

Psychological Tests and Neuropsychological Tests Guidelines

Medicare Advantage Medical Policy #071

Original Effective Date: 03/01/2025

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Applies to all products administered or underwritten by the Health Plan, unless otherwise provided in the applicable contract. Medical technology is constantly evolving, and we reserve the right to review and update Medical Policy periodically.

When Services May Be Eligible for Coverage

Coverage for eligible medical treatments or procedures, drugs, devices or biological products may be provided only if:

- *Benefits are available in the member's contract/certificate, and*
- *Medical necessity criteria and guidelines are met.*

Based on review of available data, the Health Plan may consider Psychological Tests and Neuropsychological Tests when ALL the following criteria are met and determined **eligible for coverage****.

Patient Selection Criteria

Coverage eligibility must be met:

- Services must be reasonable and necessary for the diagnosis and treatment of the patient's condition.
- Tests must be performed under the supervision of a physician or a clinical psychologist or by other qualified staff who are authorized by Medicare to perform these services.
- The medical record and assessment report should document the diagnosis and treatment recommendations.
- The patient's medical record should contain documentation that fully supports the medical necessity for testing performed. This documentation includes, but is not limited to, relevant medical history, physical examination, and results of pertinent diagnostic tests or procedures.

When Services Are Not Covered

Based on review of available data, the Health Plan considers the services below to be **not covered.****

- The patient is not neurologically and cognitively able to participate in a meaningful way in the testing process, OR
- Used as screening tests given to the individual or to general populations [Section 1862(a)(7) of the Social Security Act does not extend coverage to screening procedures], or
- Administered for educational or vocational purposes that do not establish medical management, OR
- Performed when abnormalities of brain function are not suspected, or

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- Used for self-administered or self-scored inventories, or screening tests of cognitive function (whether paper-and-pencil or computerized), e.g., AIMS, Folstein Mini-Mental Status Examination, OR
- Repeated when not required for medical decision-making (i.e., making a diagnosis or deciding whether to start or continue a particular rehabilitative or pharmacologic therapy), OR
- Administered when the patient has a substance abuse background and any of the following apply:
 - the patient has ongoing substance abuse such that test results would be inaccurate, or
 - the patient is currently intoxicated, OR
- The patient has been diagnosed previously with brain dysfunction, such as Alzheimer's diseases and there is no expectation that the testing would impact the patient's medical management, OR
- The test is administered solely as a screening test for Alzheimer's disease - Medicare does not cover screening for this diagnosis.

Policy Guidelines

Basic Requirements for Clinical Appropriateness:

1. Patients require testing to assist with proper diagnosis and to identify functional capacity.
2. Providers must document the need for testing and select appropriate instruments for testing.
3. Providers must be qualified to perform testing and only provide and bill for appropriate and necessary services.
4. Providers and Programs must deliver services that meet criteria established by Medicare.

Psychological testing:

Psychological testing requires a clinically trained examiner. All psychological tests should be administered, scored, and interpreted by a trained professional such as a clinical psychologist, psychologist, advanced nurse practitioner with education in this area, or a physician assistant who works with a psychiatrist with expertise in the appropriate area.

The purpose of psychological testing includes the following:

1. To assist with diagnosis and management following clinical findings where a mental illness or psychological abnormality is suspected.
2. To provide a differential diagnosis from a range of neurological/psychological disorders that present with similar constellations of symptoms, e.g., differentiation between pseudodementia and depression.
3. To determine the clinical and functional significance of a brain abnormality.
4. To delineate the specific cognitive basis of functional complaints.

Neuropsychological Testing:

These tests are requested for patients with a history of psychological, neurologic or medical disorders known to impact cognitive or neurobehavioral functioning.

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Neuropsychological testing is considered medically necessary for the following indications:

1. When there are mild or questionable deficits on standard mental status testing or clinical interview, and neuropsychological testing is needed to establish the presence of abnormalities or distinguish them from changes that may occur with normal aging, or the expected progression of other disease processes; OR
2. When neuropsychological data can be combined with clinical, laboratory, and neuroimaging data to assist in establishing a clinical diagnosis in neurological or systemic conditions known to affect CNS functioning; OR
3. When there is a need to quantify cognitive or behavioral deficits related to CNS impairment, especially when the information will be useful in determining a prognosis or informing treatment planning by determining the rate of disease progression; OR
4. When there is a need for a pre-surgical or treatment-related cognitive testing to determine whether one might safely proceed with a medical or surgical procedure that may affect brain function (e.g., deep brain stimulation, resection of brain tumors or arteriovenous malformations, epilepsy surgery, stem cell transplant) or significantly alter a patient's functional status; OR
5. When there is a need to test for the potential impact of adverse effects of therapeutic substances that may cause cognitive impairment (e.g., radiation, chemotherapy, antiepileptic medications), especially when this information is utilized to determine treatment planning; OR
6. When there is a need to monitor progression, recovery, and response to changing treatments, in patients with CNS disorders, in order to establish the most effective plan of care; OR
7. When there is a need for objective measurement of the patient's subjective complaints about memory, attention, or other cognitive dysfunction, which serves to determine treatment by differentiating psychogenic from neurogenic syndromes (e.g., dementia vs. depression); OR
8. When there is a need to establish a treatment plan by determining functional abilities/impairments in individuals with known or suspected CNS disorders; OR
9. When there is a need to determine whether a patient can comprehend and participate effectively in complex treatment regimens (e.g., surgeries to modify facial appearance, hearing, or tongue debulking in craniofacial or Down syndrome patients; transplant or bariatric surgeries in patients with diminished capacity), and to determine functional capacity for health care decision-making, work, independent living, managing financial affairs, etc.; OR
10. When there is a need to design, administer, and/or monitor outcomes of cognitive rehabilitation procedures, such as compensatory memory training for brain-injured patients; OR
11. When there is a need to establish treatment planning through identification and assessment of the neurocognitive sequelae of systemic disease (e.g., hepatic encephalopathy; anoxic/hypoxic injury associated with cardiac procedures); OR

