Understanding the Inpatient-Only (IPO) List and Its Phase-Out

A Practical Guide for Physician Advisors

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1. What the Inpatient-Only (IPO) List Was

The Inpatient-Only (IPO) list identified procedures that CMS determined were **appropriate only for inpatient payment** under Medicare.

When a procedure was designated as inpatient-only:

- It was **not payable** in the outpatient setting
- Inpatient admission was expected **regardless of length of stay**
- Time-based frameworks, including the Two-Midnight Rule, were **not applicable**

The IPO list functioned as a **procedural exception** to time-based status determination.

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2. Why the IPO List Existed

The IPO list was created to:

- Protect patient safety
- Reflect the complexity and risk of certain procedures
- Ensure appropriate access to inpatient resources
- Reduce inappropriate outpatient surgical billing

It allowed CMS to designate procedures where inpatient care was presumed necessary based on **procedure-specific risk**, rather than patient-specific factors.

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3. What It Means That the IPO List Is Being Phased Out

CMS has begun **phasing out the IPO list**, removing procedures over time rather than eliminating the list abruptly.

The intent of this change is to:

- Reflect advances in surgical techniques and anesthesia
- Allow flexibility in site-of-service decisions
- Reduce reliance on rigid procedural classifications

Critical clarification for Physician Advisors:

Removal of a procedure from the IPO list does not mean the procedure is outpatient.

It means CMS is shifting responsibility for status determination **back to clinical judgment**.

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4. What Replaces the IPO List

Nothing replaces the IPO list.

There is:

- No new procedural list
- No automatic outpatient designation
- No substitute rule or shortcut

Instead, CMS expects hospitals and physicians to rely on:

- Medical necessity
- Patient-specific risk
- Expected post-procedure care
- Anticipated length of stay
- The Two-Midnight framework, when applicable

This represents a deliberate move toward **physician-driven decision-making**.

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5. How Physician Advisors Should Approach Former IPO Procedures

For procedures removed from the IPO list, Physician Advisors should evaluate:

- Expected post-operative monitoring requirements
- Risk of complications
- Comorbidities affecting recovery
- Anticipated need for inpatient-level services
- Expected duration of hospital-level care based on clinical factors

Key points:

- Some former IPO procedures will still appropriately require inpatient admission
- Others may appropriately be managed as outpatient
- The decision must be **individualized, clinically justified, and well documented**

There is no default answer once a procedure is removed from the IPO list.

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6. Common Misinterpretations That Must Be Corrected

Physician Advisors frequently encounter these incorrect assumptions:

- "If it's off the IPO list, it must be outpatient"
- "IPO removal eliminates inpatient admissions for that procedure"
- "Short stays mean outpatient"
- "The Two-Midnight Rule replaces IPO logic entirely"

These misunderstandings create **both compliance and patient safety risk**.

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7. Relationship Between IPOs and the Two-Midnight Rule

Historically, IPO procedures functioned as a **procedural exception** to the Two-Midnight Rule.

As IPOs are phased out:

- The Two-Midnight framework becomes more relevant
- Clinical judgment becomes more important
- Documentation of risk and expected care becomes essential

Physician Advisors must ensure that time-based thinking does not replace **procedure- and patient-specific clinical reasoning**.

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8. How to Use This Guidance in Practice

This document should be used:

- During pre-procedure case review
- When advising surgeons on anticipated patient status
- In utilization review discussions

- When evaluating short-stay surgical admissions

It is intended to guide **decision-making**, not to serve as a regulatory manual.

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9. Regulatory Reference

For CMS rulemaking history, IPO tables, and detailed regulatory language, refer to:

- CMS IPPS and OPPS Final Rules
  (Reference material)

This instructional guide is designed to complement—not duplicate—those sources.

Bottom Line for Physician Advisors

- IPOs are **not simply "gone"**
- CMS has intentionally shifted responsibility back to physicians
- Status decisions now rely more heavily on **clinical judgment**
- The PA role is **more important**, not less, during this transition

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