Health Care Bills: Understanding Medical Necessity

What is medical necessity?

Typically, health insurance plans only provide benefits for treatments or services that are "medically necessary." So, what does that mean?

Your policy will define medically necessary. But usually "Medically necessary" or "medical necessity" means health care a prudent physician, using professional standards and judgment, would give a patient. These are services that:

Evaluate, diagnose, or treat an illness, injury, disease, or its symptoms;
Follow generally accepted standards of medical practice;
Are "clinically appropriate," meaning the level of care would be effective to treat the patient's illness, injury, or disease;
Aren't primarily for the convenience of the patient, health care provider, or insured's family;
Don't cost more than another service or series of services that would be at least as effective; and
Are not for experimental, investigational, or cosmetic purposes.

How does medical necessity affect coverage of my health care services?

Medical necessity limits health insurance payments for cosmetic procedures, treatments that haven't been proven to be effective, or treatments that are more expensive than others that also are effective.

How is "medical necessity"

Some definitions of medical necessity specifically exclude services for "experimental, investigational, or cosmetic purposes." An insurer's medical guidelines determine if a treatment is considered experimental for your condition. An insurer also follows its medical guidelines to decide if treatments that could be considered cosmetic also have a medical purpose. Insurers may use medical records to decide if services are medically necessary, but they also may base decisions on the available scientific literature.

Does medical necessity affect coverage for emergency services?

After you receive emergency services, insurers may review your care to decide if emergency care was appropriate for your diagnosis and medically necessary. To decide, insurers use a "prudent layperson" standard. Getting approval before you receive medical services (precertification) isn't necessary if a prudent layperson would believe there was an emergency condition and delaying treatment would make that condition worse.