpatient hospital services prior to approving reimbursement. TARs are for admissions only to ensure medical necessity is met. Using the TAR process combined with APR-DRGs, DHCS verifies it is not paying NDPH and Private hospitals for unnecessary stays and services.	The TAR-Free process is a more stringent UR management approach wherein hospitals use an evidence based standardized medical review criteria tool (InterQual®, MCG®, or alike) to establish medical necessity and claim for services, while DHCS conducts post-payment clinical and administrative compliance reviews using a statistically valid sample of paid inpatient claims to verify it is not paying for unnecessary stays and services. This process is used by California's 21 DPHs and approximately 100 NDPHs and Private Hospitals.

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
§ 456.51 Definitions. As used in this subpart: *Inpatient hospital services—* (a) Include— (1) Services provided in an institution other than an institution for mental disease, as defined in § 440.10; (2) [Reserved] (3) Services provided in specialty hospitals and (b) Exclude services provided in mental hospitals. Utilization control requirements for mental hospitals appear in subpart D. *Medical care appraisal norms* or *norms* means numerical or statistical measures of usually observed performance. *Medical care criteria* or *criteria* means predetermined elements against which aspects of the quality of a medical service may be compared. These criteria are developed by health professionals relying on their expertise and the professional health care literature.	The TAR process follows these definitions.	The TAR-Free process follows these definitions.

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
§ 456.60 Certification and recertification of need for inpatient care. (a) *Certification.* (1) A physician must certify for each applicant or beneficiary that inpatient services in a hospital are or were needed. (2) The certification must be made at the time of admission or, if an individual applies for assistance while in a hospital, before the Medicaid agency authorizes payment. (b) *Recertification.* (1) A physician, or physician assistant or nurse practitioner (as defined in § 491.2 of this chapter) acting within the scope of practice as defined by State law and under the supervision of a physician, must recertify for each applicant or beneficiary that inpatient services in a hospital are needed. (2) Recertifications must be made at least every 60 days after certification.	Confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] DHCS also audits provider payments as needed.[iv] By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs, the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.	Confirmed via review of a statistically valid sample of paid claims. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
Plan of Care		

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
§ 456.80 Individual written plan of care. (a) Before admission to a hospital or before authorization for payment, a physician and other personnel involved in the care of the individual must establish a written plan of care for each applicant or beneficiary. (b) The plan of care must include— (1) Diagnoses, symptoms, complaints, and complications indicating the need for admission; (2) A description of the functional level of the individual; (3) Any orders for— (i) Medications; (ii) Treatments; (iii) Restorative and rehabilitative services; (iv) Activities; (v) Social services; (vi) Diet; (4) Plans for continuing care, as appropriate; and (5) Plans for discharge, as appropriate. (c) Orders and activities must be developed in accordance with physician's instructions. (d) Orders and activities must be reviewed and revised as appropriate by all personnel involved in the care of an individual. (e) A physician and other personnel involved in the beneficiary's case must review each plan of care at least every 60 days.	Confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs, the agile application of uniform standards and	Confirmed via review of a statistically valid sample of paid claims. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the agile application of uniform

