Local Coverage Determinations
&
Inpatient Rehabilitation Facilities

Questions and Answers

What is a local coverage determination?
Local coverage determinations (LCD) may be issued by Medicare contractors, such as fiscal intermediaries (FI), and are intended to provide education on how an FI will be enforcing national policy within its jurisdiction. LCDs may not restrict national coverage. Rather, their purpose is to clarify the clinical criteria and circumstances that are considered to be reasonable and necessary to justify coverage by Medicare.

How are LCDs developed?
Medicare requires LCDs to be based on the "strongest evidence available" including:

- Published evidence derived from definitive randomized clinical trials or other studies, and
- Generally accepted medical practices, as supported by sound medical evidence based on:
  - Scientific data or research studies published in peer-reviewed medical journals;
  - Consensus of expert medical opinion (i.e., recognized authorities in the field); or
  - Medical opinion derived from consultations with medical associations or other experts.

Due to the lack of extensive research on post-acute rehabilitation, the LCDs have failed to meet this Medicare standard, yet have cut access to IRF care without the benefit of a scientific basis.

How many LCDs are affecting inpatient rehabilitation patients?
Collectively, the following LCDs are threatening access to IRF care for thousands of Medicare beneficiaries. At this time, there are seven final LCDs, which affect IRFs in the following 14 states: Alabama, Florida, Georgia, Indiana, Illinois, Kentucky, Louisiana, Maine, Massachusetts, Missouri, New Hampshire, New Mexico, Ohio, and Vermont. In addition, an LCD by FI Mutual of Omaha affects multi-state IRFs that operate in up to 49 states. A California FI is also currently conducting extensive LCD-like reviews on IRF joint replacement patients. And finally, further LCD drafts have been introduced by FIs, but have not yet advanced to the final stage.

What do LCDs on inpatient rehabilitation do?
The LCDs on inpatient rehabilitation establish medical necessity standard for IRF patients, which include an FI's local criteria for admission to an IRF. Although the LCDs generally lack a basis in the medical literature, they are being used to deny Medicare payment for many IRF patients who have already received IRF treatment. This is having a detrimental impact on IRFs and their ability to continue serving Medicare beneficiaries. Particularly egregious problems are occurring in communities (such as St. Louis, Shreveport, and Phoenix) with more than one LCD in effect, which causes confusion and inconsistent patient access to IRF care.

What is the remedy to excessive and inconsistent LCDs?
The national organizations support medical necessity review by individual FIs based on the national criteria in Section 110 of the Medicare Benefits Policy Manual, in lieu of inconsistent LCDs. Relying on a common national standard would establish a level playing field for patients who need to access an IRF. In the meantime, it is critical to support major research underway to provide new evidence-based tools for policymakers.