

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 3940</b>	<b>Date: December 22, 2017</b>
	<b>Change Request 10385</b>

**SUBJECT: January 2018 Integrated Outpatient Code Editor (I/OCE) Specifications Version 19.0**

**I. SUMMARY OF CHANGES:** This notification provides the Integrated OCE instructions and specifications for the Integrated OCE that will be utilized under the OPPTS and Non-OPPTS for hospital outpatient departments, community mental health centers, all non-OPPTS providers, and for limited services when provided in a home health agency not under the Home Health Prospective Payment System or to a hospice patient for the treatment of a non-terminal illness. The attached Recurring Update Notification applies to 100-04, Chapter 4, section 40.1.

**EFFECTIVE DATE: January 1, 2018**

*\*Unless otherwise specified, the effective date is the date of service.*

**IMPLEMENTATION DATE: January 2, 2018**

*Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.*

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

<b>R/N/D</b>	<b>CHAPTER / SECTION / SUBSECTION / TITLE</b>
N/A	N/A

**III. FUNDING:**

**For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**IV. ATTACHMENTS:**

**Recurring Update Notification**

# Attachment - Recurring Update Notification

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## I. GENERAL INFORMATION

**A. Background:** This instruction informs the A/B MACs Part A, the A/B MACs Part HHH and the Fiscal Intermediary Shared System (FISS) that the I/OCE is being updated for January 1, 2018. The I/OCE routes all institutional outpatient claims (which includes non-OPPS hospital claims) through a single integrated OCE. The attached Recurring Update Notification applies to 100-04, Chapter 4, section 40.1.

**B. Policy:** This notification provides the Integrated OCE instructions and specifications for the Integrated OCE that will be utilized under the OPPS and Non-OPPS for hospital outpatient departments, community mental health centers, all non-OPPS providers, and for limited services when provided in a home health agency not under the Home Health Prospective Payment System or to a hospice patient for the treatment of a non-terminal illness. The I/OCE specifications will be posted to the CMS Website and can be found at <http://www.cms.gov/OutpatientCodeEdit/>.

## II. BUSINESS REQUIREMENTS TABLE

*"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.*

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared-System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
10385.1	The Shared System Maintainer shall install the Integrated OCE (I/OCE) into their systems.					X					
10385.2	Medicare contractors shall identify the I/OCE specifications on the CMS Website at <a href="http://www.cms.gov/OutpatientCodeEdit/">http://www.cms.gov/OutpatientCodeEdit/</a> .	X		X		X					

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility		
		A/B MAC	D M E	C E D

		A	B	H H H	M A C	I
10385.3	MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X		

#### IV. SUPPORTING INFORMATION

**Section A: Recommendations and supporting information associated with listed requirements: N/A**

*"Should" denotes a recommendation.*

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: All other recommendations and supporting information: N/A**

#### V. CONTACTS

**Pre-Implementation Contact(s):** Yvonne Young, [Yvonne.Young@cms.hhs.gov](mailto:Yvonne.Young@cms.hhs.gov) , Marina Kushnirova, [Marina.Kushnirova@cms.hhs.gov](mailto:Marina.Kushnirova@cms.hhs.gov) , Fred Rooke, [Fred.Rooke@cms.hhs.gov](mailto:Fred.Rooke@cms.hhs.gov)

**Post-Implementation Contact(s):** Contact your Contracting Officer's Representative (COR).

#### VI. FUNDING

**Section A: For Medicare Administrative Contractors (MACs):**

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

**ATTACHMENTS: 1**

## Summary of Quarterly Release Modifications

The modifications of the IOCE for the **January 2018 V19.0** release are summarized in the table below. Readers should also read through the entire document and note the highlighted sections, which also indicate changes from the prior release of the software. Some IOCE modifications in the update may be retroactively added to prior releases. If so, the retroactive date appears in the 'Effective Date' column.