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
	identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.	standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
Utilization Review (UR) Plan: General Requirement		
§ 456.100 Scope. Sections 456.101 through 456.145 of this subpart prescribe requirements for a written utilization review (UR) plan for each hospital providing Medicaid services. Sections 456.105 and 456.106 prescribe administrative requirements: §§ 456.111 through 456.113 prescribe informational requirements; §§ 456.121 through 456.129 prescribe requirements for admission review; §§ 456.131 through 456.137 prescribe requirements for continued stay review; and §§ 456.141 through 456.145 prescribe requirements for medical care evaluation studies.	Please refer to responses provided under § 456.50 Scope.	Please refer to responses provided under § 456.50 Scope.
§ 456.101 UR plan required for inpatient hospital services. (a) A State plan must provide that each hospital furnishing inpatient services under the plan has in effect a written UR plan that provides for review of each beneficiary's need for the services that the hospital furnishes him. (b) Each written hospital UR plan must meet the requirements under §§ 456.101 through 456.145.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii] TAR-Free Participation Agreements require compliance.[v]
UR Plan: Administrative Requirements		
§ 456.105 UR committee required. The UR plan must— (a) Provide for a committee to perform UR required under this subpart; (b) Describe the organization, composition, and functions of this committee; and (c) Specify the frequency of meetings of the committee.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
		TAR-Free Participation Agreements require compliance. [v]
§ 456.106 Organization and composition of UR committee; disqualification from UR committee membership. (a) For the purpose of this subpart, "UR committee" includes any group organized under paragraphs (b) and (c) of this section. (b) The UR committee must be composed of two or more physicians, and assisted by other professional personnel. (c) The UR committee must be constituted as— (1) A committee of the hospital staff; (2) A group outside the hospital staff, established by the local medical or osteopathic society and at least some of the hospitals and SNFs in the locality; (3) A group capable of performing utilization review, established and organized in a manner approved by the Secretary. (d) The UR committee may not include any individual who— (1) Is directly responsible for the care of the patient whose care is being reviewed; or (2) Has a financial interest in any hospital.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii] TAR-Free Participation Agreements require compliance. [v]
UR Plan: Informational Requirements		
§ 456.111 Beneficiary information required for UR. The UR plan must provide that each beneficiary's record includes information needed for the UR committee to perform UR required under this subpart. This information must include, at least, the following: (a) Identification of the beneficiary. (b) The name of the beneficiary's physician. (c) Date of admission, and dates of application for and authorization of Medicaid benefits if application is made after admission. (d) The plan of care required under § 456.70. (e) Initial and subsequent continued stay review dates described under §§ 456.128 and 456.133. (f) Date of operating room reservation, if applicable. (g) Justification of emergency admission, if applicable. (h) Reasons and plan for continued stay, if the attending physician believes continued stay is necessary. (i) Other supporting material that the committee believes appropriate to be included in the record.	Beneficiary information confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]	Beneficiary information confirmed via review of a statistically valid sample of paid claims. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
§ 456.112 Records and reports. The UR plan must describe— (a) The types of records that are kept by the committee; and (b) The type and frequency of committee reports and arrangements for their distribution to appropriate individuals.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain multiple provisions to ensure federal requirements are met. [iii]
§ 456.113 Confidentiality.[1] The UR plan must provide that the identities of individual beneficiaries in all UR records and reports are kept confidential.	The TAR process protects patient confidentiality by requiring providers to submit and access beneficiary information through confidential portals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which	The TAR-Free process protects patient confidentiality by requiring providers to submit and access beneficiary information through confidential portals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which

[1]Medi-Cal Provider Manual (patient ip), Patient Plans of Care for Inpatient Facilities, specifies that individual written plans of care are federally required and must be approved and signed by a physician. This section also specifies what a plan of care should include per federal regulations. DHCS works collaboratively with counties, business associates (including providers) and other state agencies to safeguard Protected Health Information and Personally Identifiable Information. Providers are also required to ensure protection for patient confidentiality for records in multiple ways. At the time of Medi-Cal enrollment, providers are required to agree to adhere with federal and state statutes and regulations related to the protection of confidential patient information. These requirements for participation in the Medi-Cal program are set forth in the Social Security Act (United States Code, Title 42, Chapter 7); CFR, Title 42; the California Welfare and Institutions Code Chapter 7 (commencing with Section 14000), and the regulations contained in the California Code of Regulations, Title 22, Division 3 (commencing with Section 50000). The TAR-Free Participation Agreements for DPHs, NDPHs and Private Hospitals state under the Electronic Medical Record Systems sections X and IX, respectively: "The participating hospital agrees to make its electronic medical records system (EMR) accessible to authorized DHCS users for the sole and specific purpose of conducting utilization reviews. DHCS will provide the participating hospital with a list of authorized users who have been properly screened by DHCS, and who will comply with all federal and state laws and regulations which protect the confidentiality of PHI as defined by 45 C.F.R. 160.501. The list of authorized users will contain the names, e-mail addresses, and contact telephone numbers of all DHCS individuals authorized to access EMRs. DHCS will regularly update the list of authorized users as changes occur." These agreements are also currently being amended to state that each hospital is required to comply with 42 CFR §§ 456.50-456.145, which includes § 456.113.

