ADMINISTRATIVE POLICY / PROCEDURE MANUAL

ADVANCE BENEFICIARY NOTICE

I. STATEMENT OF POLICY / PROCEDURE PURPOSE:

To insure an Advance Beneficiary Notice (ABN) is obtained from Medicare beneficiaries when _____Hospital wishes to bill for outpatient tests and services that may not be covered by CMS or the Local Medical Review Policy (LMRP) or National Coverage Decisions (NCD) per our Intermediary.

_____ Hospital will conduct patient care and all other business operations in a legal and ethical manner. Employees are expected to observe federal, state and local laws. _____ Hospital will not tolerate fraud, waste and/or abuse in any manner, and employees are expected to adhere to all guidelines and regulations governing Medicare and other Federal and State funded healthcare programs.

II. SCOPE:

Admitting Services (Scheduling and Registration), Corporate Compliance, Care Management, Medical Staff, Physician Office Staff, Laboratory, Patient Accounts, Ancillary Departments.

III. GENERAL INFORMATION:

Advance Beneficiary Notice (ABN): An ABN is a written notice given to a Medicare Beneficiary before Part B services are furnished when _____Hospital believes that Medicare will not pay for some or all of the services on the basis that they are not reasonable and necessary (i.e., under §1862(a)(1) of the Act) and _____ Hospital wishes to bill the patient for the provided services. The ABN gives the beneficiary an idea of why _____ Hospital is predicting the Medicare denial. The information in the ABN will assist the beneficiary in making an informed decision whether or not to receive the service and be financially responsible for the payment.

If ____ Hospital expects payment for the services to be denied by Medicare, _____ Hospital employees will advise the beneficiary before services are

furnished that, in our opinion, the beneficiary will be personally and fully responsible for the payment.

"Personally and fully responsible for payment": This means that the beneficiary will be liable to make payment "out-of-pocket," through other insurance coverage (e.g., employer group health plan coverage), or through Medicaid or other federal or non-federal payment source. _____ Hospital must issue notices each time, and as soon as, we believe Medicare payment will be denied due to a medical necessity reason. _____ Hospital is not required to give ABN's to beneficiaries for items or tests that are statutorily excluded from Medicare payment, such as oral medications or routine screening tests, which fall under the routine physical exclusion (i.e., under §1862(a)(7) of the act.) If _____ Hospital does not provide a proper ABN in situations where one is required, _____ Hospital will be held liable for the loss of payment if Medicare denies the claim.

> **Notation:** An Advance Beneficiary Notice must be obtained for initial standing orders (for extended course of treatment) that contain tests that may be covered. However, it is not necessary to obtain a new ABN each time the test is performed in accordance with the standing order.

Routine use of the Advance Beneficiary Notice is prohibited. There must be a specific reason to believe Medicare will determine that the test ordered may not be considered **reasonable and necessary.**

> An Advance Beneficiary Notice must be obtained when one or more of the following circumstances exist when _____ Hospital wishes to bill the patient for the provided services:
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> 1. The test for a routine exam or screening not covered by Medicare.
> 2. The test in for investigative or research use only.
> 3. The diagnosis provided may not or does not meet medical necessity requirements.
> 4. No diagnosis provided.
> 5. The test may only be paid for a limited number of times within a specified time period and this visit may exceed that limit.
> 6. The test has not been approved by the Food and Drug Administration.
> 7. For those services which Medicare excludes from coverage under Part A or Part B (e.g., tests associated with routine checkups, glasses, hearing aids, routine foot care, personal comfort items, etc.) an ABN may be obtained noting the appropriate reason of non-coverage.

Patients must be notified well enough in advance of receiving a medical service so the patient can make a rational, informed decision.

The ABN will clearly identify the following (see Attachments A):

1. Description of service(s) that may be denied, including procedure name, price, and CPT/HCPC code if available
2. Reason why the service may be denied
3. Patient's name
4. Good faith estimate of the cost to the patient
5. Patient's or guarantor's signature and date
6. Witness signature and date

The department initiating the ABN should keep the original ABN and a copy must be given to the beneficiary.

Demand Bill: A claim must always be sent for an initial determination on the basis of the likelihood of denial of payment for a service as "not reasonable and necessary" under Medicare standards. Enter an occurrence code 32 on the UB-02 in one of the fields numbered 32 through 35. It is the occurrence code that indicates that an ABN has been issued. A condition code of 20 must be entered in one of the fields numbered 24 through 30 to indicate the _____ Hospital felt the services would probably be non-covered or denied by Medicare.

IV. PROCEDURE

A. Employees entering the computerized order for outpatient tests and performing registration must review the physician's diagnosis with the provided LMRP and/or NCD, when processing every outpatient Medicare order.

B. If the patient presents with a completed Advance Beneficiary Notice from the physician's office, proceed with performing the ordered tests. A copy of the ABN must be made and kept with the patient's order.

C. If the patient presents with no Advance Beneficiary Notice and the diagnosis provided does not meet Medical Necessity Guidelines for the test(s) being ordered, registration staff must complete an Advance Beneficiary Notice.

D. Instruct the patient on the purpose of the form and ask patient or guardian to sign one of two options: 1) agree to pay for service(s), which may be denied, and therefore obtain the service(s), or (2) deny responsibility and do not obtain the service(s). If the patient or guardian wishes to discuss the situation with their physician or a nurse, the registration employee will either contact the physician or

a nurse in a timely manner to discuss the situation so the beneficiary may make an informed decision.

E. In the case in which the Beneficiary demands the service(s) and refuses to pay or sign the ABN form, then a second employee witness should sign the ABN form and a note should be made that the beneficiary refused to sign. In this case the services may be provided and if Medicare payment is denied, the beneficiary will be responsible for payment.

   If the patient denies payment responsibilities and declines the test(s), then perform only those tests that meet the Medical Necessity Guidelines. It is the patient's responsibility to inform the ordering physician that services were not performed. If the patient agrees to pay for the service(s) then perform all tests ordered.

F. The signed ABN form should be distributed as follows: give the back copy to the patient, retain the middle copy at physician's office or registration office, and file the original copy with the physician's order.

Notations:
ABN's will be issued if the patient presents to _____ Hospital for the services described in Appendix A

References:
Medicare Claims Processing Manual Transmittal 1587.

Attachment:
_____ Hospital Advance Beneficiary Notice