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12. Assessment of neurocognitive functions for the formulation of rehabilitation and/or management strategies among individuals with neuropsychiatric disorders; OR
13. When there is a need to diagnose cognitive or functional deficits in children and adolescents based on an inability to develop expected knowledge, skills or abilities as required to adapt to new or changing cognitive, social, emotional, or physical demands.

Background/Overview

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Psychological and neuropsychological tests are designed to determine the functional consequences of known or suspected brain dysfunction through testing of the neuro-cognitive domains responsible for language, perception, memory, learning, problem solving, adaptation, and constructional praxis. These tests are covered under Medicare when conducted by authorized providers within specific guidelines for administration and billing for appropriate tests.

Rationale/Source

This medical policy was developed through consideration of peer-reviewed medical literature generally recognized by the relevant medical community, U.S. Food and Drug Administration approval status, nationally accepted standards of medical practice and accepted standards of medical practice in this community, technology evaluation centers, reference to federal regulations, other plan medical policies, and accredited national guidelines.

References

1. Centers for Medicare and Medicaid Services (CMS). Medicare Benefit Policy Manual, CMS Pub. 100-02, Chap 15 – Covered Medical and Other Health Services (Rev. 12425; Issued: 12/21/2023; Effective 01/01/2024; Implementation: 01/02/2024). <https://www.cms.gov/regulations-and-guidance/guidance/manuals/downloads/bp102c15.pdf>
2. InterQual Solution. <https://www.changehealthcare.com/clinical-decision-support>
3. Medicare Local Coverage Determination L34646, Psychological and Neuropsychological Testing (Original Effective Date: 10/1/2015, Revision Effective Date: 10/31/2024) [LCD - Psychological and Neuropsychological Testing \(L34646\) \(cms.gov\)](#)

Policy History

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11/19/2024 Utilization Management Committee review/approval. New policy.

Next Scheduled Review Date: 02/2026

****Medically Necessary (or “Medical Necessity”)** - Health care services, treatment, procedures, equipment, drugs, devices, items or supplies that a Provider, exercising prudent clinical judgment,

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would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an illness, injury, disease or its symptoms, and that are:

- A. In accordance with nationally accepted standards of medical practice;
- B. Clinically appropriate, in terms of type, frequency, extent, level of care, site and duration, and considered effective for the patient's illness, injury or disease; and
- C. Not primarily for the personal comfort or convenience of the patient, physician or other health care provider, and not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient's illness, injury or disease.

For these purposes, “nationally accepted standards of medical practice” means standards that are based on credible scientific evidence published in peer-reviewed medical literature generally recognized by the relevant medical community, Physician Specialty Society recommendations and the views of Physicians practicing in relevant clinical areas and any other relevant factors.

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NOTICE: If the Patient’s health insurance contract contains language that differs from the Health Plan’s Medical Policy definition noted above, the definition in the health insurance contract will be relied upon for specific coverage determinations.

NOTICE: Medical Policies are scientific based opinions, provided solely for coverage and informational purposes. Medical Policies should not be construed to suggest that the Health Plan recommends, advocates, requires, encourages, or discourages any particular treatment, procedure, or service, or any particular course of treatment, procedure, or service.

NOTICE: Federal and State law, as well as contract language, including definitions and specific contract provisions/exclusions, take precedence over Medical Policy and must be considered first in determining eligibility for coverage.

Medicare Advantage Members

Established coverage criteria for Medicare Advantage members can be found in Medicare coverage guidelines in statutes, regulations, National Coverage Determinations (NCD)s, and Local Coverage Determinations (LCD)s. To determine if a National or Local Coverage Determination addresses coverage for a specific service, refer to the Medicare Coverage Database at the following link: <https://www.cms.gov/medicare-coverage-database/search.aspx>. You may wish to review the Guide to the MCD Search here: <https://www.cms.gov/medicare-coverage-database/help/mcd-benehelp.aspx>.

When coverage criteria are not fully established in applicable Medicare statutes, regulations, NCDs or LCDs, internal coverage criteria may be developed. This policy is to serve as the summary of

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evidence, a list of resources and an explanation of the rationale that supports the adoption of this internal coverage criteria.

InterQual®

InterQual® is utilized as a source of medical evidence to support medical necessity and level of care decisions. InterQual® criteria are intended to be used in connection with the independent professional medical judgment of a qualified health care provider. InterQual® criteria are clinically based on best practice, clinical data, and medical literature. The criteria are updated continually and released annually. InterQual® criteria are a first-level screening tool to assist in determining if the proposed services are clinically indicated and provided in the appropriate level or whether further evaluation is required. The utilization review staff does the first-level screening. If the criteria are met, the case is approved; if the criteria are not met, the case is referred to the medical director.