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
	contain multiple provisions to ensure federal requirements are met. [iii]	contain multiple provisions to ensure federal requirements are met. [iii] TAR-Free Participation Agreements require: 1) Hospitals to comply with applicable CFR sections; 2) DHCS staff to comply with all federal and state laws and regulations to protect the confidentiality of PHI.
UR Plan: Review of Need for Admission		
§ 456.121 Admission review required. The UR plan must provide for a review of each beneficiary's admission to the hospital to decide whether it is needed, in accordance with the requirements of §§ 456.122 through 456.129.	Confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Confirmed via review of a statistically valid sample of paid claims. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
	DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs, the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.	DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
§ 456.122 Evaluation criteria for admission review. The UR plan must provide that— (a) The committee develops written medical care criteria to assess the need for admission; and (b) The committee develops more extensive written criteria for cases that its experience shows are— (1) Associated with high costs; (2) Associated with the frequent furnishing of excessive services; or (3) Attended by physicians whose patterns of care are frequently found to be questionable.	Confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Confirmed via review of a statistically valid sample of paid claims. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
		InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.
	DHCS also audits provider payments as needed.	DHCS also audits provider payments as needed.
§ 456.123 Admission review process. The UR plan must provide that— (a) Admission review is conducted by— (1) The UR committee; (2) A subgroup of the UR committee; or (3) A designee of the UR committee; (b) The committee, subgroup, or designee evaluates the admission against the criteria developed under § 456.122 and applies close professional scrutiny to cases selected under § 456.129(b); (c) If the committee, subgroup, or designee finds that the admission is needed, the committee assigns an initial continued stay review date in accordance with § 456.128; (d) If the committee, subgroup, or designee finds that the admission does not meet the criteria, the committee or a subgroup that includes at least one physician reviews the case to decide the need for admission; (e) If the committee or subgroup making the review under paragraph (d) of this section finds that the admission is not needed, it notifies the beneficiary's attending physician and gives him an opportunity to present his views before it makes a final decision on the need for the continued stay; (f) If the attending physician does not present additional information or clarification of the need for the admission, the decision of the committee or subgroup is final; and (g) If the attending physician presents additional information or clarification, at least two physician members of the committee review the need for the admission. If they find that the admission is not needed, their decision if final.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, which contain multiple provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, which contain multiple provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
	reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs, the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.	reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
§ 456.124 Notification of adverse decision. The UR plan must provide that written notice of any adverse final decision on the need for admission under § 456.123 (e) through (g) is sent to— (a) The hospital administrator; (b) The attending physician; (c) The Medicaid agency; (d) The beneficiary; and (e) If possible, the next of kin or sponsor.	Medicaid beneficiary notice requirements are followed by hospitals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement which contain multiple provisions to ensure federal requirements are met. [iii] State compliance is also required via state statute and regulations.[vi] Any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing.	Medicaid beneficiary notice requirements are followed by hospitals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, which contain multiple provisions to ensure federal requirements are met. [iii] State compliance is also required via state statute and regulations. Any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing. Section V of the TAR-Free Participation Agreements

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
	The additional due process for providers and beneficiaries denied authorizations for acute inpatient hospital days, makes California's UR plan superior to federal UR requirements alone.	require the provision of a beneficiary grievance process. The additional due process for providers and beneficiaries denied authorizations for acute inpatient hospital days, makes California's UR plan superior to federal UR requirements alone.
§ 456.125 Time limits for admission review. Except as required under § 456.127, the UR plan must provide that review of each beneficiary's admission to the hospital is conducted— (a) Within one working day after admission, for an individual who is receiving Medicaid at that time; or (b) Within one working day after the hospital is notified of the application for Medicaid, for an individual who applies while in the hospital.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii]

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§ 456.126 Time limits for final decision and notification of adverse decision. Except as required under § 456.127, the UR plan must provide that the committee makes a final decision on a beneficiary's need for admission and gives notice of an adverse final decision— (a) Within two working days after admission, for an individual who is receiving Medicaid at that time; or (b) Within two working days after the hospital is notified of the application for Medicaid, for an individual who applies while in the hospital.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii]	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii]
§ 456.127 Pre-admission review.[2] The UR plan must provide for review and final decision prior to admission for certain providers or categories of admissions that the UR committee designates under § 456.142(b) (4)(iii) to receive pre-admission review.	Confirmed via review of TARs. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Confirmed via review of a statistically valid sample of paid claims (DPHs only) Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals

[2] Under the TAR-Free process, an "Initial Review" for InterQual and the "Clinical Indications for Admission to Inpatient Care" for MCG, are used by hospital UR staff to identify prior to admission whether or not the patient meets admission criteria.

