ADMINISTRATIVE POLICY STATEMENT Wisconsin Marketplace	
Policy Name & Number	**Date Effective**
Medical Necessity Determinations-WI MP-AD-1484	12/01/2024
Policy Type	
ADMINISTRATIVE	

Administrative Policy Statements are derived from literature based on and supported by clinical guidelines, nationally recognized utilization and technology assessment guidelines, other medical management industry standards, and published MCO clinical policy guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased, or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any Evidence of Coverage or Certificate of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other plan policies and procedures.

Administrative Policy Statements do not ensure an authorization or payment of services. Please refer to the plan contract (often referred to as the Evidence of Coverage or Certificate of Coverage) for the service(s) referenced in the Administrative Policy Statement. Except as otherwise required by law, if there is a conflict between the Administrative Policy Statement and the plan contract, then the plan contract will be the controlling document used to make the determination.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

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A. Subject

Medical Necessity Determinations

B. Background

The term *medical necessity* has been used by health plans and providers to define benefit coverage. Medical necessity definitions vary among entities, including the Centers for Medicaid and Medicare Services (CMS), the American Medical Association (AMA), state regulatory bodies, and most healthcare insurance providers, but definitions most often incorporate the idea that healthcare services must be "reasonable and necessary" or "appropriate," given a patient's condition and the current standards of clinical practice.

Payors and insurance plans may limit coverage for services that are reasonable and necessary even if the service is provided more frequently than allowed under a national coverage policy, a local medical policy, or a clinically accepted standard of practice.

International Classification of Diseases (ICD) guidelines instruct the clinician to choose a diagnosis code that accurately describes a clinical condition or reason for a visit and support medical necessity for services reported. To better support medical necessity for services reported, providers should apply universally accepted healthcare principles that are documented in the patient's medical record, including diagnoses, coding with the highest level of specificity, specific descriptions of the patient's condition, illness, or disease and identification of emergent, acute and chronic conditions.

Common Ground Healthcare Cooperative ("CGHC") will determine medical necessity for a requested service, procedure, or product based on the hierarchy within this policy.

C. Definitions

- **MCG Health** – Developed care guidelines in strict accordance with the principles of evidence-based medicine and best practices that direct informed care.
- **Medically Necessary** – Health care services or supplies needed to prevent, diagnose, or treat an illness, injury, condition, disease, or its symptoms and meets accepted standards of medicine.
- **Mental Health Parity and Addictions Equity Act (MHPAEA)** – A 2008 federal law that generally prevents group health plans and health insurance issuers that provide mental health and substance use disorder (MH/SUD) benefits from imposing less favorable benefit limitations than on medical/surgical coverage.

D. Policy

I. According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy. The reviewer will determine medical necessity based on the following hierarchy:

A. Benefit contract language.
B. Federal regulation or state regulation, including state waiver regulations when applicable.
C. CareSource medical policy statements.
D. Nationally accepted evidence-based clinical guidelines, such as MCG Health, Interqual, and the American Society of Addiction Medicine.
E. Professional judgment of the medical or behavioral health reviewer based on the following potential resources, which may include, but are not limited to:
   1. Clinical practice guidelines published by consortiums of medical organizations and generally accepted as industry standard.
   2. Evidence from 2 published studies from major scientific or medical peer-reviewed journals that are less than 5 years old (preferred) and less than 10 years (required) to support the proposed use for the specific condition as safe and effective.
   3. National panels and consortiums such as NIH (National Institutes of Health), CDC (Centers for Disease Control and Prevention), AHRQ (Agency for Healthcare Research and Quality), NCCN (National Comprehensive Cancer Network), SAMHSA (Substance Abuse and Mental Health Services Administration). Studies must be approved by a United States institutional review board (IRB) accredited by the Association for the Accreditation of Human Research Protection Programs, Inc. (AAHRPP) to protect vulnerable minors.
   4. Commercial review organizations, such as Up-to-Date and Hayes, Inc.
   5. Consultation from a like-specialty peer.
   6. National specialty and sub-specialty societies such as the American Psychiatric Association and the American Board of Internal Medicine.

E. Conditions of Coverage

The following does not guarantee coverage or claims payment for a procedure or treatment under a plan (not an all-inclusive list):

- A physician has performed or prescribed a procedure or treatment.
- The procedure or treatment may be the only available treatment for an injury, sickness, or behavioral health disorder.
- The physician has determined that a particular health care service is medically necessary or medically appropriate.

F. Related Policies/Rules

Common Ground Evidence of Coverage

G. Review/Revision History

	DATES	ACTION
Date Issued	08/14/2024	Approved at Committee
Date Revised		
Date Effective	12/01/2024	

Date Archived		

H. References

1. Centers for Medicare & Medicaid Services. Glossary. Accessed June 08, 2024. www.medicare.gov
2. Social Security Act § 1869, 42 U.S.C. § 1395ff (2023).
3. Social Security Act § 1915(c), 42 U.S.C. § 1396n(c) (2023).