Program Memorandum Intermediaries/Carriers

Department of Health and Human Services (DHHS)
HEALTH CARE FINANCING ADMINISTRATION (HCFA)

Transmittal AB-00-116 **Date: NOVEMBER 24, 2000**

CHANGE REQUEST 1021

SUBJECT: Local Medical Review Policy (LMRP) Development and Format

Local Medical Review Policy is an administrative and educational tool to assist providers, physicians, and suppliers in submitting correct claims for payment. Local policies outline how contractors will review claims to ensure that they meet Medicare coverage requirements. LMRPs must be consistent with national guidance (although they can be more detailed or specific), developed with input from medical professionals (through advisory committees), and consistent with scientific evidence and clinical practice. They are developed by Contractor Medical Directors (CMDs).

This Program Memorandum (PM) instructs contractors to establish an open and public process for the development of LMRPs. The development process parallels the national coverage determination development process, providing more notice and opportunity for providers, physicians, suppliers and other interested parties to have input into the policies. This PM also provides guidance to Medicare contractors concerning the appropriate format of LMRP, requirements for compliance with the HCFA/AMA CPT copyright agreement and requirements for archiving retired LMRPs.

A. LMRP Development Process

1. Background. The process for developing the LMRP includes developing draft LMRP based on review of medical literature and the contractor's understanding of local practice. In addition, contractors solicit comments from the medical community. Currently, carriers solicit comments from the Carrier Advisory Committees (CACs). Durable Medical Equipment Regional Carriers (DMERCs) solicit comments through the DMERC Advisory Process (DAP). See the Program Integrity Manual for further discussion of the CAC and DAP.

2. New Open LMRP Development Requirements. In order to assure that the development of LMRPs occur through a public and open process, Medicare contractors must allow for the submission of information from members of the general public. Medicare contractors shall permit interested parties to submit scientific, evidence-based information, professional consensus opinions, or any other relevant information. Medicare contractors shall provide open meetings for the purpose of discussing draft LMRPs. For Medicare carriers these meetings must be held prior to the presentation of these policies at the CAC meeting. The CMD shall allow interested parties (generally those that would be affected by the LMRP, including providers, physicians, vendors, manufactures, beneficiaries or their caretakers), to make presentations of information related to draft policies. If time and space are insufficient to accommodate all that want to speak, the contractor shall accept written (or e-mail) comments and give them full and equal consideration as if presented at the meeting. Members of the CAC may attend these public meetings.

3. New Draft LMRP Publication Requirements. By January 1, 2001, contractors must post all their draft LMRPs on their website as required by the 2001 Medical Review (MR) Budget and Performance Requirements (BPRs). This web page must clearly indicate the start and stop date of the comment period. This web page must also list an email and postal address to which comments should be submitted.

By January 1, 2001, for each draft LMRP contractors post for comment, the contractor must complete a draft LMRP form at www.draftLMRP.net. This form will ask the contractor to enter the contractor name, title of the draft LMRP, the URL where the draft LMRP is posted at the contractor website, and the ending date of the comment period. The form must be completed within 2 business days of the draft LMRP being posted to the contractor website.

4. New Comment/Response Document Requirements. Beginning February 1, 2001, contractors must post to their draft LMRP websites a summary of comments received concerning the draft policy with the contractor's response.

5. New LMRP Status Page Requirements. By April 1, 2001, contractors must post to their websites a draft LMRP Status page. The Draft LMRP Status Page must include the following:

Draft LMRP Title	Date of Release of Draft LMRP for Comment	E-mail and Postal Address to which comments should be sent	End Date for Comment Period	Current Status*	Actual Date of Release of Final LMRP	Web site Link to Final LMRP

* Current Status indicators are as follows:
D = draft under development; not yet released for comment
C = draft LMRP released for comment
E = formal comment period has ended; comments now being considered
F = final LMRP has been issued

B. The American Medical Association (AMA) Current Procedural Terminology (CPT) Copyright Agreement

Under a forthcoming separate PM specific detailed instructions will instruct contractors on the following issues:

1. Adding a point and click license (a license that appears on a computer screen or web page)

2. Adding an AMA CPT Copyright Notice to the body of each LMRP

C. Posting Final LMRPs to the Internet

Beginning January 1, 2000 all contractors must post all their final LMRPs on their website as required by the 2000 MR BPR. If the contractors are an intermediary and carrier within the same corporation, they must have a separate web page for the LMRPs. You must notify all providers via a bulletin article of the contractor LMRP web address. Many public libraries provide access to the

Web and providers without internet access my make use of this public facility. A provider without access to the Web should be advised in the bulletin to request a hard copy.

D. New Retired LMRP Requirement

Beginning January 1, 2001, contractors must have a mechanism for archiving retired LMRPs. This mechanism may be hard copy, electronic or web-based. This mechanism must also allow the contractor to respond to requests and retrieve the LMRP that was in effect on any given day. Contractors must post on their website information regarding how to obtain retired LMRPs.