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		only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
§ 456.128 Initial continued stay review date. The UR plan must provide that— (a) When a beneficiary is admitted to the hospital under the admission review requirements of this subpart, the committee assigns a specified date by which the need for his continued stay will be reviewed; (b) The committee bases its assignment of the initial continued stay review date on— (1) The methods and criteria required to be described under § 456.129; (2) The individual's condition; and (3) The individual's projected discharge date; (c) (1) The committee uses any available appropriate regional medical care appraisal norms, such as those developed by abstracting services or third party payors, to assign the initial continued stay review date;	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
(2) These regional norms are based on current and statistically valid data on duration of stay in hospitals for patients whose characteristics, such as age and diagnosis, are similar to those of the individual whose case is being reviewed; (3) If the committee uses norms to assign the initial continued stay review date, the number of days between the individual's admission and the initial continued stay review date is no greater than the number of days reflected in the 50th percentile of the norms. However, the committee may assign a later review date if it documents that the later date is more appropriate; and (d) The committee ensures that the initial continued stay review date is recorded in the individual's record.	DHCS also audits provider payments as needed.	InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.
§ 456.129 Description of methods and criteria: Initial continued stay review date; close professional scrutiny; length of stay modification. The UR plan must describe— (a) The methods and criteria, including norms if used, that the committee uses to assign the initial continued stay review date under § 456.128. (b) The methods that the committee uses to select categories of admission to receive close professional scrutiny under § 456.123(b); and (c) The methods that the committee uses to modify an approved length of stay when the beneficiary's condition or treatment schedule changes.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii]. Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.
UR Plan: Review of Need for Continued Stay		

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§ 456.131 Continued stay review required. The UR plan must provide for a review of each beneficiary's continued stay in the hospital to decide whether it is needed, in accordance with the requirements of §§ 456.132 through 456.137.	Confirmed via review of TAR and progress notes for each patient stay. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs, the agile application	Confirmed via review of a statistically valid sample of paid claims and progress notes. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed. By way of independent clinical and administrative compliance reviews, the required use of evidence-based standardized medical review criteria and APR-DRGs (for NDPHs and Private Hospitals only), the

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	of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.	agile application of uniform standards and identification of outlier performance, and the provision of continuous UR feedback makes California's UR plan superior to federal UR requirements alone.
§ 456.132 Evaluation criteria for continued stay. The UR plan must provide that— (a) The committee develops written medical care criteria to assess the need for continued stay. (b) The committee develops more extensive written criteria for cases that its experience shows are— (1) Associated with high costs; (2) Associated with the frequent furnishing of excessive services; or (3) Attended by physicians whose patterns of care are frequently found to be questionable.	Confirmed via review of TAR and progress notes for each patient stay. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Confirmed via review of a statistically valid sample of paid claims and progress notes. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.

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	DHCS also audits provider payments as needed.	
§ 456.133 Subsequent continued stay review dates. The UR plan must provide that— (a) The committee assigns subsequent continued stay review dates in accordance with §§ 456.128 and 456.134(a); (b) The committee assigns a subsequent review date each time it decides under § 456.135 that the continued stay is needed; and (c) The committee ensures that each continued stay review date it assigns is recorded in the beneficiary's record.	Confirmed via review of TAR and progress notes for each patient stay. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed.	Confirmed via review of a statistically valid sample of paid claims and progress notes. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met [iii]. Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.
§ 456.134 Description of methods and criteria: Subsequent continued stay review dates; length of stay modification. The UR plan must describe— (a) The methods and criteria, including norms if used, that the committee uses to assign subsequent continued stay review dates under § 456.133; and (b) The methods that the committee uses to modify an approved length of stay when the beneficiary's condition or treatment schedule changes.	Confirmed via review of TAR and progress notes for each patient stay. Hospital compliance is required via a framework of	Confirmed via review of a statistically valid sample of paid claims and progress notes. Hospital compliance is required via a framework of

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	statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services. DHCS also audits provider payments as needed.	statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.
§ 456.135 Continued stay review process. The UR plan must provide that— (a) Review of continued stay cases is conducted by— (1) The UR committee; (2) A subgroup of the UR committee; or (3) A designee of the UR committee; (b) The committee, subgroup or designee reviews a beneficiary's continued stay on or before the expiration of each assigned continued stay review date; (c) For each continued stay of a beneficiary in the hospital, the committee, subgroup or designee reviews and evaluates the documentation described under § 456.111 against the criteria developed under § 456.132 and applies close professional scrutiny to cases selected under § 456.129(b); (d) If the committee, subgroup, or designee finds that a beneficiary's continued stay in the hospital is needed, the committee assigns a new continued stay review date in accordance with § 456.133; (e) If the committee, subgroup, or designee finds that a continued stay case does not meet the criteria, the committee or a subgroup that includes at least one physician reviews the case to decide the need for continued stay;	Confirmed via review of TARs and progress notes for each patient stay. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying	Confirmed via review of a statistically valid sample of paid claims and progress notes. Hospital compliance is required via a framework of statutes, regulations, and Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative

