

Documentation of Medical Necessity

CMS retained Recovery Audit Contractors (RACs) and Medicare Administrative Contractors (MACs) are scrutinizing medical necessity decisions for certain DRGs, such as chest pain, atherosclerosis and gastrointestinal disorders. The focus of these specific reviews is the medical necessity for inpatient admission.

While many providers would argue that medical necessity can be implied based upon the “big picture”, regulatory agencies require definitive documentation supporting the severity of illness and intensity of service. Medical necessity for inpatient admissions hinge on documentation of:

- Severity of signs and symptoms
- Need for diagnostic evaluation
- Length of time the patient is expected to require hospitalization
- Risk of adverse outcomes

The severity of illness of a patient and the risk for adverse events can be impacted by the patient’s age, comorbid conditions (e.g., diabetes, hypertension, cardiovascular disease) and underlying illnesses or diseases. Physicians can strengthen medical necessity by detailing these concerns.

Documentation of medical necessity is required in areas other than inpatient admissions. For example, medical necessity for the following clinical situations must be documented by the provider:

- Observation status
- Surgery
- Minor procedures
- Diagnostic tests
- Therapeutic services
- Prescriptions
- Evaluation and management services

Documenting the medical decision making process rather than just the medical decision is the simplest way to determine and support medical necessity. For example, document:

“Mr. Doe is a 68 year old male with multiple comorbidities. He has a moderate size aneurysm. This does not currently require treatment but will in the future. Bilateral lower extremity claudication is his major problem which will require surgery. Endovascular intervention is not a good idea because of his aneurysm and total occlusion on the left. Open surgery would treat both of these problems...”

vs.

“Bilateral claudication. Surgery to be scheduled for next week.”