#	Type	Effective Date	Edits Affected	Modification
1	Logic	1/1/2018	24	Modify the software to maintain 28 prior quarters (7 years) of programs in each release. Remove older versions with each release. The earliest date included for this release is 4/1/2011.
2	Interface	1/1/2018		Updates to the following tables (additional details included in the tables): Table 1: IOCE Control Block <ul style="list-style-type: none"> <li>- Add Value Codes and Value Code Amounts, up to 36</li> <li>- Increase the number of Condition Codes to 30</li> <li>- Increase the number of Occurrence Codes to 30</li> <li>- Remove the following fields: Ndxptr, Nsgptr, NCCptr, NOcptr, CodeTypePtr</li> <li>- Modify the Comments for the following fields: Dxeditptr, Procreditptr, Mdeditptr, Dteditptr, Rcreditptr, APCptr, Claimptr</li> </ul> Table 5: Claim Return Buffer <ul style="list-style-type: none"> <li>- Add Payer Condition Code field</li> </ul> Table 7: APC Return Buffer <ul style="list-style-type: none"> <li>- Add HCPCS Modifier field</li> </ul>
3	Logic	<b>1/1/2016</b>		Update program logic for drug HCPCS lines with SI of G or K to return the Payment APC (see processing logic and Appendix E).
4	Logic	1/1/2018		Update Appendix K to note the deletion of composite APC 8001.
5	Logic	1/1/2018		Implement program logic for payment reduction of x-rays taken using computed radiography technology. HCPCS codes reporting modifier FY are assigned new payment adjustment flag value 22 (CAA Section 502(b) reduction on computed radiography technology) (see special processing logic and Appendix G). Note: Currently the list of HCPCS codes affected by this logic is the same as that used with modifier FX.
6	Logic	1/1/2018		Implement program logic for OPPTS claims to assign a HCPCS level modifier to the line level output when drug HCPCS with SI = K are reported with new modifier JG. The IOCE adds modifier V3 to the line in the new 'HCPCS modifier' field of the program output (see processing logic and Table 7).
7	Logic	<b>1/1/2017</b>	102	Implement new edit 102: Modifiers PO/PN not allowed on the same line (RTP). Edit criteria: A claim line has both modifiers PO and PN present (see processing logic, Tables 4 and 5, and Appendix F(a) – Edits by Bill Type).
8	Logic	<b>7/24/2017</b>	103	Implement new edit 103: Modifier reported prior to FDA approval date (LID). Edit criteria: A modifier is reported prior to the mid-quarter activation date (see processing logic, Tables 4 and 5, and Appendix F(a) – Edits by Bill Type).
9	Logic	<b>1/1/2017</b>		Modify program logic for conditional packaging of laboratory services. Laboratory services with SI = Q4 have the SI changed to A if present with an OPPTS procedure that has final SI = Q1 with a line item action flag of 2 or 3 applied (see processing logic).
10	Logic	<b>6/5/2017</b>	68	Implement mid-quarter NCD approval edit for procedure code 0421T.
11	Logic	1/1/2018		Update program logic for FQHC claims for new Chronic Care Management codes G0511, G0512. If either code is reported, assign Payment Indicator = 2 and bypass edits 88 and 89 if no FQHC payment code and/or qualifying visit code is reported (see Appendix M).
12	Logic	<b>4/1/2011</b>		Update program logic for services that may be subject to deductible or deductible/coinsurance waiver. If the services are packaged with SI = N and the line item charges = 0.00, do not assign payment adjustment flags 4, 9 or 10 (see processing logic where payment adjustment flags 4, 9 or 10 are applicable and Appendix G).
13	Logic	1/1/2018	22	Add the following new modifiers to the valid modifier list: <ul style="list-style-type: none"> <li>- FY: Computed radiography x-ray</li> <li>- JG: 340B Acquired Drug</li> <li>- TB: Tracking 340B acquired drug</li> <li>- X1: Continuous/broad services</li> <li>- X2: Continuous/focused services</li> <li>- X3: Episodic/broad services</li> <li>- X4: Episodic/focused services</li> <li>- X5: Svc req by another clinician</li> <li>- 96: Habilitative services</li> <li>- 97: Rehabilitative services</li> </ul>
14	Documentation	1/1/2018		Update Appendix D to reference HCPCS codes that have SI values different from its APC SI value and impact to discounting (see Appendix D).
15	Logic	<b>10/1/2017</b>		Update program logic for PHP claims to return Payer-defined Condition Codes in the following instances: <ul style="list-style-type: none"> <li>- Return condition code MP if the PHP claim represents the initial admit week claim</li> <li>- Return condition code MQ if the PHP claim represents the final discharge week claim</li> </ul> Note: edit 95 is not returned on an initial admit week or a final discharge week of a PHP claim (see processing logic).
16	Logic	1/1/2018		Update program logic for critical care ancillary services to discontinue the modifier 59 logic exception for code 36600; code no longer identified as critical care ancillary service (see processing logic).
17	Documentation	1/1/2018		Add new payment adjustment flag value 22 (see Appendix G).
18	Content	1/1/2018		Update the following lists for the release (see quarterly data files):

#	Type	Effective Date	Edits Affected	Modification
				<ul style="list-style-type: none"> <li>- Comprehensive APC ranking</li> <li>- Complexity-adjusted comprehensive APC code pairs</li> <li>- Critical Care ancillary services (conditional packaging)</li> <li>- Procedure and sex conflict (edit 8)</li> <li>- Bilateral procedure editing</li> <li>- Blood clotting factor and biologic response HCPCS (edit 99 exclusions)</li> <li>- Blood products (edit 73, code updates)</li> <li>- Skin substitute lists (edit 87 – code updates, see Appendix O)</li> <li>- Deductible/Coinsurance N/A list (code updates, Appendix O, Preventive Services)</li> <li>- Device Offset Code Pairs (code pair updates for pass-through device offset logic)</li> <li>- Device-Procedure; terminated device-procedures for offset (edit 92, code updates)</li> <li>- Pass-through drugs and biological APC offset amounts</li> <li>- Pass-through skin substitute products (code updates)</li> <li>- Radiation HCPCS for Section 603 (code updates)</li> <li>- CT Scan HCPCS subject to NEMA (code updates)</li> <li>- X-ray list for modifiers FX/FY (code updates)</li> <li>- Non-covered services lists (SI = E1, for edits 9, 28, 50, code updates)</li> <li>- Separate payment not provided list (SI = E2, edit 13)</li> <li>- Non-reportable for OPPI list (SI = B, edit 62)</li> <li>- Services not billable to MAC list (SI = M, edit 72)</li> <li>- FQHC non-covered list (code updates for FQHC and RHC claims)</li> <li>- FQHC flu vaccine list (code updates for FQHC claims)</li> <li>- FQHC Chronic Care Management (new codes for new list)</li> </ul>
19	Content	1/1/2018		Make all HCPCS/APC/SI changes as specified by CMS (quarterly data files).
20	Content	1/1/2018	20, 40	Implement version <b>24.0</b> of the NCCI (as modified for applicable outpatient institutional providers).
21	Other	1/1/2018		Create 508-compliant versions of the Specifications, Summary of Data Changes and File Layout documents for publication on the CMS web site. Provide MF and PC IOCE software and supporting quarterly data file reports for publication on the CMS web site.
22	Other	1/1/2018		Deliver quarterly software update and all related documentation and files to users via electronic download.