Medical Necessity in MEDITECH

By Craneware

Craneware®

Validating Medical Necessity for all payors within MEDITECH

Craneware's InSight Medical Necessity solution offers a custom interface which provides the ability to perform real-time patient medical necessity checks for hospitals using the MEDITECH health information system (HIS). This tool integrates with both MEDITECH MAGIC and Client/Server platforms.

The integration of MEDITECH HIS systems and the InSight Medical Necessity® product significantly improves validation of services for all payors. Validating medical necessity at the exact time services are requested – in many cases with the patient present – significantly reduces medical necessity denials and ensures compliance with Advance Beneficiary Notice (ABN) requirements for Medicare as well as requirements for Commercial Notices of Non-coverage (NONCs). Front-end medical necessity software allows you to determine, in real time, whether the diagnoses support the medical necessity of the procedures ordered, or if they require prior authorization. Flagging services with medical necessity issues before the services are rendered ensures accuracy of coding and compliance with ABN guidelines. It also helps educate ordering physicians on the medical necessity of services.

Medical Necessity 101

"Medical necessity" is a term that describes a payor's legal authority to determine whether a requested patient medical service will be covered on an individual basis.

In the late 1990s, the Office of Inspector General and the Health Care Financing Administration (now called the Centers for Medicare & Medicaid Services, or CMS) began investigating how to reduce inappropriate payments to Medicare providers. Under the authority of the Social Security Act (Section 1862(a)(1)(A)), Medicare defines medical necessity as "reasonable and necessary for diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member." If a claim does not meet medical necessity, the entire claim is ineligible for reimbursement.

Medical necessity is determined by matching CPT/HCPCS procedure codes with the ICD-9-CM codes associated with diagnosis provided by the ordering physician. Services are evaluated for the appropriateness of the service for the specific diagnosis as well as frequency, age and gender.

Local Coverage Determinations and National Coverage Determinations

CMS provides coverage guidelines and policies through national coverage determinations (NCDs), and Medicare contractors provide regional guidelines through local coverage determinations (LCDs).

CMS establishes NCDs to specify the circumstances under which Medicare covers specific medical items, services, treatments, procedures or technology. Contractors develop LCDs in the absence of national policies.

Medicare LCDs are not universal. They are developed for services only within the Medicare contractor's jurisdiction, and they are based on the review of medical literature and the understanding of the local practice of the area. Contractors publish LCDs to provide guidance to the public and medical community within a specified geographic area, and to specify under what clinical circumstance a service is covered and correctly coded.

An NCD is not geographically bound. They apply to providers from all Medicare contractors, and are developed and maintained by CMS. In the case where the LCD could be interpreted differently from an NCD, the NCDs always take priority over LCDs. Although LCDs and NCDs are frequently updated, Medicare assumes that the provider has knowledge of the policies.

Validating Medical Necessity

Inside the LCDs (and laboratory NCDs) are lists of diagnosis codes (ICD-9 codes) and the corresponding procedural codes (CPT4 codes) describing what is covered and what is not covered. Having an automatically updated dictionary of these "code pairs" is the key to medical necessity management in MEDITECH. The overwhelming majority of medical necessity denials are caused by ICD-9 codes that don't match procedural codes CPT codes. InSight Medical Necessity provides a quick and easy way to validate medical necessity from within the MEDITECH HIS.

Provider Responsibility

Not validating medical necessity on the front-end brings unnecessary risk on your facility's total earnings. Not only will your hospital not be paid for the item or service rendered, but your facility will be more exposed to post-payment audits and potential compliance issues with ABNs.

By using up-front monitoring of all medical necessity and prior-authorization policies issued by CMS, Medicare contractors, and commercial payors, providers can ensure compliance with medical necessity and avoid costly delays caused by claim suspensions, which negate the contractor's responsibility for prompt payment within 14 days (clean claims only) and post-pay audits.

Maintenance of Medical Necessity Dictionaries

Craneware maintains LCDs for every contractor, including all Medicare Administrative Contractors (MACs), fiscal intermediaries (FIs) and commercial payors. The LCDs contain not only CPT to ICD-9 verification, but also include frequency, gender and age criteria.

Craneware closely monitors contractor websites weekly and subscribes to all contractor newsletters/ bulletins in an effort to keep every policy up-to-date. Since MEDITECH interface clients access the system directly, there is no delay in viewing those updates as they are made.

Direct access to current policies through InSight Medical Necessity gives providers the opportunity to validate services and issue Advance Beneficiary Notices (ABNs) or Notices of Non-Coverage (NONCs) before providing services that do not meet "medical necessity" guidelines.

The custom MEDITECH interface with InSight Medical Necessity enables providers to improve compliance, increase cash flow, and avoid medical necessity denials.