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(f) If the committee or subgroup making the review under paragraph (e) of this section finds that a continued stay is not needed, it notifies the beneficiary's attending physician and gives him an opportunity to present his reviews before it makes a final decision on the need for the continued stay; (g) If the attending physician does not present additional information or clarification of the need for the continued stay, the decision of the committee or subgroup is final; and (h) If the attending physician presents additional information or clarification, at least two physician members of the committee review the need for the continued stay. If they find that the beneficiary no longer needs inpatient hospital services, their decision is final.	for unnecessary stays and services. DHCS also audits provider payments as needed.	compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services. DHCS also audits provider payments as needed.
§ 456.136 Notification of adverse decision. The UR plan must provide that written notice of any adverse final decision on the need for continued stay under § 456.135 (f) through (h) is sent to— (a) The hospital administrator; (b) The attending physician; (c) The Medicaid agency; (d) The beneficiary; and (e) If possible, the next of kin or sponsor.	Medicaid beneficiary notice requirements are followed by hospitals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] State statute and regulations also require that any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing.	Medicaid beneficiary notice requirements are followed by hospitals. Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] State statute and regulations also require that any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing. Section V of the TAR-Free Participation Agreements require the provision of a beneficiary grievance process. [v]

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	The additional due process for providers and beneficiaries denied authorizations for acute inpatient hospital days, makes California's UR plan superior to federal UR requirements alone.	The additional due process for providers and beneficiaries denied authorizations for acute inpatient hospital days, makes California's UR plan superior to federal UR requirements alone.
§ 456.137 Time limits for final decision and notification of adverse decision. The UR plan must provide that— (a) The committee makes a final decision on a beneficiary's need for continued stay and gives notice under § 456.136 of an adverse final decision within 2 working days after the assigned continued stay review dates, except as required under paragraph (b) of this section. (b) If the committee makes an adverse final decision on a beneficiary's need for continued stay before the assigned review date, the committee gives notice under § 456.136 within 2 working days after the date of the final decision.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement , all of which contain provisions to ensure federal requirements are met. [iii] State statute and regulations also require thatany action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] State statute and regulations also require that any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing. Section V of the TAR-Free Participation Agreements require the provision of a beneficiary grievance process.
§ 456.141 Purpose and general description.* (a) The purpose of medical care evaluation studies is to promote the most effective and efficient use of available health facilities and services consistent with patient needs and professionally recognized standards of health care. (b) Medical care evaluation studies— (1) Emphasize identification and analysis of patterns of patient care; and	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions

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(2) Suggest appropriate changes needed to maintain consistently high quality patient care and effective and efficient use of services.	ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.
§ 456.142 UR plan requirements for medical care evaluation studies. * (a) The UR plan must describe the methods that the committee uses to select and conduct medical care evaluation studies under paragraph (b)(1) of this section. (b) The UR plan must provide that the UR committee— (1) Determines the methods to be used in selecting and conducting medical care evaluation studies in the hospital; (2) Documents for each study— (i) Its results; and (ii) How the results have been used to make changes to improve the quality of care and promote more effective and efficient use of facilities and services; (3) Analyzes its findings for each study; and (4) Takes action as needed to— (i) Correct or investigate further any deficiencies or problems in the review process for admissions or continued stay cases; (ii) Recommend more effective and efficient hospital care procedures; or (iii) Designate certain providers or categories of admissions for review prior to admission.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] sing the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Hospital compliance is required via a framework of statutes, regulations, and Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.
§ 456.143 Content of medical care evaluation studies. * Each medical care evaluation study must—	Hospital compliance is required via a framework of	Hospital compliance is required via a framework of

Medicaid Utilization Control: Hospitals Requirements 42 CFR 456.50 – 456.145	DHCS CA SSW TAR Process[i]	DHCS CA SSW TAR-Free Process[ii]
(a) Identify and analyze medical or administrative factors related to the hospital's patient care; (b) Include analysis of at least the following: (1) Admissions; (2) Durations of stay; (3) Ancillary services furnished, including drugs and biologicals; (4) Professional services performed in the hospital; and (c) If indicated, contain recommendations for changes beneficial to patients, staff, the hospital, and the community.	statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.
§ 456.144 Data sources for studies. * Data that the committee uses to perform studies must be obtained from one or more of the following sources: (a) Medical records or other appropriate hospital data; (b) External organizations that compile statistics, design profiles, and produce other comparative data; (c) Cooperative endeavors with— (1) QIOs; (2) Fiscal agents; (3) Other service providers; or (4) Other appropriate agencies.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met. [iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not