E. LMRP Format

1. New LMRP Format Requirements. By February 1, 2001 any newly developed policies must use the standard format listed in the attached Exhibit (in the exact order listed).

2. New Time Frame and Email Address Requirement. Beginning immediately, contractors shall forward final LMRPs to julie.berkey@tbhe.org, and cohenj@kathpal.com. Send copies to your regional office contact. Final LMRPs must be forwarded to these email addresses no later than 2 days after the start of the notice period.

3. New HyperText Markup Language (HTML) Requirement. Beginning January 1, 2001, all new LMRPs must be written in HyperText Markup Language (HTML). An HTML sample LMRP format is available to CMDs at www.MedicareCMD.net. Contractors are encouraged to use this HTML sample. Contractors must include an HTML title and must specify in the title the contractor name and topic of the LMRP. Contractors may alter the appearance of the HTML file to meet their own web site needs, e.g. change the background color.

The *effective date* for this PM is November 24, 2000.

The *implementation date* for this PM is various dates specified within the body of the PM.

These instructions should be implemented within your current operating budget.

This PM may be discarded after November 1, 2001 or when published in the Program Integrity Manual, whichever comes first.

If you have any questions, contact Linda Easter at (410) 786-6978.

Exhibit - Local Medical Review Policy Format

Contractor's Policy Number	Enter a unique policy identifier that the policy author designates. The numbering system is entirely up to the contractor and is used to catalog the policy for internal use.
Contractor Name	The contractor name is the proper name assigned by HCFA and used in the Contractor Report of Workload Data (CROWD) system. This is a mandatory field.
Contractor Number	The contractor number is the proper name assigned by HCFA and used in the CROWD system. Include only one contractor number. This is a mandatory field.
Contractor Type	Indicate if this policy is for a Fiscal Intermediary (FI), Carrier, Regional Home Health Intermediary (RHHI) or Durable Medical Equipment Regional Carrier (DMERC). Select only one contractor type. This is a mandatory field.
LMRP Title	Enter a brief, one line description of the topic or subject matter of the policy. The subject identifies the name of the medical policy. This field is used in the Keyword Search function for researching and drafting policies. To improve identifying your policies, try not to use special characters such as parentheses, slashes, and ellipses in this field.
AMA CPT Copyright Statement	Include the following statement in each LMRP. "CPT codes, descriptions, and other data only are copyright 1999 American Medical Association (or such other date of publication of CPT). All Rights Reserved. Applicable FARS/DFARS Clauses Apply."
HCFA National Coverage Policy	Indicate any associated HCFA National Coverage Policies.
Primary Geographic Jurisdiction	The geographical area to which the LMRP will apply. For carriers and DMERCS, this jurisdiction is established based upon the contractor number. For RHHIs and FIs, this jurisdiction is established based upon the contractor number but may not include all states within the HCFA established jurisdiction. For example, an FI with the primary geographic jurisdiction of Connecticut, Michigan and New York may only develop a LMRP for Connecticut and not Michigan or New York. Contractors must indicate the primary jurisdiction to which this policy applies. This is a mandatory field.
Secondary Geographic Jurisdiction	RHHIs and FIs may also have a secondary geographic jurisdiction for those facilities that nominate to have the FI or RHHI process their claims. The secondary geographic jurisdiction is the State in which the provider is located. Include all States for the providers to which this policy applies.
HCFA Region	List the Region that retains oversight of the Medicare contractor's LMRP development process. Include only one Region. This is a mandatory field.
HCFA Consortium	List the Consortium for the Regional Office listed above. Include only one Consortium. This is a mandatory field.
Original Policy Effective Date	List the **original** date this policy became effective. For example, all policy rules, requirements, and limitations became effective for services performed on and after this date. The format is MM/DD/YYYY. This is a mandatory field.
Original Policy Ending Date	The date for which the policy is no longer effective. For example, all policy rules, requirements, and limitations within this policy are no longer effective for services performed after this date. This date may be the same as, but not before the final revision ending effective date. The format is MM/DD/YYYY. This is a mandatory field for terminated policies.
Revision Effective	The beginning date for which a revision becomes effective. For example, all policy rules, requirements, and limitations within this revision are effective for services performed after this date. The format is MM/DD/YYYY. This is a

