AUDIT-READY RESOURCE CENTER

Medical Necessity Reference

A practical framework for separating correct coding from coverage, utilization, and medical-necessity validation.

Separate the Review Questions

A service may be coded correctly and still fail coverage or medical-necessity requirements. An audit-ready review separates code accuracy, documentation support, policy requirements, and utilization considerations instead of treating them as one issue.

1. Coding Accuracy

Confirm that the reported diagnosis, procedure, units, and modifiers accurately represent the documented service.

2. Documentation Support

Verify that the record supports the service performed, clinical circumstances, frequency, and level of care.

3. Coverage Requirements

Review applicable payer policy, benefit limitations, prior authorization, and coverage criteria.

4. Clinical Rationale

Determine whether the record explains why the service was reasonable and necessary for the patient's condition.

5. Frequency and Units

Validate that the number of services, units, and timing are supported by the record and applicable policy.

6. Audit Trail

Document the source reviewed, issue identified, decision reached, and corrective action when applicable.

Think Like an Auditor

Before concluding that a service is medically necessary, ask three questions:

1. **Does the documentation clearly explain why the service was needed?**
2. **Does the reported coding accurately reflect the service that was documented?**
3. **Are applicable coverage, frequency, and payer requirements satisfied?**

Common Audit Risks

- Assuming correct coding automatically establishes medical necessity.
- Using diagnosis-code presence alone as proof that a service was reasonable and necessary.
- Failing to compare the documentation with applicable payer coverage criteria.
- Overlooking frequency, units, prior authorization, or benefit limitations.
- Treating a denial as a coding error without identifying the actual denial basis.
- Documenting an audit conclusion without preserving the policy source or rationale reviewed.

Educational-use notice: This independently developed reference is a review aid only. It does not replace current code sets, payer medical policies, coverage determinations, benefit-plan requirements, or organization-specific compliance guidance.