Primary/Secondary Diagnosis:

Office of the Inspector General (OIG) has established new guidelines concerning the standards of practice and billing for medically necessary lab services. Some of these guidelines were incorporated into the new lab form.

In the "Compliance Plan", physicians are required to provide specific diagnostic information to support the testing ordered. You can use several diagnoses to support your requested testing. When possible, the physician should translate the narrative diagnosis into the ICD-9-CM code.

As in the past, BHS coders will continue to translate your written diagnosis into ICD-9-CM codes. Medicare requires ICD-9 codes be provided by the physician's office on any orders for lab tests. Therefore, BHS is developing training programs and educational material for physicians and their office staff to equip them to comply with this requirement.

Medical Necessity Policy:
The Social Security Act states that, "no payment may be made...for any expenses...which are not reasonable and necessary for the diagnosis and treatment of illness or injury."

While a physician must be able to order any tests s/he believes appropriate for the treatment of his/her patients, the physician must be aware that Medicare will pay only for the tests that meet the Medicare definition of medical necessity and may deny payment for a test the physician believes is appropriate but does not meet the Medicare definition of medical necessity. The OIG takes the position that a physician who orders medically unnecessary tests for which Medicare reimbursement is claimed may be subject to civil penalties.

Medically necessary services include the following services:
- Those established as safe and effective
- Those consistent with the symptoms or diagnosis of the illness or injury
- Those necessary and consistent with generally accepted medical standards
- Those furnished at the most appropriate, safe and effective level, and
- Those that are not furnished primarily for the convenience of the patient, attending physician or other physician or supplier

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