



Origination 8/1/2000
Last Approved 2/19/2024
Effective 2/19/2024
Last Revised 2/2/2021
Next Review 2/18/2027

Owner Janice Amon: Dir
Regulatory &
Reimbursement
Policy Area Compliance
Applicability Sharp Healthcare
System-wide
References Compliance,
HIPAA, Policy &
Procedure

Medical Necessity, 01524.99

I. PURPOSE:

To describe procedures for physicians and all other individuals involved in ordering, performing, coding and billing ancillary services regarding medical necessity guidelines and requirements as published by Medicare, Medi-Cal and other federal health care programs. Sharp Health Care will support services billed to Medicare with documentation obtained from the physician, an authorized person on the physician's staff, or other individual authorized by law to order patient care services.

II. DEFINITIONS:

A. MEDICAL NECESSITY MANDATES

- Social Security Act:** Under Section 1862(a)(1)(A) of the Social Security Act, Congress requires that Medicare only reimburse providers for health care services that are "reasonable and necessary" for the diagnosis and treatment of an illness or injury or to improve the functioning of a malformed body member. To meet this definition, a health care service must be:
 - consistent with patient symptoms and diagnosis
 - safe and effective
 - necessary to treat or diagnose the illness or injury
 - generally considered an accepted medical practice
 - furnished for an appropriate duration and frequency
 - not be primarily for the convenience of the patient and others
- Balanced Budget Act:** Under Section 4317 physicians and non-physicians are to provide diagnostic codes for clinical laboratory services and other diagnostic procedures.

III. TEXT:

It is the policy of Sharp Health Care to provide services meeting medical necessity and bill for these services

according to all Federal health care programs.

IV. PROCEDURE:

PROCEDURE:	RES
<p>A. The detailed medical necessity documentation requirements for Medicare beneficiaries are outlined in each specific service/procedure's National Coverage Determination (NCD) and/or Local Coverage Determination (LCD) Guidelines. It is the responsibility of the Sharp Health Care ancillary departments to analyze and know each service' NCD/LCD requirements and implement internal controls to be in compliance with requirements for coverage for payment.</p>	<p>A. Ancillary B. Ancillary</p>
<p>B. Sharp Health Care ancillary departments must receive appropriate documentation (in the form of an order, requisition or prescription) to support the medical necessity of the health care services they provide. Signed documentation must be obtained from the physician who ordered the test or service, or from another authorized person on the physician's staff.</p>	
<p>C. Physicians will be notified that Medicare will only pay for services that meet the Medicare definition of "medical necessity" by a statement on all requisition forms, and in the form of an annual written memorandum.</p>	<p>B. Ancillary</p>
<p>D. Physicians are required to provide to the ancillary department the ICD-10-CM codes, signs and symptoms, or other diagnostic information to clearly justify the medical necessity for any test or service ordered.</p>	<p>C. Physicia</p>
<p>E. For services ordered, ancillary departments are required to receive an ICD-10-CM code, and/or specific diagnosis, signs, symptoms, or other diagnostic information (written narrative) regarding disease states.</p>	<p>D. Ancillary</p>
<p>F. Ancillary departments will maintain requisition forms that:</p> <ol style="list-style-type: none"> 1. Do not limit physician choice of treatment; 2. Require specific diagnostic information regarding the need for services ordered; and 3. Facilitate proper documentation; 	<p>E. Ancillary</p>
<p>G. Local Medical Review Policies (LMRP's) are available on the following web site for the Medicare Administrative Contractors (MAC); https://med.noridianmedicare.com/web/jea/policies;jsessionid=9195723B159A3115CED6A4D3713A0312</p>	<p>F. Ancillary Patient Fin</p>
<p>H. Routine Audits. Ancillary department personnel will audit outpatient orders for documentation of medical necessity defined by the Local Medical Review Policy (LMRP). If the order does not include a diagnosis or meet the criteria defined by the LMRP, ancillary department personnel shall adhere to the Advance Beneficiary Notice policy.</p>	<p>G. Ancillary</p>

V. REFERENCES:

- A. Medicare National Coverage Determinations Manual Chapter 1, Part I (sections 10-80.12)
- B. Medicare Claims Processing Manual Chapter 30-Financial Liability Protections. 50-Form CMS-R-131 Advance Beneficiary Notice of Noncoverage

VI. ORIGINATOR:

Corporate Compliance

VII. LEGAL REFERENCES:

- A. Social Security Act 1862 (a)(1)(A)
- B. 42 USC § 1395y(a)(1)(A)
- C. Balanced Budget Act Under Section 4317

VIII. ACCREDITATION:

None

IX. CROSS REFERENCES:

Advance Beneficiary Notice Policy, Number 01527.99

X. ATTACHMENTS:

None

XI. APPROVALS:

- A. System Policy & Procedure Steering Cmte – 8/00
- B. Imaging Compliance Cmte - 07/00, 03/04
- C. Laboratory Compliance Cmte - 07/00, 03/04
- D. PFS Billing Compliance Cmte - 07/00
- E. Corporate Compliance - 03/04; 09/06; 01/08; 07/11; 08/14; 2/18; 1/21
- F. SMV Executive Committee – 05/06
- G. SMV Medical Executive Committee – 06/06

XII. REPLACES:

None

XIII. HISTORY:

System #01524.99; originally dtd 08/00

Reviewed/Revised: 10/01;03/04; 09/06; 01/08; 07/11; 09/14; 2/18; 1/21

Approval Signatures

Step Description	Approver	Date
Administrator	Karen Whitten: Policy & Procedure Coord	2/19/2024
	Janice Amon: Dir Regulatory & Reimbursement	2/15/2024

Applicability

Chula Vista, Copley, Coronado, Grossmont, HealthPlan, Mary Birch, McDonald Center, Memorial, Mesa Vista, Sharp HealthCare, Sharp Rees Stealy, SharpCare, System Services

COPY