

# Calhoun Liberty Hospital

## Laboratory Services



A TALLAHASSEE MEMORIAL HEALTHCARE AFFILIATE

### Annual Notice to Physician: Medical Necessity Guidelines

Date: January 1, 2022

The Office of the Inspector General (OIG) of the Department of Health and Human Services has issued a Compliance Plan for Hospitals setting forth certain operational guidelines.

Included in the OIG Compliance Plan are recommendations that hospital laboratories should provide annual notification to their clients on pertinent topics. Please review the information being provided to you. Additional information can be obtained by contacting Jeff Taylor, Laboratory Director, at 850-674-5411.

#### Medical Necessity

Medicare will pay only for tests that meet the Medicare coverage criteria and are “reasonable and necessary to treat or diagnose an individual patient”, per Section 1862 (a) (1) (A) of the Social Security Act. Tests submitted for Medicare reimbursement must meet program medical necessity requirements or the claim(s) will be denied. The list of tests that Medicare has developed specific National Coverage

Determinations (NCD) for can be accessed at med <http://www.cms.hhs.gov/med>. The physician is responsible for ordering only those test(s) that are medically necessary for the patient diagnosis and treatment. This includes any and all tests that are components of ordered panels. The

physician is responsible to:

- ◆ Document medical necessity for each test in the permanent patient medical record
- ◆ Provide appropriate diagnostic information in the form of ICD-10 code(s) or narrative, with any test(s) for which you instruct us to seek Medicare reimbursement.
- ◆ Assure completion of an Advanced Beneficiary Notice (ABN) in the circumstances outlined below:

#### ADVANCE BENEFICIARY NOTICES (ABN)

Medicare can deny reimbursement for tests based upon absence of medical necessity, routine health screening, investigational-use-only tests and frequency limitations. An ABN signed by the patient prior to service is necessary to document that the patient is aware that Medicare might not pay for a test and that the patient has agreed to pay for the testing in the event Medicare payment is denied. Medicare frequently denies claims for laboratory tests for the following reasons:

- ◆ Medicare does not usually pay for this service for the diagnosis provided
- ◆ Medicare will not pay for research or investigational-use tests
- ◆ Medicare does not pay for this service based on frequency limitations
- ◆ Medicare does not pay for routine screening tests
- ◆ Medicare does not pay for annual physical exams

Any tests ordered that Medicare is likely to deny payment on must be accompanied by an appropriately completed ABN. ABNs must be obtained prior to service being performed. If an ABN is necessary, a copy of the completed ABN must be sent to the laboratory with the test requisition and specimen. Patients presenting directly to outpatient collection sites will be screened for the necessity of an ABN prior to phlebotomy. Each ABN must be specific for each laboratory test ordered. Each test must be accompanied by the specific reason that Medicare might not pay for the test.

#### Organ or Disease Oriented Panels

Organ or Disease Oriented Panels (CPT codes 80048 – 80076) should only be ordered when all components in the panel are medically necessary.

#### Medicare Secondary Payer (MSP) Screening

Medicare requires that all healthcare providers make a good faith effort and have procedures in place to ensure that Medicare is the primary payer.

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