



530 North Lafayette Boulevard
South Bend, IN 46601-1098

Annual Notice to Physicians

Medical Necessity

The Office of the Inspector General (OIG) has advised clinical laboratories to remind physicians (or other individuals authorized by law to order tests) that Medicare will only pay for tests that meet the Medicare definition of “medical necessity” and that Medicare may deny payment for a test that the physician believes is appropriate, such as a screening test, but which does not meet the Medicare definition of medical necessity.

We have been asked to advise physicians to only order those tests that they believe are medically necessary for the diagnosis and treatment of their patients. The OIG takes the position that a physician who orders medically unnecessary tests for which Medicare reimbursement is claimed may be subject to civil penalties.

Advanced Beneficiary Notification

Medicare requires a statement of diagnosis for each laboratory test ordered. Medicare may not consider certain tests, diagnoses, and frequency combinations to be medically necessary and will not reimburse for any test that is judged to lack a medically necessary diagnosis or does not conform to frequency guideline. These tests, therefore, would require that the patient sign an Advance Beneficiary Notice before the laboratory testing can be performed.

Customized Profiles

South Bend Medical Foundation offers clients the opportunity to create customized profiles. We encourage physicians who are ordering tests for which Medicare reimbursement will be sought to order only tests that are medically necessary for each patient. Using a customized profile may result in the ordering of tests for which Medicare may deny payment and the OIG takes the position that a physician who orders medically unnecessary tests for which Medicare reimbursement is claimed may be subject to civil penalties.

As part of South Bend Medical Foundation’s compliance program, we must have documentation from ordering physicians that affirms that: (1) the physician has requested the creation of a custom profile; (2) the physician understands that when ordering tests for which Medicare reimbursement will be sought, the physician should only order those tests which the physician believes are medically necessary for each patient; (3) the physician knows that using a customized profile may result in the ordering of tests for which Medicare or other federally funded health care programs may deny payment; (4) the physician will order individual tests or a less inclusive profile when not all of the tests included in the customized profile are medically necessary for an individual patient; (5) the physician has been informed that the OIG takes the position that a physician who orders medically unnecessary tests may be subject to civil penalties.