

 HAWAII HEALTH SYSTEMS C O R P O R A T I O N <i>"Touching Lives Everyday"</i> Policies and Procedures	<i>Quality Through Compliance</i>	Policy No.: FIN 0515
		Revision No.: N/A
Subject: <i>Laboratory Medical Necessity</i>	Issued by: Corporate Compliance Committee	Effective Date: September 15, 2000
	Approved by: Thomas M. Driskill, Jr. President & CEO	Supersedes Policy: N/A Page: 1 of 2

- I. **PURPOSE:** To advise all individuals involved in ordering, testing, and billing laboratory services of medical necessity guidelines and requirements as published by Medicare, Medicaid, and other federally funded payors.
- II. **POLICY:** Physicians should only order those tests they believe are medically necessary for the diagnosis and treatment of their patients. Also, a specific diagnosis, sign, symptom, disease, and/or ICD-9-CM code must be provided for each test ordered.
- III. **PROCEDURE:**
 - A. **Implementation and Annual Review:**
 1. Laboratory and business office personnel must obtain Local Medical Review Policies (LMRP) as issued by their Part B Carrier and/or Fiscal Intermediary. LMRP requirements must be distributed to all individuals identified within the scope of this policy.
 2. All staff/physicians responsible for ordering, registering, charging, or billing laboratory services will be educated on the contents of this policy.
 3. All physicians and healthcare professionals (qualified to order diagnostic services by state specific guidelines and defined within the scope of this policy) shall receive a summary of the following information:
 - a. Test Ordering Policy
 - b. Medical Necessity Guidelines (Local Medical Review Policy)
 - c. ABN Form and Policy
 - d. Organ & Disease Policy
 - e. Custom Profiles Policy
 - f. Reflex Testing Policy
 - g. Standing Orders Policy
 - h. Three Day Window (72 hour rule) Policy
 - i. Laboratory Records Policy

4. All physician and healthcare professionals shall be provided with the physician's acknowledgment form and will attempt to obtain the signed acknowledgment from each physician. The signed written acknowledgment from each ordering physician should be obtained within thirty days of implementation or orientation, and annually thereafter if changes are made to the information.

B. Daily:

Registration personnel must review outpatient laboratory test orders for the presence of medical necessity according to the Local Medical Review Policy (LMRP). If the test order does not include a diagnosis or meet the criteria as defined in the LMRP, an Advanced Beneficiary Notice must be obtained from the patient as defined in the Advanced Beneficiary Notice Policy.

C. Definitions:

1. Local Medical Review Policy: Medical review policies as issued by the local carrier or fiscal intermediary which identify payable diagnosis/narrative for services rendered.
2. Qualified Health Professional: Individuals qualified by specific state rules and regulations to order outpatient diagnostic tests.