

DEFINING MEDICAL NECESSITY

Strategies for Promoting Access to Quality Care for Persons with Developmental Disabilities, Mental Retardation, and Other Special Health Care Needs

A report prepared by

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WHAT IS THE PROBLEM?

In managed care plans, access to service depends in part on whether a service is found to be "medically necessary." Many existing definitions of medical necessity may lead to the denial of services required by special populations, including children, youth, and adults with developmental disabilities, mental retardation, serious emotional disorders, or other special health care needs. Most definitions lack critical components that will promote appropriate care for this population.

WHAT IS OUR GOAL?

The full Definition of Medical Necessity report (1) outlines a strategy for defining medical necessity that will promote high-quality care for children, youth, and adults with developmental disabilities, mental retardation, serious emotional disorders, or other special health care needs, and (2) included a draft definition that can be incorporated into legislation, regulation, or contracts. The report consolidates diverse components into a single statement with practical implications and presents a framework useful for analyzing definitions of medical necessity.

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Specifications for Defining Medical Necessity

1. A covered service or item is medically necessary if it will do, or is reasonably expected to do, one or more of the following:
 - Arrive at a correct medical diagnosis¹
 - Prevent the onset of an illness, condition, injury, or disability (in the individual or in covered relatives, as appropriate)²
 - Reduce, correct, or ameliorate the physical, mental, developmental, or behavioral effects of an illness, condition, injury, or disability
 - Assist the individual to achieve or maintain sufficient functional capacity to perform at age-appropriate or developmentally appropriate daily activities
2. The managed care organization (MCO) or insurer must determine medical necessity on the basis of health information provided by the following persons: the individual (as appropriate to his or her age and communicative abilities), the individual's family, the primary care physician, and consultants with appropriate specialty training, as well as other providers, programs, multidisciplinary teams, educational institutions, or agencies that have evaluated the individual.
3. The determination of medical necessity must be made on an individual basis and must consider
 - The functional capacity of the person and those capacities that are appropriate for persons of the same age or developmental level
 - Available research findings, health care practice guidelines, and standards issued by professionally recognized organizations or government agencies
4. Final determinations will be made by a physician in concert with the following persons: the individual's primary care physician; a consultant with experience appropriate to the individual's age, disability, or chronic condition; and the individual and/or family.
5. Medically necessary services must be delivered in a setting (e.g., an individual's home, school, child care center, workplace, or community-based agency) that is appropriate to the specific health needs of the individual.

¹Unspecified or undiagnosed conditions are common in this population; hence, additional or special diagnostic procedures or tests are frequently needed to reach a diagnosis that will assist in determining an appropriate care plan.

²Knowledge about the role of genetics in chronic disease and disability is growing rapidly. For example, diagnosis of fragile X syndrome in a child requires pedigree analysis and laboratory studies not only to permit accurate diagnosis, but also to ensure that genetic counseling is provided to help individuals and families make informed choices on reproductive issues.

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WHAT IS IN OUR REPORT?

Our report explains the rationale for a comprehensive approach to defining medical necessity. It illustrates the organizational context of medical necessity, and it distinguishes medical necessity from rationing. The report also outlines criteria for evaluating definitions of medical necessity:

1. The definition should incorporate appropriate outcomes within a developmental framework.
2. The definition should explicitly address the information needed in the decision-making process.
3. The definition should identify who will participate in the decision-making process
4. The definition should refer to specific standards.
5. The definition should support flexibility in the sites of service delivery

Based on guidance from a steering committee and a diverse expert panel, we developed specific wording for defining medical necessity. The report discusses the implications of implementing this approach.

WHO IS OUR AUDIENCE?

Vigorous dissemination efforts will ensure that this report reaches a broad range of legislators and legislative staff, consumers, health care professionals, health plan administrators, and researchers.

Single copies of the executive summary (L097) and the full *Defining Medical Necessity* report (L071) are available at no cost from:

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"I am delighted that the Joseph P. Kennedy, Jr. Foundation was able to assist in supporting this work, and I am confident that it will be useful to everyone who is working to promote high quality of health care for persons with mental retardation, other disabilities or special needs."

Eunice Kennedy Shriver

The Joseph P. Kennedy, Jr. Foundation Medical Necessity

The Joseph P. Kennedy, Jr. Foundation has for many years dedicated its resources to improving the lives of persons with mental retardation and other disabilities. Promoting access to their health care of high quality is one of the Foundation's most important goals.

Children and adults with mental retardation and other disabilities now are obtaining health services through MCOs. These institutions have the responsibility for identifying and supporting medically necessary health service. The definition of "medical necessity" serves an extraordinarily important purpose because it establishes the foundation for deciding what services each person will receive.

The Foundation wants to promote definitions of medical necessity that are sufficiently well-formulated and comprehensive to meet the health needs of persons with mental retardation and other disabilities. As MCOs and insurers seek innovative ways to meet the needs of all enrolled groups, model criteria for definitions of medical necessity are absolutely essential.

This report provides an exceptionally strong rationale for a comprehensive approach to defining necessity, as well as practical language that can apply to diverse purposes.