

INTRODUCTION

NATIONAL CORRECT CODING INITIATIVE POLICY MANUAL FOR MEDICAID SERVICES

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Introduction

National Correct Coding Initiative

The Centers for Medicare & Medicaid Services (CMS) initially developed the National Correct Coding Initiative (NCCI) to promote national correct coding methodologies and to control improper coding that leads to inappropriate payment of Medicare Part B claims. The coding policies were based on coding conventions defined in the American Medical Association's Current Procedural Terminology (CPT) Manual, national Medicare policies, coding guidelines developed by national societies, standard medical and surgical practice, and current coding practice.

NCCI includes two types of edits: NCCI Procedure-to-Procedure (PTP) edits and Medically Unlikely Edits (MUEs).

NCCI PTP edits prevent inappropriate payment of services that should not be reported together. Each edit has a column one and column two HCPCS/CPT code. If a provider reports the two codes of an edit pair for the same beneficiary on the same date of service, the column one code is eligible for payment but the column two code is denied.

Medically Unlikely Edits (MUEs) prevent payment for an inappropriate number/quantity of the same service on a single day. An MUE for a HCPCS/CPT code is the maximum number of units of service (UOS) under most circumstances reportable by the same provider for the same beneficiary on the same date of service.

The presence of a HCPCS/CPT code in an NCCI PTP edit or of an MUE value for a HCPCS/CPT code does not necessarily indicate that the code is covered by any or all state Medicaid programs.

Additional general information concerning NCCI PTP edits and MUEs is discussed in Chapter 1.

Adoption of National Correct Coding Initiative Methodologies by State Medicaid Programs

Effective October 1, 2010, the Centers for Medicare & Medicaid Services (CMS) incorporated NCCI methodologies into the state Medicaid programs pursuant to the requirements of Section 6507, Mandatory State Use of National Correct Coding Initiative (NCCI), of the Patient Protection and Affordable Care Act (P.L. 111-148), as amended by the Health Care and Education Recovery

Act of 2010 (P.L. 111-152), together referred to as the Affordable Care Act, which amended section 1903(r) of the Social Security Act. CMS has adopted the contents of the National Correct Coding Initiative Policy Manual for Medicare Services with minor modifications for state Medicaid programs.

CMS initially identified five NCCI methodologies for state Medicaid programs:

- (1) National Correct Coding Initiative (NCCI) Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.
- (2) NCCI PTP edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (3) Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.
- (4) MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (5) MUE UOS edits for durable medical equipment (DME) billed by providers.

In October 2012, CMS implemented an additional Medicaid NCCI methodology:

- (6) NCCI PTP edits for durable medical equipment.

Most edits in the original five Medicaid NCCI methodologies are adopted from the Medicare NCCI. However, not all Medicare NCCI edits in these methodologies have been adopted by the Medicaid NCCI program. Some Medicare NCCI edits are not present at all in Medicaid NCCI and others are present but differ in some way from the corresponding Medicare NCCI edits. Medicaid NCCI PTP edits for durable medical equipment are unique to the Medicaid program - i.e., Medicare NCCI does not have DME NCCI PTP edits. The Medicaid NCCI program has also developed additional edits in the original five methodologies that are unique to Medicaid NCCI - e.g., edits for codes that are noncovered or otherwise not separately payable by the Medicare program.

CMS has worked with the states to identify specific NCCI PTP edits and MUEs that are not applicable to individual state Medicaid programs because they conflict with state laws, regulations, administrative rules, or payment policies.

General Background

The NCCI PTP edits and MUEs are utilized by state Medicaid agencies or fiscal agents to adjudicate provider claims for practitioner services, ambulatory surgical center services, outpatient hospital services, durable medical equipment, prosthetics, orthotics, and supplies. NCCI edits are not applied to facility claims for inpatient services.

The Medicare and Medicaid NCCI programs undergo continuous refinement with revised edit tables published quarterly. There is a process to address annual changes (additions, deletions, and modifications) of HCPCS/CPT codes and *CPT Manual* coding guidelines. Other sources of refinement are initiatives by the CMS central office and comments from the CMS regional offices, AMA, national medical, surgical, and other health care societies/organizations, Medicare contractor medical directors, providers, consultants, other third party payers, and other interested parties. Prior to implementing new edits, the NCCI program generally provides a sixty-day review and comment period to representative national health care organizations that may be impacted by the edits and to the state Medicaid programs. However, there are situations when the NCCI program thinks that it is prudent to implement edits prior to completion of the review and comment period. The NCCI program evaluates the input from all sources and decides which edits are modified, deleted, or added each quarter.

