

Billing

Addressing Issues & Concerns





Contact Us



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Medical Necessity

Medical Necessity – means health care services that a *health care practitioner* exercising prudent clinical judgment would provide to his or her patient for the purpose of preventing, evaluating, diagnosing or treating a *sickness* or *bodily injury*, or its symptoms



Medical Necessity

Such health care service must be:

1. In accordance with nationally recognized standards of medical practice;
2. Clinically appropriate in terms of type, frequency, extent, site and duration, and considered effective for the patient's *sickness or bodily injury*;
3. Not primarily for the convenience of the patient, physician or other health care provider; and
4. Not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of patient's *sickness or bodily injury*; and
5. Performed in the least costly site



Medical Necessity

For the purpose of medically necessary, generally accepted standards of medical practice means standards that are based on credible scientific evidence published in peer-reviewed medical literature generally recognized by the relevant medical community, Physician Specialty society, recommendations, the views of physicians practicing in relevant clinical areas and any other



Medical Necessity

- *Sickness* means a disturbance in function or structure of the body which causes physical signs or physical symptoms and which, if left untreated, will result in a deterioration of the health state of the structure or system(s) of the body.
- *Bodily injury* means bodily damage other than a sickness, including all related conditions and recurrent symptoms.
- *Health care practitioner* means a practitioner licensed by the appropriate state agency to provide *preventive services or* diagnose or treat a sickness or bodily injury and who provides services within the scope of that license.



Medical Necessity

• *Preventive services* means services in the following recommendations appropriate for . . .

1. Services with A or B rating in the current recommendations of the U.S. Preventive Services Task Force (USPSTF).
2. Preventive care for infants, children and adolescents provided in the comprehensive guidelines supported by the Health Resources and Services Administration (HRSA).

For the recommended preventive services that apply to a plan refer to www.healthcare.gov



Medical Necessity

Addressing the following elements should provide justification for reasonable and necessary care and medical necessity:

- Reasonable: provided with appropriate amount (number of times in a day that type of treatment will be provided), frequency (number of times in a week the type of treatment is provided), duration (number of weeks or total treatment sessions), and accepted standards of practice
- Necessary: appropriate treatment for the patient's medical and treatment diagnoses and prior level of function
- Specific: targeted to a particular treatment goal
- Effective: expectation for functional improvement within a reasonable time or maintenance of function in the case of degenerative conditions—patient's prior level of function serves as the baseline
- Skilled: requires the knowledge, skills, and judgment of the healthcare provider.



Medical Necessity

Relevant documentation for establishing medical necessity may include:

- a medical/behavioral history—pertinent medical history that influences the, concise description of functional status of the patient prior to the onset of the condition requiring services, and relevant prior treatment;
- speech, language, swallowing, and related disorders—the diagnosis established;
- date of onset—date of onset of related disorder diagnosis;
- physician referral/order;
- initial evaluation and date;
- the evaluation procedures used to diagnose disorders;
- individualized plan of care and date established;
- daily notes/progress notes (frequency depending on payer and facility policy);
- updated patient status reports concerning the patient's current functional communication and abilities/limitations.

Medical Necessity

Sample Letter Template (On your letter head)

To Whom It May Concern:

I am writing on behalf of my patient, *(patient name)* to document the medical necessity of *(treatment/item in question)* for the treatment of *(specific diagnosis)*. This letter provides information about the patient's medical history and diagnosis and a statement summarizing my treatment rationale.

Patient's History and Diagnosis: (Attach Exhibits if can)

(Include information here regarding the patient's condition and specific diagnosis. Also include the patient's history related to their condition)

Treatment Rationale: (Attach Exhibits if can)

(Include information on the treatment up to this point, course of care and why the treatment/(item in question) is necessary and how you expect that it will help the patient.)

Duration:

(Length of time treatment/(item in question) is necessary)

Summary:

In summary, *(treatment – item in question)* is medically necessary for this patient's medical condition. Please contact me if any additional information is required to ensure the prompt approval of *(treatment – item in question)*.

Sincerely,

(Providers name and signature) Licensed provider must complete, sign and date the letter.

Provider Contracts

- Getting a contract is 1st step – closed, open or narrow network.
- After time, pick out several codes to ask for rate adjustment. Determine your leverage.
- Need to prove your importance to their insureds. Other providers in area. Reference number of their insureds you see. How many treatments you provide.
- Compare reimbursement amount to what others pay such as Medicaid and Medicare.
- Look into other avenues – IPAs (Independent Physician Association)



Measurements

Days in A/R -

$((\text{Total A/R} - \text{total collections}) / 30 \text{ day billed}) \times 30$

$(\$100,000 - 10,000) / 100,000 / 30 = 27 \text{ days A/R}$

How much going to collections. Signifies how good of a job doing at collecting money owed at time of service.

Measure how many claims writing off for no authorization, denials and timely filing. Offering services for free if don't close these areas of revenue leakage.

Charges and payments should be fairly consistent if claims are being submitted routinely and payments posted routinely.



Thank You!