The HIS interface automatically prompts end-users to qualify the patient's ICD-9 and/or CPT4 codes. Results of the medical necessity verification will be stored and specific patient information will be indexed with the ABN reports (for rejections) to serve as possible future audit trail compliance. All submissions are real-time and are securely protected through security layers including VPN technology, point-to-point data connections and facility specific-firewalls and security platforms. In most cases the verification status is returned within seconds.

A Note on ICD-10

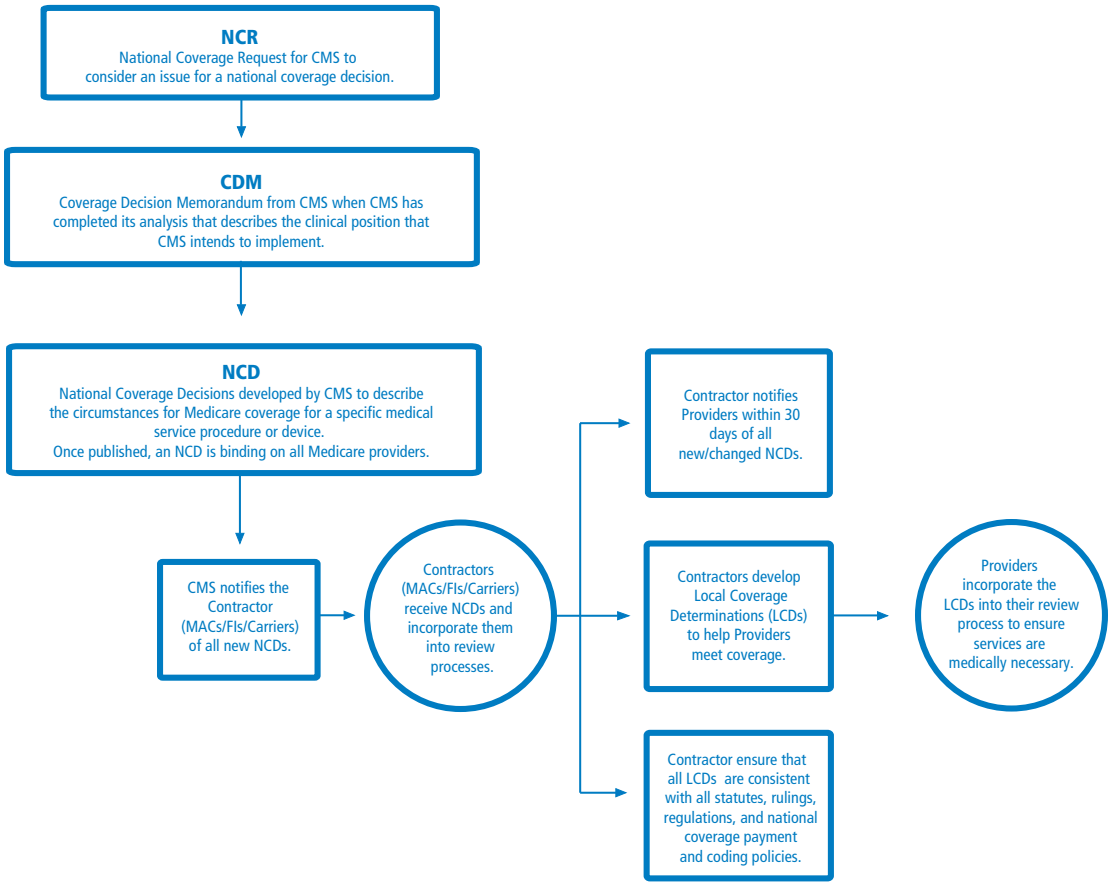
Preparing now for the transition to ICD-10 will help ease the impact on providers when it is implemented. Craneware is prepared for the ICD-10 code sets and will be updating InSight Medical Necessity to fully support ICD-10 when it is implemented.

For more information on ICD-10, visit the CMS website at http://www.cms.gov/ICD10/