The NCCI is a CMS program and CMS makes the final determinations of its content.

Policy Manual Background

The *National Correct Coding Initiative Policy Manual for Medicaid Services*, Medicaid NCCI PTP edits and MUEs have been developed for application to Medicaid services billed by a single provider for a single patient on the same date of service.

The *National Correct Coding Initiative Policy Manual for Medicaid Services* and the edits were developed for the purpose of encouraging consistent and correct coding and reducing inappropriate payment. The edits and policies do not include all possible combinations of correct coding edits or types of unbundling that exist. Providers are obligated to code correctly even if edits do not exist to prevent use of an inappropriate code combination. If a provider determines that

he/she has been coding incorrectly, the provider should contact his/her state Medicaid agency or fiscal agent about potential payment adjustments.

The *National Correct Coding Initiative Policy Manual for Medicaid Services* and edits were initially based on evaluation of procedures referenced in the 2010 *CPT Manual* and HCPCS Level II codes. An ongoing refinement program has been developed to address annual changes in *CPT* codes and instructions including additions, deletions, or modifications of existing codes or instructions. Additionally, ongoing changes occur based on changes in technology, standard medical practice, and input from the AMA, specialty societies, other national health care organizations, Medicaid contractor medical directors and staff, providers, consultants, etc.

The *National Correct Coding Initiative Policy Manual for Medicaid Services* includes a Table of Contents, an Introduction, and 13 narrative chapters. As shown in the Table of Contents, each chapter corresponds to a separate section of the *CPT Manual* except Chapter I which contains general correct coding policies, Chapter XII which addresses HCPCS Level II codes, and Chapter XIII which addresses Category III *CPT* codes. Each chapter is subdivided by subject to allow easier access to a particular code or group of codes.

The *National Correct Coding Initiative Policy Manual for Medicaid Services* in general utilizes paraphrased descriptions of *CPT* and HCPCS Level II codes. The user of this manual should refer to the AMA's *Current Procedural Terminology (CPT) Manual* and CMS's HCPCS Level II code descriptors for complete descriptors of the codes.

State Medicaid Program Use of This Manual

The Medicaid NCCI PTP edits and MUEs are applied to services performed by the same provider for the same beneficiary on the same date of service. Medicaid NCCI PTP edits are applied to all services with the same date of service whether the services are submitted on the same or different claims. Medicaid MUEs are applied separately to each line of a claim.

The CMS Medicaid NCCI website contains resources including "Frequently Asked Questions" describing the Medicaid NCCI program and the application of edits to claims. This Manual contains information about editing principles utilized to develop Medicaid NCCI PTP edits and MUEs.

This Manual provides technical coding information that state Medicaid agencies or fiscal agents may utilize to understand the basis of specific NCCI PTP edits or MUEs. This information may be helpful for claims processing, adjudication of claim appeals, medical review, and other activities of state Medicaid agencies or fiscal agents. This Manual does not contain basic information about the operation of the Medicaid NCCI program.

Edit Development and Review Process

The Medicaid NCCI program is derived from the Medicare NCCI program with modifications relevant to the Medicaid program. The first version of Medicaid NCCI was implemented on October 1, 2010. Four quarterly versions effective the first day of each calendar quarter are published annually. Versions are named to include the year and calendar quarter - e.g., v2012q2.

Sources of new or revised edits include: (1) new or modified Medicare NCCI PTP edits and MUEs; (2) additions, deletions or modifications to CPT or HCPCS Level II codes or *CPT Manual* instructions; (3) new edits for codes not payable under the Medicare program but used by the Medicaid program (e.g. HCPCS level II "T" codes); (4) CMS policy initiatives; and (5) comments from national health care organizations, state health care organizations, state Medicaid program directors, state Medicaid medical directors and staff, providers, billing consultants, etc.

