



<b>Title:</b>	Medical Necessity Decision Policy				
<b>Department/Line of Business:</b>	HSD / All FirstCare				
<b>Approver(s):</b>	Director Health Services Operations				
<b>Location/Region/Division:</b>	FCHP				
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## LINE OF BUSINESS

This document applies to the following line(s) of business:  
 All FirstCare  
 SWHP Medicaid STAR

## DEFINITIONS

*When used in this document with initial capital letter(s), the following word(s)/phrase(s) have the meaning(s) set forth below unless a different meaning is required by context. Additional defined terms may be found in the BSWH P&P Definitions document.*

**Beneficence** - the ethical principal of doing of active goodness, including all actions intended to benefit others

**Nonmaleficence** - the ethical principle of doing no harm

**Justice** - the ethical principle of giving others what is due to them

**Autonomy** - the ethical principle of self-determination that is free from both controlling interferences by others and personal limitations preventing meaningful choice

## POLICY

To provide a clarification of considerations used in determination of medical necessity for covered services. To guide how FirstCare Health Plans determines medical necessity which should not deter a provider from expressing his/her judgment.

FirstCare’s Medical Management Department is engaged in decisions of medical necessity and propriety. FirstCare has studied and embraces the four principles of medical ethics (Beneficence, Nonmaleficence, Justice, and Autonomy), the Institute of Medicine’s six imperatives for medical care (Safe, Effective, Efficient, Timely, Personalized, and Equitable) and the Institute for Healthcare Improvement’s triple aim (Better Health, Better Care, Better Value). It is understood that some of these principles can be in opposition to each other (e.g. autonomy and justice or value). Efforts are extended to understand and balance these variabilities. FirstCare Medical Management exercises rational and educated judgment in determination of medical necessity.

## PROCEDURE

### Medical Necessity

## Defining Medical Necessity

FirstCare defines medically necessary services as health care services or products that a prudent physician provides to a patient for preventing, diagnosing, or treating an illness, injury, disease, medical conditions or its symptoms in a manner that is:

- In accordance with generally accepted standards of medical practice. Underlying most medical necessity determinations is the question of which standards are used to judge whether a service is effective or appropriate. It is useful to have strong scientific evidence documenting that a particular treatment has a particular outcome for a particular group.
  - In these situations, FirstCare utilizes MCG, NCCN Compendia and Guidelines, Up-To-Date, Texas Medicaid Guidelines, Evidence-based internal guidelines developed by the FirstCare Medical Technology Assessment Committee\*, CMS National and Local Coverage determination, Hayes Research service, and other current resources of evidence-based care for medical necessity determinations.
  - For many medical treatments, however, a strong scientific base is unavailable—even for widely used interventions. In these instances, practice guidelines and consensus statements from national provider specialty organizations, and from FirstCare’s Corporate Medical Advisory Committee and physician peers who have obtained Board Certification in the area of medicine in dispute are used as the standard.
    - FirstCare internal guidelines are developed using guidance obtained from published literature and national medical practice associations. The FirstCare Corporate Medical Advisory Committee of Community Providers, a part of the FirstCare Provider Network, approves the clinical criteria.
- Clinically appropriate in terms of type, frequency, extent, site, duration, and quantity:
  - In instances where outcomes of a treatment are generally known and the pertinent research foundation is strong, standard protocols are appropriate and should be used for efficiency.
  - In instances where a person has a rare or particularly complex condition, questions about treatment effects may arise and research data may be sparse. Standard protocols should not and are not be substituted for carefully reasoned judgments based on discussions with the individual, family members, and physicians or other clinicians with demonstrated experience and expertise.
- Provided in the most cost-efficient way and at an appropriate duration and intensity, while still giving the Member a clinically appropriate level of care
- Is not primarily for the personal comfort or economic benefit of the Member, the Family, the Physician, or other provider of care, or of FirstCare or the health plan purchasers
- Is not a part of, or associated with, the scholastic, educational, or vocational training of the Member
- Is neither investigative, nor experimental.
- Prescribed by a Physician or other healthcare provider
  - The “prudent physician” standard of medical necessity ensures that physicians are able to use their expertise and exercise discretion, consistent with good medical care, in determining the medical necessity for care to be provided each individual patient.
  - Unless FirstCare specifies the contrary, the term “medical necessity” entails a general determination of what works in the ordinary case. Where FirstCare presents sufficient evidence to show that a treatment is not medically necessary in the usual case, the burden lies on the patient and his or her physician to show that an individual patient is different from the usual in ways that make the treatment medically necessary within the presenting circumstances.

## Documentation of Patient’s Needs and Appropriate Level of Billing

Medical necessity is the overarching criterion for payment in addition to meeting contractual requirements, individual CPT/HCPCS/Revenue code requirements, appropriate and timely documentation, and billing standards. It is not medically necessary or appropriate to bill a higher level of evaluation and management (E/M) service when a lower level of service is warranted. The volume of documentation is the primary influence upon which a specific level of service is billed. Documentation supports the level of service reported. FirstCare’s determination of medical necessity is separate from its determination that the E/M of services was rendered as billed.

- FirstCare determines E/M services largely through the experience and judgment of clinician coders along with the limited tools provided in CPT and by CMS.
- During an audit, FirstCare denies or adjust E/M services that, in its judgment, exceed the patient’s documented needs.
- Medical necessity should not be confused with medical decision-making. FirstCare Providers should review FirstCare’s reimbursement policies and document accordingly. If not documented, the rationale for diagnostics and ancillary services should be easily inferred.
- Diagnosis documentation alone is not sufficient to document medical necessity.

## Limitations/Exclusions

FirstCare's Chief Medical Officer (CMO) and Medical Director(s) have the final responsibility for making decisions about medical necessity. Decisions about coverage are made within clinically accepted standards of medical practice and FirstCare's decisions are final only when the decision rests on valid and reliable evidence.

In medical necessity decisions where the determination is modified by additional medical evidence, there exists an opportunity for the treating physician to provide such evidence by providing clinical documentation and opening a dialog with FirstCare's CMO or Medical Director.

When FirstCare denies coverage for reasons of medical necessity, FirstCare facilitates the expeditious handling of physician requests for peer-to-peer clinical reviews and appeals of such denials within the FirstCare appeals process.

## Provider Disagreement

FirstCare understands that opinions about and approaches to clinical problems may vary. Questions concerning medical necessity are welcome. A provider may request that FirstCare reconsider the application of the medical necessity criteria in light of any supporting documentation through our peer-to-peer, appeals, or complaints processes.

## ATTACHMENTS

None.

## RELATED DOCUMENTS

New Technology Assessment – Medical Procedures and Devices (FCHP.352.HSD.A1)

## REFERENCES

Hill, Jessie B. What is the meaning of Health? Constitutional Implications of Defining "Medical Necessity" and "Essential Health Benefits" Under the Affordable Care Act. Defining Medical Necessity. OLR Research Report. (2007)  
Assuring High Quality of Care for Persons with Developmental Disabilities and Other Special Health Care Needs: Specifications for a Definition of Medical Necessity  
The Difficulties in Defining Medical Necessity  
Medical Necessity: What Is It? (2012)

The information contained in this policy is confidential and proprietary and may not be shared without the express permission of the Scott and White Health Plan. Further, the information contained in this document should not be considered standards of professional practice or rules of conduct or for the benefit of any third party. This document is intended to provide guidance and, generally, allows for professional discretion and/or deviation when the individual health care provider or, if applicable, the "Approver" deems appropriate under the circumstances.

## APPENDIX

Baseline	08/17/2018	Initial version.
Revision	9/24/2019	Revision to reflect Scott and White policy template.