OLR RESEARCH REPORT

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MEDICAL NECESSITY DEFINITIONS IN SURROUNDING STATES

For: Medical Inefficiency Committee

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You asked how Massachusetts, New York, and Rhode Island define the phrase "medical necessity" or "medically necessary" in their Medicaid programs.

For comparison purposes, the current definitions that the Department of Social Services (DSS) uses for the Medicaid and State-Administered General Assistance (SAGA) programs are, respectively:

"Health care provided to correct or diminish the adverse effects of a medical condition or mental illness; to assist an individual in attaining or maintaining an optimal level of health; to diagnose a condition or prevent a medical condition or prevent a medical condition from occurring."

The SAGA medical assistance regulations use this definition: "health services required to prevent, identify, diagnose, treat, rehabilitate, or ameliorate a health problem or its effects, or to maintain health and functioning, provided such services are:

1. consistent with generally accepted standards of medical practice,

2. clinically appropriate in terms of type, frequency, timing, site, and duration;

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3. demonstrated through scientific evidence to be safe and effective and the least costly among similarly effective alternatives, where adequate scientific evidence exists; and

4. efficient in regard to the avoidance of waste and refraining from provision of services that, on the basis of the best available scientific evidence, are not likely to produce benefit. "

SUMMARY

The three states' definitions of the terms are similar in that they require the service to prevent, diagnose, or treat a condition. Massachusetts' and New York's definitions also contemplate a service curing a condition where Rhode Island's does not. Also, New York is the only of the three that does not address the notion of service costs, and it considers the effect the service may have on a person's capacity for normal activity. Rhode Island's definition requires that the services be in accordance with generally accepted standards of medical practice and define what that means, while Massachusetts' and New York's do not.

MASSACHUSETTS

In Massachusetts, a service is considered "medically necessary" if it:

1. is reasonably calculated to prevent, diagnose, prevent the worsening of, alleviate, correct, or cure conditions in the [MassHealth] member that endanger life, cause suffering or pain, cause physical deformity or malfunction, threaten to cause or to aggravate a handicap, or result in illness of infirmity; and
2. there is no other medical service or site of service, comparable in effect; available; and suitable for the member requesting the service, that is more conservative or less costly to the MassHealth agency. Services that are less costly to the MassHealth agency include, but are not limited to, health care reasonably known by the provider, or identified by the MassHealth agency pursuant to a prior authorization request, to be available to the member through a third party *(130 Code of Massachusetts Regulations § 450.204).*

The regulations allow the state Medicaid agency to impose sanctions on providers for (1) providing or prescribing a service or (2) admitting a

member to an inpatient facility when the services or admission are not medically necessary.

This definition applies to all Medicaid services, regardless of whether they are provided on a managed care or fee-for-service basis.

NEW YORK

New York law defines "medically necessary medical, dental, and remedial care, services, and supplies" in the Medicaid program as those "necessary to prevent, diagnose, correct, or cure conditions in the person that cause acute suffering, endanger life, result in illness or infirmity, interfere with such person's capacity for normal activity, or threaten some significant handicap and which are furnished an eligible person" in accordance with state law" (*New York State Social Services Law, Part 365*).

Officials in the state's Medicaid agency report that this definition applies to both the fee-for-service and managed care populations.

RHODE ISLAND

Rhode Island's Department of Human Services, Center for Child and Family Health, uses the following definition of medical necessity in its Medicaid managed care program, RIte Care. Specifically, the Center defines "medical necessity" or "medically necessary" as:

health care services that a physician, exercising prudent clinical judgment, would provide to a patient for the purpose of preventing, evaluating, diagnosing, or treating an illness, injury, disease, or its syptoms, and that are (a) in accordance with generally accepted standards of medical practice; (b) clinically appropriate, in terms of type, frequency, extent, site, and duration, and considered effective for the patient's illness, injury, or disease; and (c) not primarily for the convenience of the patient, physician, or other health care providers, and not more costly than an alternative services or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.

The department further defines "generally accepted standards of medical practice" as 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, and the views of physicians practicing in relevant clinical areas and any other relevant factors."

This definition also applies to the state's fee-for-service Medicaid program.