CMS seeks comment from national medical/surgical societies and other national healthcare organizations before implementing many types of changes in Medicare NCCI. CMS may seek comments from national health care organizations about proposed new or modified edits in Medicaid NCCI unless the same edits or changes also occur in Medicare's NCCI PTP edits or MUEs. In the latter case, CMS will rely on the Medicare NCCI program edit review and comment process. As with Medicare NCCI PTP edits and MUEs, CMS anticipates that national and state health care organizations will generally agree with proposed changes in Medicaid NCCI. In those cases where CMS decides to implement changes in Medicaid NCCI contrary to adverse comments that it receives, CMS will do so after due consideration of those comments and other information available to CMS.

CMS welcomes comments about NCCI PTP edits and MUEs that may not be relevant to Medicaid services in individual states. Comments related to edits that impact large numbers of states should be sent *in writing to the entity and address identified on the CMS*

Medicaid NCCI website. Comments related to edits that impact a small number of states should be addressed to the state Medicaid Directors of those states. Based on the CMS evaluation of comments, some NCCI PTP edits and MUEs may be deleted in subsequent versions of Medicaid NCCI.

An NCCI edit is applicable to the time period for which the edit is effective since the edit is based on coding instructions and practices in place during the edit's effective dates. NCCI PTP or MUE edits may be revised for a variety of reasons. Edit revisions may be effective in the next version of the relevant edit file or may be retroactive. A change in an NCCI edit is not retroactive and has no bearing on prior services unless specifically updated with a retroactive effective date. In the unusual case of a retroactive change, the states' Medicaid Contractors are not expected to identify claims but may reopen impacted claims that would have payment changes that providers/suppliers bring to their attention. Since NCCI edits are auto-deny edits, denials may be appealed. Appeals shall be submitted to the state's Medicaid Contractor, not the NCCI contractor. In limited circumstances, Medicaid Contractors may at times issue directions for a mass adjustment when it determines that such an action meets the needs of the program.

Sources of Information about Medicaid NCCI PTP edits and MUEs

Information about the Medicaid NCCI program is found on the CMS Medicaid website:

<https://www.medicaid.gov/medicaid/program-integrity/ncci/index.html>

In addition to general information about the Medicaid NCCI program, the following files and documents can be accessed on the website:

- **Complete edit files for each of the six Medicaid methodologies.** A new set of files is posted at the beginning of each calendar quarter.
- **Change Reports for each of the six Medicaid methodologies.** These reports just identify additions, deletions, or revisions of NCCI edits from the preceding calendar quarter to the current calendar quarter. A new set of files is posted at the beginning of each calendar quarter.

- **Medicaid NCCI Edit Design Manual.** This document contains technical information about the field layout in each of the NCCI edit files.
- **Medicaid NCCI Policy Manual.** This document contains information about the basis for NCCI edits.
- **Medicaid NCCI Correspondence Language Manual.** This document contains information that is useful to states in responding to inquiries from providers concerning NCCI edits.
- **Medicaid NCCI FAQs.** This document provides clarification of selected aspects of the implementation of the Medicaid NCCI program.
- **Modifier 59 article.** This document provides informational regarding the proper use of this modifier as it relates to NCCI PTP edits.
- **State Medicaid Director Letter #11-003.** This document contains information relating to provider appeals of denials based on NCCI edits.
- **State Medicaid Director Letter #10-017.** This document from September 2010 contains the initial instructions to states concerning the Medicaid NCCI program.
- **Report to Congress on Implementation of the NCCI in the Medicaid Program.** This document from March 2011 provides details of the status of the Medicaid NCCI program at that time.

In legal matters regarding the NCCI program and Medicare, rely only upon official CMS guidance published by CMS or its NCCI contractor.

Correspondence with CMS about Medicaid NCCI and its Contents

A provider, health care organization, or other interested party may request reconsideration of an NCCI PTP edit or an MUE value. A written request should include the rationale for the proposed change, and in the case of an MUE, proposing an alternative MUE value.

The Medicaid NCCI program is maintained for CMS by *a contractor*.

If the user of this manual has concerns regarding the content of the edits or this manual, *the user may send an inquiry in writing to the entity and address identified on the CMS Medicaid NCCI website at*

<https://www.medicaid.gov/medicaid/program-integrity/ncci/index.html>

CMS makes all decisions about the contents of Medicaid NCCI and this manual. Correspondence from *the NCCI contractor* reflects CMS's policies on coding and MCD NCCI.