Date	mandatory field for revised policies.
Revision Ending Date	The date for which this revision is no longer effective. For example, all policy rules, requirements, and limitations within this revision are no longer effective for services performed after this date. The format is MM/DD/YYYY. This is a mandatory field if a revised policy is itself subsequently revised or if a revised policy is terminated without a subsequent revision.
LMRP Description	Characterize or define the item/service and explain how it operates or is performed. Use this field to enhance the policy subject. This is a mandatory field.
Indications and Limitations of Coverage and/or Medical Necessity	List the general indications for which an item/service is covered and/or considered medically necessary. Also list limitations such as least costly alternative reductions. This is a mandatory field.
CPT/HCPCS Section & Benefit Category	Define the CPT/HCPCS section to which the policy applies. Also state the appropriate benefit category. For example: Physician Services, DME, Diagnostic Services, Prosthetic Devices, Evaluation and Management, Medicine, Pathology and Laboratory, Radiology, Nuclear, Ultrasound, and Surgery. This is a mandatory field.
Type of Bill Code	Enter the related Type of Bill codes for the item, service, or procedure. Type of Bill codes apply to FIs only. This is a mandatory field for FIs and RHHIs.
Revenue Codes	Enter the related Revenue Code for the item, service, or procedure. Revenue Codes apply to FIs only. This is a mandatory field for FIs and RHHIs.
CPT/HCPCS Codes	Enter the related HCPCS codes and any appropriate modifiers for the item/service. You may list the codes as a range. A policy may be associated with one or many HCPCS codes, one or many ranges of HCPCS codes, or a combination of all of these. This is a mandatory field.
Not Otherwise Classified (NOC)	Use this field in the absence of HCPCS codes. List the NOC code and the Classified Codes associated text.
ICD-9 Codes that Support Medical Necessity	List the ICD-9 codes or code ranges, using maximum specificity, for which the item/service is generally covered, and /or considered medically necessary. A policy can be associated with one or many diagnosis codes, one or many ranges of diagnosis codes, or a combination of all of these. This is a mandatory field.
Diagnosis that Support Medical Necessity	In the absence of ICD-9 codes, include the medical diagnosis that supports the medical necessity for the item, service, or procedure.
ICD-9 Codes that DO NOT Support Medical Necessity	List the ICD-9 codes that do not support the Medical Necessity of the Service. Use this field when developing policies using an "exclusionary" approach in writing LMRP for which there are only limited exceptions of ICD-9 codes that would not support the medical necessity of the service.
Diagnosis that DO NOT Support Medical Necessity	In the absence of ICD-9 codes that do not support medical necessity, include the medical diagnosis that will not support medical necessity. Use this field when developing policies using an "exclusionary" approach in writing LMRP for which there are only limited exceptions of diagnoses that would not support the medical necessity of the service.

Reasons for Denial	Indicate the specific situations under which an item/service will **always** be denied. Also, list the reasons for denial such as "investigational, cosmetic, routine screening, dental, program exclusion, otherwise not covered, or never reasonable and necessary." This is a mandatory field.
Noncovered ICD-9 Code(s)	If an item/service is **always** denied for a certain ICD-9 Code, list the ICD-9 Code(s) or Code range(s) and narrative that are **never** covered. A policy can be associated with one or many noncovered diagnosis codes, one or many ranges of diagnosis codes or a combination of all of these.
Noncovered Diagnosis	List the medical diagnoses that are not covered.
Coding Guidelines	Describe the relationships between codes and define how items/services are billed. Include information about the units of service, place of service, HCPCS modifiers, etc. An example of an appropriate coding technique is "use CPT code xxxxx to bill this item/service rather than yyyyy. Include payment issues and payment considerations in the Indications and Limitations of Coverage section.
Documentation Requirements	Describe specific information from the medical records or other pertinent information that would be required to justify the item/service. For example, progress notes, pathology report, certificate of medical necessity (CMN), or photographs. Give instructions as to how Electronic Media Claims billers should submit documentation.
Utilization Guidelines	Include information concerning the typical or expected utilization for the service. This is an optional field.
Other Comments	Include information not included in other fields sections. There is No maximum field length.
Sources of Information and Basis for Decision	List the information sources, pertinent references (other than national policy) and other clinical or scientific evidence reviewed in the development of this policy. Cite, for example, Agency for Health Care Policy and Research (AHCPR) guidelines, position papers released by specialty societies, or other sources used during the development of this policy. Also include the basis for your coverage decision. This is a mandatory field.
Advisory Committee Notes	All contractors **must** include the following information regarding the development of the LMRP: the meeting date on which the policy was discussed with the Advisory committee. This is a mandatory field.
Start Date of Comment Period	Enter the date the LMRP was released for comment. Use MM/DD/YYYY as the format. This is a mandatory field.
End Date of Comment Period	Enter the date the comment period ended. Use MM/DD/YYYY as the format. This is a mandatory field.
Start Date of Notice Period	Enter the date the medical community was notified about the LMRP. Use MM/DD/YYYY as the format. When no day is provided, enter 01 as the day. This is a mandatory field.
Revision History	The revision history includes the revision number, the effective date of the revision, and an explanation of the revisions made to the policy. Any revision to LMRP that increase restrictions on coverage **requires** the usual notice and comment period. Revisions to utilization guidelines that increase restrictions on coverage are also subject to the notice and comment period. The revision number is a unique identifier that allows users to recognize if a policy is changed from its original form. The numbering system is entirely up to the contractor and is used to catalog the policy for your internal use. The revision dates are listed with the most recent revision date listed first. Use MM/DD/YYYY as the format. This is a mandatory field for revisions.

* Note each LMRP must include the following paragraph:

"This policy does not reflect the sole opinion of the contractor or Contractor Medical Director. Although the final decision rests with the contractor, this policy was developed in cooperation with advisory groups, which includes representatives from [fill in appropriate specialty name]."