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		paying unnecessary stays and services.
§ 456.145 Number of studies required to be performed. The hospital must, at least, have one study in progress at any time and complete one study each calendar year. *	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met.[iii] Using the TAR process coupled with APR-DRGs, DHCS verifies it is not paying for unnecessary stays and services.	Hospital compliance is required via a framework of statutes, regulations, and the Medi-Cal Provider Agreement, all of which contain provisions to ensure federal requirements are met.[iii] Using the TAR-Free process to conduct post-payment clinical and administrative compliance reviews coupled with the hospital's use of InterQual®, MCG®, or alike, and the use of APR-DRGs (for NDPH and Private Hospitals only), DHCS verifies it is not paying unnecessary stays and services.

[i] State authorities for the TAR process include Welfare and Institutions Code (WIC) §§ 14133, 14133.01, 14133.05, and 14133.9; Title 22, California Code of Regulations (CCR), § 51003; and the California State Plan, Section 4.14.

[ii] State authorities for the TAR-Free process include WIC § 14133 and the TAR-Free Participation Agreements for DPHs and NDPH and Private Hospitals.

[iii] Hospital compliance is required via state statutes and regulations, including:

- Health and Safety Code, Division 2. Licensing Provisions, Chapter 2. Health Facilities
- WIC, Division 9. Public Social Services, Part 3. Aid and Medical Assistance, Chapter 7. Basic Health Care;
- Title 22, CCR, Division 5. Licensing and Certification of Health Facilities, Home Health Agencies, Clinics, and Referral Agencies, Chapter 1. General Acute Care Hospitals;
- Title 22, CCR Division 3. Health Care Services, Subdivision 1. California Medical Assistance Program, Chapter 3. Health Care Services.

Compliance is also required via the terms and conditions set forth in the Medi-Cal Provider Agreement (DHCS 9098).

[iv] DHCS' Audits and Investigations (A&I) is the designated Program Integrity Unit for California's Medicaid program – Medi-Cal. A&I's responsibilities include financial reviews and audits of Medi-Cal inpatient providers to verify payments to providers of services to Medi-Cal beneficiaries and reported costs are valid, accurate and in compliance with governing laws, regulations, and program intent. A&I identifies and investigates Medi-Cal provider and beneficiary fraud, waste, and abuse, emphasizing fraud prevention; and ensures accountability of state and federal health care funding by recovering identified overpayments. State authorities for inpatient provider audits includes WIC §§ 14171 and 14172.5; Title 22, CCR § 51016, Section IX of the DPH TAR-Free Participation Agreement and Section VIII of the NDPH and Private Hospital TAR-Free Participation Agreement.

[v] The TAR-Free Participation Agreements reference CFR, Title 42, §§ 456.1 through 456.51, and Chapter IV, Subchapter G, Standards and Certification, Part 482, Conditions of Participation for Hospitals, Subpart B, Administration, § 482.12 Condition of participation: Governing body; and Subpart C, Basic Hospital Functions, § 482.30 Condition of participation: Utilization review.

[vi] Hospital compliance is required via state statutes, regulations, and Medi-Cal Provider Agreement (see Endnote iii above). State compliance is met via state statutes and regulations, i.e., pursuant to WIC § 10950 and CCR §§ 50951 and 51014.1 related to State Fair Hearing rights, any action other than approval for an item or service, the state must notify a member of their right to a State Fair Hearing.

***** Evidence-based standardized medical review criteria, such as InterQual®, MCG®, or alike for acute inpatient days provides clinical decision support to providers to help ensure clinically appropriate medical-utilization decisions are being made. These evidence-based review criteria are developed using nationally recognized peer-reviewed medical standards. As such, the use of InterQual®, MCG®, or alike is considered superior to the independent hospital medical care evaluation studies required under these sections. Additionally, APR-DRG reimbursement calculation software is the standard used across the nation for classifying hospital inpatients in non-Medicare populations. APR-DRGs are routinely updated using nationally recognized measurements based on provider studies conducted across the United States that provide insight into utilization, costs, and quality of inpatient hospital services. As such, the use of APR-DRGs is considered superior to the independent hospital medical care evaluation studies required under these sections.