Medicare Learning Network
MLN Matters®
CMS
Information for Medicare Fee-For-Service Health Care Professionals

News Flash – **As of January 1, 2009, eligible professionals can participate in the E-Prescribing Incentive Program by reporting on their adoption and use of an e-prescribing system by submitting information on one E-Prescribing measure on their Medicare Part B claims. For the 2009 e-prescribing reporting year, to be a successful E-Prescriber and to qualify to receive an incentive payment, an eligible professional must report one E-Prescribing measure in at least 50% of the cases in which the measure is reportable by the eligible professional during 2009. There is no sign-up or pre-registration to participate in the E-Prescribing Incentive Program. For more information, visit http://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/ERxIncentive/index.htmlon the CMS website.**

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Note: This article was updated on January 25, 2013, to reflect current Web addresses. This article was previously revised on August 28, 2009, to provide additional information regarding NCDs and LCDs. All other information remains unchanged.

Medicare Parts A and B Coverage and Prior Authorization

Provider Types Affected

Physicians, providers, and suppliers submitting claims to Medicare contractors (carriers, Medicare Administrative Contractors (MACs), Fiscal Intermediaries (FIs), and/or Regional Home Health Intermediaries (RHHIs)) for services provided to Medicare beneficiaries.

Provider Action Needed

This article is based on the Social Security Act and other laws which describe covered and non-covered items and services and their payment under Part A and Part B. Originally, the Social Security Act did not authorize any form of "prior authorization" for Medicare services. The law was subsequently changed to allow prior authorization of limited items of Durable Medical Equipment and physicians'

services. Currently, Medicare does not pre-authorize coverage of any item or service that will receive payment under Part A or B, ***except for custom wheelchairs.*** *Please advise all staff and inform your Medicare patients, as appropriate, that Medicare does not currently pre-authorize coverage for any item or service other than custom wheelchairs.*

Background

The overall scope of allowable benefits under the Medicare program is prescribed by law. When Medicare was established, Congress included certain provisions on the broad categories of items and services that may be covered under the Medicare program as well as provisions on certain items and services that were to be excluded from coverage. Congress also included in Section 1862(a)(1)(A) of the Social Security Act the following provision:

> "*Notwithstanding any other provision of this title, no payment may be made under part A or part B for any expenses incurred for items or services which…are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member,…"*

This clause has become known as the "reasonable and necessary" provision. Medicare coverage and payment for items and services is therefore contingent upon a determination that an item and service:

- Falls within a benefit category;
- Is not specifically excluded from coverage; AND
- The item or service is "reasonable and necessary" unless specifically excluded from meeting this provision.

Also, as prescribed by law, the Centers for Medicare & Medicaid Services (CMS) develops National Coverage Determinations (NCDs), which are national policy statements granting, limiting, or excluding Medicare coverage for a particular item or service. NCDs may be found in the Medicare National Coverage Determinations Manual (Publication #100-03) at **http://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS014961.html** on the CMS website.

For those items or services whose coverage is not determined in law, regulation or NCD, the local Medicare contractors are authorized to develop local coverage determinations (LCDs) to further determine coverage of items and services covered by Medicare. LCDs specify under what conditions an item or service is considered to be "reasonable and necessary". Contractors develop LCDs by considering medical literature, the advice of local medical societies and medical

consultants, public comments, including comments from the provider community. LCDs may be found on the CMS coverage website and your local contractor's website.

If a provider believes that a Medicare NCD or LCD needs to be revised, they should request CMS or its contractors to reconsider the existing NCD or LCD. What factors CMS considers when deciding to open or reopen an NCD can be found at **http://www.cms.gov/medicare-coverage-database/overview-and-quick-search.aspx?id=6** on the CMS website. To request a new LCD or an LCD reconsideration, the provider should contact the local Medicare contractor.

In regard to prior authorization under fee-for-service Medicare, providers should be aware that section 1834(a)(15)(c) of the Social Security Act allows for an Advance Determination of Medicare Coverage (ADMC) for certain items of Durable Medical Equipment (DME). The only items of DME currently subject to this provision are custom wheelchairs. Also, Section 938 of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (Public Law 108-173) required the Secretary to establish a "Prior Determination" process for a limited number of physicians' services under Medicare. Implementation of this provision is pending. It should also be noted that Medicare Part C & Part D programs are authorized to have and may require prior authorizations for services billed to them.

Additional Information

The Social Security Act Amendments of 1965, Section 1862 (a)(1)(A) can be viewed at on **http://www.ssa.gov/OP_Home/ssact/title18/1862.htm** the Social Security website.

If you have any questions, please contact your carrier, FI, MAC, or RHHI at their toll-free number, which may be found at **http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html** on the CMS website.