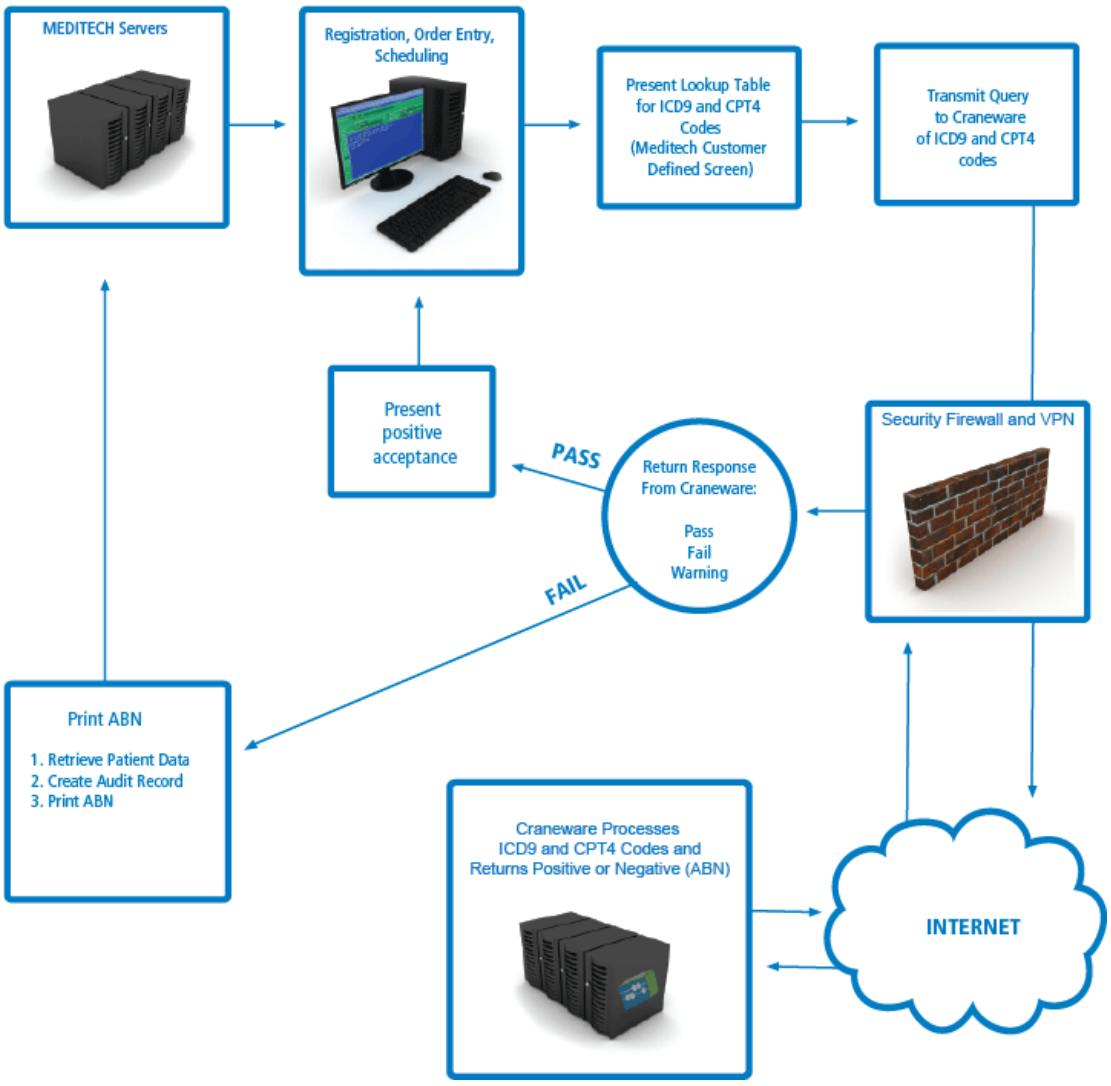
Benefits of Real-Time HIS Interface

- You choose the entry points of medical necessity submission that best utilize a real-time interface (i.e. Order Entry, Scheduling, and/or Registration).
- You can mandate verification procedures before the patient actually has the procedures scheduled within the HIS system itself, because the interface operates in real-time.
- Patients can receive ABN or NONC notification during scheduling and/or registration process.
- The system also verifies prior-authorization, age and gender, frequency limitations, as well as primary and secondary coding at both the ICD-9 and CPT level
- Any charges for services or procedures are automatically loaded out of the hospital's chargemaster and printed onto their ABNs and NONCs.
- End-users benefit from utilizing only one workstation to accomplish two different tasks therefore eliminating the need to submit requests from a different session, workstation or possibly even a different location.
- Audit trail stored for future compliance audit verifications.

The primary authority for all coverage provisions and subsequent policies is the Social Security Act (the Act). Contractors use Medicare policies in the form of regulations, NCDs, coverage provisions in interpretive manuals, and LCDs to apply the provisions of the Act.



MEDITECH Interface Flowchart



Contact Us

For more information, visit www.craneware.com or email us at info@craneware.com.

Craneware, Inc.
Toll-free: 877 624 2792
E-mail: info@craneware.com
craneware.com

About Craneware

Craneware (AIM: CRW.L) is the leader in automated revenue integrity solutions that improve financial performance for healthcare organizations. Craneware's market-driven, SaaS solutions help hospitals and other healthcare providers more effectively price, charge, code and retain earned revenue for patient care services and supplies. This optimizes reimbursement, increases operational efficiency and minimizes compliance risk. By partnering with Craneware, clients achieve the visibility required to identify, address and prevent revenue leakage. To learn more, visit craneware.com and thevaluecycle.com.

FS-ISMN-MEDITECH_20151215