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For Your Health's Sake

Understanding The Concept of Medical Necessity In Health Insurance

(Huntsville, TX) – For many Americans, the cost of health insurance is one of the major drains on their monthly incomes. Finding insurance coverage that not only takes care of the basics but will also operate in times of direct need can be difficult, especially after the recent downturn in the economy. Providers are now shy about offering multiple layers of coverage, and finding a reasonable price can be a challenge unto itself. Even if a person is able to obtain a health insurance quote that agrees with his or her budget, problems may still remain. Most health insurance providers in the United States operate under the same rule of medical necessity that applies to Medicare. Understanding what medical necessity is and how it works is important for any policyholder.

Every country with national or private health insurance plans will have a policy similar to that found in the United States, at least when it comes to the governance of health care and the administration of treatment. All of them focus on the same thing-determining when care is necessary and under what circumstances it will be administered. The concept in the United States originally came from Medicare, which is bound to provide services that are "reasonable and necessary." This means that a doctor must justify the treatment that he or she is prescribing in order for Medicare to cover the costs. This same concept has now moved over to the private health care industry. In order to have treatments paid for by the insurance company, physicians must be able to prove that these treatments were reasonable, justified and necessary.

This is where the battle begins for providers. Health care providers waste billions on unnecessary paperwork to deal with thousands of different health plans. It takes a lot of work for doctors to manage the entire claims filing process: a study published in the American Journal of Medicine found that a typical doctor's overhead and billing expenses account for 43.7% of his or her gross income. This translates into an average of about one and a half clerical workers per doctor at an average annual cost of \$51,564. This does not include the hidden costs like vacation time, insurance, and the like. Doctors can no longer just write a prescription for the medication they think their patient needs. They have to figure out what prescription drugs the patient's health plan will cover. The complexity of what should be a simple matter becomes evident when you realize that every plan has a different list of covered drugs, or formulary. Doctors also have to jump through hoops when prescribing a necessary test or procedure. Here is a typical sequence of events: First the doctor has to call the plan and wade through the myriad of choices provided by the mechanical operator. Despite this being a "provider line," there is no skipping the many

button presses required to get to the appropriate level, and it is easy to get lost in the labyrinth of choices. The phone call can often take an hour or more, after which many plans require that a form be faxed within 24 hours. If more than 24 hours pass, the doctor has to start the process all over again. If the doctor makes it through all these hurdles, the request may still be denied. Then the doctor has to submit a letter of medical necessity to try to convince the plan to cover what the doctor believes his or her patient needs.

Therefore it is easy to see that this process is a quagmire for any local physician's office. The terms "reasonable and necessary" are ambiguous and subjective. Can you imagine working under such constraints every day? It is important to note that these obstacles are placed in front of our physicians' and their staff by Medicare and the various private insurance companies and not the health care providers themselves. Our talented medical community provides charitable health care services and quality care to the residents of Walker County and the surrounding communities. No matter what obstacles we face our focus on staying up to the minute with the latest technologies and treatment solutions, while still providing our patients with friendly down to earth service will never change.

Sally Nelson
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