

1 **Policy:** **Medical Necessity Definition**

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3 **Date of Implementation:** **July 14, 2005**

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5 **Product:** **Specialty**

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8 The following definition is applicable to American Specialty Health – Specialty (ASH),
9 including American Specialty Health Groups, American Specialty Health IPA of New
10 York, American Specialty Health Group – South Dakota, American Specialty Health Plans
11 of California, and American Specialty Health Insurance Company.

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13 “Medically Necessary” or “Medical Necessity” shall mean health care services that a
14 Healthcare Provider, exercising **Prudent Clinical Judgment**, would provide to a member
15 for the purpose of evaluating, diagnosing, or treating an illness, injury, disease or its
16 symptoms, and that are (a) in accordance with **Generally Accepted Standards of Medical
17 Practice**; (b) clinically appropriate in terms of type, frequency, extent, site, and duration;
18 and **Considered Effective** for the member’s illness, injury, or disease; and (c) not primarily
19 for the **Convenience of the Patient or Healthcare Provider**, and not more costly than an
20 alternative service or sequence of services at least as likely to produce equivalent
21 therapeutic or diagnostic results as to the diagnosis or treatment of that member’s illness,
22 injury, or disease.

23

24 **Defined Terms**

25 **Prudent Clinical Judgment:** Prudent Clinical Judgment are those (a) clinical decisions
26 made on behalf of a member by a practitioner in a manner which result in the rendering of
27 necessary, safe, effective, appropriate clinical services; (b) clinical decisions that result in
28 the appropriate clinical intervention considering the severity and complexity of symptoms;
29 (c) decisions that result in the rendering of clinical interventions consistent with the
30 diagnosis and are appropriate for the member’s response to the clinical intervention; (d)
31 decisions rendered in accordance with the practitioner’s professional scope of license or
32 scope of practice regulations and statutes in the state where the practitioner practices.

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34 **Generally Accepted Standards of Medical Practice:** Generally accepted standards of
35 medical practice means standards that are based on **Credible Scientific Evidence**
36 published in peer-reviewed **Medical Literature** generally recognized by the relevant
37 medical community, practitioner and **Healthcare Provider Specialty Society**
38 recommendations, the views of practitioners and Healthcare Providers practicing in
39 relevant clinical areas, and any other relevant factors.

1 **Credible Scientific Evidence:** Credible Scientific Evidence is clinically relevant scientific
 2 information used to inform the diagnosis or treatment of a member that; meets industry
 3 standard research quality criteria, is adopted as credible by an ASH clinical peer review
 4 committee; and has been published in an acceptable peer-reviewed clinical science
 5 resource.

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 7 **Medical Literature:** Medical Literature means clinically relevant scientific information
 8 published in an acceptable peer-reviewed clinical science resource.

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 10 **Considered Effective:** Clinical services that are Considered Effective are those diagnostic
 11 procedures, services, protocols, or procedures that are verified by ASH as being rendered
 12 for the purpose of reaching a defined and appropriate functional outcome. Skilled care
 13 includes services required in order to prevent or slow deterioration and/or maintain a
 14 maximum practicable level of function OR achieve **Maximum Therapeutic Benefit**; and
 15 rendered in a manner that appropriately assesses and manages the member’s response to
 16 the clinical intervention. Skilled services are not denied solely based on the absence of
 17 potential for improvement or restoration. Maximum Therapeutic Benefit applies to
 18 rehabilitative services and not habilitative or maintenance services.

19
 20 Habilitative services are defined by the National Association of Insurance Commissioners
 21 as “health care services that help a person keep, learn or improve skills and functioning for
 22 daily living.”

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 24 **Convenience of the Patient or Healthcare Provider:** means considered to be an elective
 25 service. Examples of elective/convenience services include: (a) preventive maintenance
 26 services; (b) wellness services; (c) services not necessary to return the member to pre-
 27 illness/pre-injury functional status and level of activity; (d) services provided after the
 28 member has reached **Maximum Therapeutic Benefit**.

29
 30 **Maximum Therapeutic Benefit:** Maximum Therapeutic Benefit is the member’s health
 31 status when returned to pre-clinical/pre-illness daily functional activity and/or the
 32 member’s health status when the member no longer demonstrates progressive
 33 improvement toward return to pre-clinical/pre-illness daily functional activity.

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 35 **Healthcare Provider Specialty Society:** A Healthcare Provider Specialty Society is a
 36 society of specialty practitioners that represents a significant number of practicing
 37 practitioners, or academic or clinical research institutions for that specialty.

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 39 **Note:** The term “Provider” as used in this definition is synonymous with the term
 40 “Practitioner” as used in other ASH documents (e.g., policies, services agreements).

1 The terms “Medically Necessary” and “Medical Necessity” as used in this definition are
2 synonymous with the terms “Medically/Clinically Necessary,” “Medical/Clinical
3 Necessity,” “Clinically Necessary,” and “Clinical Necessity” as used in other ASH
4 documents (e.g., policies, services agreements).