§ 424.1 Basis and scope.

(a) Statutory basis. (1) This part is based on the indicated provisions of the following sections of the Act:

1814—Basic conditions for, and limitations on, Medicare payments for Part A services.
1815—Payment to providers for Part A services.
1820—Conditions for designating certain hospitals as critical access hospitals.
1833(e)—Requirement to furnish information to determine payment.
1834(a)—Payment for durable medical equipment.
1834(j)—Requirements for suppliers of medical equipment and supplies.
1835—Procedures for payment to providers for Part B services.
1842(b)(6)—Payment to entities other than the supplier.
1848—Payment for physician services.
1870(e) and (f)—Settlement of claims after death of the beneficiary.

(2) Section 424.444(c) is also based on section 216(i) of the Act.

(b) Scope. This part sets forth certain specific conditions and limitations applicable to Medicare payments and cites other conditions and limitations set forth elsewhere in this chapter. This subpart A provides a general overview. Other subparts deal specifically with—

(1) The requirement that the need for services be certified and that a physician establish a plan of treatment (subpart B);
(2) The procedures and time limits for filing claims (subpart C);
(3) The individuals or entities to whom payment may be made (subparts D and E);
(4) The limitations on assignment and reassignment of claims (subpart F);
(5) Special requirements that apply to services furnished by nonparticipating U.S. hospitals and foreign hospitals (subparts G and H); and
(6) The replacement and reclamation of Medicare payment checks (subpart M).

(c) Other applicable rules. Except for § 424.40(c)(3), this part does not deal with the conditions for payment of rural health clinic (RHC) services, Federally qualified health center (FQHC) services, or ambulatory surgical center (ASC) services. Those conditions are set forth in part 405, subpart X, and part 481 subpart A of this chapter for RHC and FQHC services; and in part 416 of this chapter, for ASC services. The rules for physician certification of terminal illness, required in connection with hospice care, are set forth in § 418.22 of this chapter.

Nonparticipating hospital means a hospital that does not have in effect a provider agreement to participate in Medicare.

Participating hospital means a hospital that has in effect a provider agreement to participate in Medicare.

§ 424.5 Basic conditions.

(a) As a basis for Medicare payment, the following conditions must be met:

(1) Types of services. The services must be—
   (i) Covered services, as specified in part 409 or part 410 of this chapter; or
   (ii) Services excluded from coverage as custodial care or services not reasonable and necessary, but reimbursable in accordance with §§405.332 through 405.334 of this chapter, pertaining to limitation of liability.

(2) Sources of services. The services must have been furnished by a provider, nonparticipating hospital, or supplier that was, at the time it furnished the services, qualified to have payment made for them.

(3) Beneficiary of services. Except as provided in §409.68 of this chapter, the services must have been furnished by a provider, nonparticipating hospital, or supplier that was, at the time it furnished the services, qualified to have payment made for them.

(4) Certification of need for services. When required, the provider must obtain certification and recertification of the need for the services in accordance with subpart B of this part.

(5) Claim for payment. The provider, supplier, or beneficiary, as appropriate, must file a claim that includes or makes reference to a request for payment, in accordance with subpart C of this part.

(6) Sufficient information. The provider, supplier, or beneficiary, as appropriate, must furnish to the intermediary or carrier sufficient information to determine whether payment is due and the amount of payment.

(b) Additional conditions applicable in certain circumstances or to certain services are set forth in other sections of this part.

§ 424.7 General limitations.

(a) Utilization review finding on medical necessity. When a QIO or a UR committee notifies a hospital or SNF of its finding that further services are not medically necessary, the following rules apply:

(1) Hospitals subject to PPS. Payment may not be made for inpatient hospital services furnished by a PPS hospital after the second day after the day on which the hospital received the notice.

(2) Hospitals not subject to PPS and SNFs—(i) Basic rule. Except as provided in paragraph (a)(2)(ii) of this section, payment may not be made for inpatient hospital services or posthospital SNF care furnished after the day on which the hospital or SNF received the notice.

(ii) Exception. Payment may be made for 1 or 2 additional days if the QIO or UR committee approves them as necessary for planning for post-discharge care.

(b) Failure to make timely utilization review. Payment may not be made for inpatient hospital services or posthospital SNF care furnished, after the 20th consecutive day of a stay, to an individual who is admitted to the hospital or SNF after CMS has determined that the hospital or SNF has failed to make timely utilization review in long stay cases. (This provision does not apply to a hospital or SNF for which a QIO has assumed binding review.)

§ 424.10 Purpose and scope.

(a) Purpose. The physician has a major role in determining utilization of health services furnished by providers. The physician decides upon admissions, orders tests, drugs, and treatments, and determines the length of