

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



On August 24, HHS Secretary Kathleen Sebelius announced a final rule that will save time and money for physicians and other health care providers by establishing a unique health plan identifier (HPID). The rule is one of a series of changes required by the Affordable Care Act to cut red tape in the health care system and will save up to \$6 billion over ten years. Currently, when a health care provider bills a health plan, that plan may use a wide range of different identifiers that do not have a standard format. As a result, health care providers run into a number of time-consuming problems, such as misrouting of transactions, rejection of transactions due to insurance identification errors, and difficulty determining patient eligibility. The change announced on August 24 will greatly simplify these processes. For more information, see the [Fact Sheet](#) related to this final rule.

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**Note:** This article was revised on August 19, 2015, to add a reference to MLN Matters® Article MM9112 available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM9112.pdf>, which clarifies the term “access to documentation” to mean that the documentation is actually provided or made available in the manner requested by CMS or a Medicare contractor. All other information remains the same.

## Documenting Medical Necessity for Major Joint Replacement (Hip and Knee)

### Provider Types Affected

This MLN Matters® Special Edition (SE) is intended for physicians who perform major joint replacement (hip and knee) surgery on Medicare beneficiaries. This article may also be of interest to hospitals, multispecialty clinics, and accountable care organizations.

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## What You Need to Know

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The Centers for Medicare & Medicaid Services (CMS) is publishing this article as an educational guide to improve compliance with documentation requirements for major joint replacement surgery. The article presents suggestions for documenting medical necessity to avoid denial of Medicare Fee-For-Service (FFS) claims. The use of this guide is not mandatory and does not guarantee payment.

## Background

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In 2010, the President announced the goals for cutting the Medicare FFS improper payment rate by half and reducing overall payment errors by \$50 billion. Medicare has initiated a number of auditing projects with the intention of reaching those goals. Multiple auditing entities including the Recovery Audit Contractors, Comprehensive Error Rate Testing (CERT) Contractors, and Medicare Administrative Contractors (MACs) have demonstrated very high paid claim error rates among both hospital and professional claims associated with major joint replacement surgery.

## Key Points

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### **Document Medical Necessity to Avoid Denial of Claims**

CMS recognizes that joint replacement surgery is reserved for patients whose symptoms have not responded to other treatments. To avoid denial of claims for major joint replacement surgery, the medical records should contain enough **detailed** information to support the determination that major joint replacement surgery was reasonable and necessary for the patient. **Progress notes consisting of only conclusive statements should be avoided.**

Consequently, the medical record must specifically document a complete description of the patients' historical and clinical findings. Examples of such information may include:

#### **History:**

- Description of the pain (onset, duration, character, aggravating, and relieving factors);
- Limitation of Activities of Daily Living (ADLs) – specify;
- Safety issues (e.g. falls);
- Contraindications to non-surgical treatments;
- Listing and description of failed non-surgical treatments such as:
  - Trial of medications (for example, NSAIDs);
  - Weight loss;

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- Physical therapy;
- Intra-articular injections;
- Braces, orthotics or assistive devices.

**Physical Examination:**

- Deformity;
- Range of motion;
- Crepitus;
- Effusions;
- Tenderness;
- Gait description (with/without mobility aides).

**Investigations:**

- Results of applicable investigations (e.g. plain radiographs).

**Clinical Judgment:**

- Reasons for deviating from a stepped-care approach.

## Examples of Medical Documentation

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The following examples show portions of a medical record that either support or do not support the medical necessity of the joint replacement. Please note these examples do not describe all of necessary documentation required for a joint replacement surgery or all the clinical situations that require major joint surgery. These examples are solely for educational purposes.

### **Example of Documentation Demonstrating Medical Necessity for Joint Replacement Surgery**

#### **A. The hospital record for the preoperative joint replacement surgical patient includes:**

**History:**

- Present illness from onset until the present;
- Current symptoms and functional limitations;
- Outcomes of nonsurgical treatments, such as;
  - Medications e.g., Anti-inflammatory medication, Analgesics;
  - Intra-articular injections;
  - Physical Therapy and/or home exercise plans;
  - Assistive devices e.g., cane, walker, braces (specify type of brace), orthotics;
- Comorbidities.

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**Physical Examination:**

- Joint examination with detailed objective findings.

**Investigations:**

- Preoperative imaging studies.

**The hospital record for the joint replacement surgical patient includes documentation of specific conditions. For example:**

- Osteoarthritis (mild, moderate, severe);
- Inflammatory arthritis (e.g., rheumatoid arthritis, psoriatic arthritis);
- Failure of previous osteotomy;
- Malignancy of distal femur, proximal tibia, knee joint, soft tissues;
- Failure of previous unicompartmental knee replacement;
- Avascular necrosis of knee;
- Malignancy of the pelvis or proximal femur or soft tissues of the hip;
- Avascular necrosis of the femoral head;
- Fractures (e.g., distal femur, femoral neck, acetabulum);
- Nonunion, malunion, or failure of previous hip fracture surgery; and
- Osteonecrosis.

**B. The hospital record for the postoperative joint replacement surgical patient includes:**

- Operative report for the procedure, including observed pathology;
- Daily progress notes for inpatients; and
- Discharge plan and discharge orders.

**Example of a medical record that may result in a DENIED claim**

Mrs. Smith is a female, age 70, with chronic right knee pain. She states she is unable to walk without pain and pain meds do not work. Therefore, she needs a total right knee replacement.

**Example of a medical record with more detail and support of medical necessity****History:**

Mrs. Smith is a 70-year-old female who is suffering from end-stage Osteoarthritis (OA) of her right knee, worsening gradually over the past 10 years. Treatment has included NSAIDs which have not effectively relieved her pain/inflammation and which have recently begun to cause her gastric distress. She has also participated in an exercise program/physical therapy for the past 3 months without functional improvement. Sometimes the pain keeps her awake at night. She is using a cane and is no longer able to climb the five steps to her front door. Personal safety is

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compromised as she had falls x 3 in attempting the stairs to her home entrance. Her knee pain and stiffness limit her ability to perform ADLs. She cannot walk from her bedroom to her kitchen without stopping to rest.

**Physical Examination:**

Vital Signs: 140/90, Heart rate 78, RR 18.

Physical exam: Bilateral varus knee deformity consistent with severe osteoarthritis. Right knee extension reduced to minus 15 degrees and flexion to less than 100 degrees. Unable to rise from chair unassisted. Full motion of the right hip, no calf tenderness or ankle edema. Antalgic gait noted.

**Investigations:**

X-ray (7/2/11): right knee shows joint space narrowing along with marginal osteophytes.

**Impression:**

Total Knee Arthroplasty (TKA) indicated.

**Plan/Orders:**

Discussed risks and benefits of total joint replacement with patient. Patient understands both. Admit to inpatient care for right TKA. Forward a copy of this note to include in patients chart along with a copy of the patient's x-ray reports.

**Additional Information**

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If you have any questions, please contact your carrier, Fiscal Intermediary, or MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

For additional information and educational materials related to provider compliance, visit <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/ProviderCompliance.html> on the CMS website.

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