

# ORGANIZATION POLICY

POLICY TITLE: MEDICAL NECESSITY

POLICY NUMBER: 1214

## PURPOSE:

To ensure accurate and complete information is obtained and verified as well as to minimize the risk of fraud and abuse exposure and to communicate effectively with patients.

## POLICY:

This policy is intended to establish standards for the content and organization of information collected on Medicare Outpatients for medical necessity. Every Medicare Outpatient utilizing this facility will be reviewed for medical necessity in a timely manner while maintaining the patient's privacy.

## PROCEDURE:

1. Upon registration of each Medicare Out Patient the registrar will be responsible for the input of the admitting diagnosis codes as provided by the physician on the order. This data will be entered into the appropriate data area of the registration.
2. Once the patient reaches the appropriate ancillary department the designated associate will review the diagnosis and service codes against Medicare's applicable Local Medical Review Policies to determine medical necessity. Currently a software package is available to assist in this process.
3. It is the responsibility of each director to assure that his or her department is utilizing this software. In the event that the automated system is not available it is the responsibility of each director to provide the department with a manual method of reviewing for medical necessity as well as current Advance Beneficiary Notices.
4. Each department will be responsible for collecting admitting diagnosis from the referring physician in the event it is not supplied on the original written order. This process will be documented and the new orders with physician's signature and showing the diagnosis will be attached to the registration.
5. Each department director is responsible for the weekly reconciliation of registered patients to logged patients. The designated associate will print and compare the logs from the compliance advisor to the number of registered Medicare Out Patients for the given date. The reconciliation's will be maintained within each

department for no less than two years from the date of service and shall be made available to the Chief Financial Officer upon request.

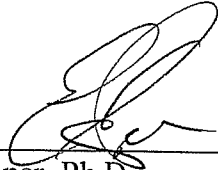
6. Each department director is responsible for the training and education of its associates on Medical Necessity, the use of Advanced Beneficiary Notifications as well as the use of the current software applications.
7. Each associate is responsible for advising the director of training issues and any other matters that prohibit use of the automated or manual system process.
8. Each department director is responsible for notifying the Chief Financial Officer in a timely manner of any issues that prohibit obtaining a medical necessity review.
9. The Compliance Advisor will be regularly maintained by Management of Information Systems (MIS) with updates to accommodate the facility with the most recent Intermediary information. It is the responsibility of MIS to ensure that these updates take place within three business days of receipt and that version enhancements are made a priority.
10. It is the responsibility of the Chief Financial Officer to ensure that the vendor provides the facility with the appropriate updates and that each director is notified in a timely manner of system changes as well as initiate the opening of a case for vendor issues.
11. Patient Financial Services will run edits and system checks on unbilled claims to determine proper review for medical necessity.
12. Once the claim has dropped from the system for transmission to Medicare it is the responsibility of Patient Financial Services to notify the directors in writing of any claims that cannot be processed due to missing or incomplete medical necessity information. Patient Financial Services will make attempts to bring each claim to a successful conclusion and report financial losses to the Chief Financial Officer.
13. The Chief Financial Officer will track and document financial losses to be reported to each Vice President for a written response.

EFFECTIVE DATE: June 2003

REVIEW DATE: October 2008

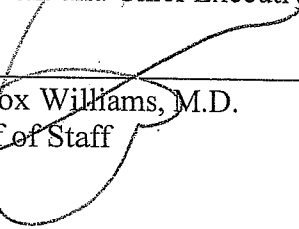
REVISION DATE: July 2004

APPROVED BY:



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Ed Piper, Ph.D.  
President and Chief Executive Officer



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Chief of Staff