Policy: **Medical Necessity Definition**

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

Product: **Specialty**

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

"Medically Necessary" or "Medical Necessity" shall mean health care services that a Healthcare Provider, exercising **Prudent Clinical Judgment**, would provide to a member for the purpose of evaluating, diagnosing, or treating an illness, injury, disease or its symptoms, 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 member's illness, injury, or disease; and (c) not primarily for the **Convenience of the Patient or Healthcare Provider,** and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that member's illness, injury, or disease.

Defined Terms

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

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

Credible Scientific Evidence: Credible Scientific Evidence is clinically relevant scientific information used to inform the diagnosis or treatment of a member that; meets industry

standard research quality criteria, is adopted as credible by an ASH clinical peer review committee; and has been published in an acceptable peer-reviewed clinical science resource.

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

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

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

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

Maximum Therapeutic Benefit: Maximum Therapeutic Benefit is the member's health status when returned to pre-clinical/pre-illness daily functional activity and/or the member's health status when the member no longer demonstrates progressive improvement toward return to pre-clinical/pre-illness daily functional activity.

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

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

The terms "Medically Necessary" and "Medical Necessity" as used in this definition are synonymous with the terms "Medically/Clinically Necessary," "Medical/Clinical

Necessity," "Clinically Necessary," and "Clinical Necessity" as used in other ASH documents (e.g., policies, services agreements).