

## INTRODUCTION

### MEDICAID NATIONAL CORRECT CODING INITIATIVE POLICY MANUAL

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**CMS issues the Hospital Outpatient Prospective Payment System (OPPS) and Ambulatory Surgical Center (ASC) Payment System.**

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## Introduction

### National Correct Coding Initiative

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

The NCCI program includes 2 types of edits: NCCI Procedure-to-Procedure (PTP) edits and Medically Unlikely Edits (MUEs).

NCCI PTP edits prevent inappropriate payment of services that in general should not be reported together. Each edit has a Column One and Column Two Healthcare Common Procedure Coding System/Current Procedural Terminology (HCPCS/CPT) code. If a provider reports the 2 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 unless a clinically appropriate NCCI PTP-associated modifier is allowed and reported.

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) reported for a HCPCS/CPT code on the vast majority of appropriately reported claims by the same provider for the same beneficiary on the same date of service. Additional general information concerning NCCI PTP edits and MUEs is discussed in Chapter I.

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.

### Adoption of NCCI Methodologies by State Medicaid Programs

Effective October 1, 2010, CMS incorporated NCCI methodologies into the state Medicaid programs pursuant to the requirements of Section 6507, Mandatory State Use of 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 NCCI Policy Manual for Medicare Services with minor modifications for state Medicaid programs.

CMS initially identified 5 NCCI methodologies for state Medicaid programs:

- (1) NCCI 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.

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- (3) Medically Unlikely Edit (MUE) 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/suppliers.

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

- (6) NCCI PTP edits for DME.

Most edits in the original 5 Medicaid NCCI methodologies are adopted from the Medicare NCCI program. 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 the Medicaid NCCI program and others are present but differ in some way from the corresponding Medicare NCCI edits. Medicaid NCCI PTP edits for DME are unique to the Medicaid program (i.e., the Medicare NCCI program does not have DME NCCI PTP edits). The Medicaid NCCI program has also developed additional edits in the original 5 methodologies that are unique to the Medicaid NCCI program (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 used by state Medicaid agencies or fiscal agents to adjudicate provider claims for practitioner services, ambulatory surgical center services, outpatient hospital services, DME, 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 *Professional* codebook coding guidelines. Other sources of refinement are initiatives by CMS and comments from CMS, AMA, national medical, surgical, and other health care societies/organizations, Medicare contractor medical directors, providers, consultants, other third-party payers, and other interested parties. Before implementing new edits, the NCCI program generally provides a 60-day review and comment period to representative national health care organizations that may be impacted by the edits and a 45-day review and comment period to the state Medicaid programs. However, there are situations when the NCCI program **determines** it is prudent to implement edits before 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 program is a CMS program, and CMS makes the final determinations of its content.

## **Policy Manual Background**

The *Medicaid NCCI Policy Manual*, 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.

CMS developed the *Medicaid NCCI Policy Manual* and the edits to encourage consistent and correct coding and reduce inappropriate payments. The edits and policies do not include all possible combinations of correct coding edits or types of unbundling that exist.

Providers/suppliers are obligated to code correctly even if edits do not exist to prevent use of an inappropriate code combination. If a provider/supplier determines that they have been coding incorrectly, the provider/supplier should contact his/her state Medicaid agency or fiscal agent about potential payment adjustments.

The *Medicaid NCCI Policy Manual* and edits were initially based on evaluation of procedures referenced in the 2010 *CPT Professional* codebook 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 healthcare organizations (NHOs), Medicaid contractor medical directors and staff, providers/suppliers, consultants, etc.

The *Medicaid NCCI Policy Manual* 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 Professional* codebook 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 *Medicaid NCCI Policy Manual* in general uses paraphrased descriptions of CPT and HCPCS Level II codes. The user of this manual should refer to the AMA's *CPT Professional* codebook 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.

This manual contains information about editing principles used to develop Medicaid NCCI PTP edits and MUEs. The CMS Medicaid NCCI website contains resources describing the Medicaid NCCI program and the application of edits to claims. The CMS Medicaid NCCI website includes a link to the Medicaid Frequently Asked Question (FAQ) library.

This manual provides technical coding information that state Medicaid agencies or fiscal agents may use 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 the Medicaid NCCI program 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 Professional* codebook 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 sends proposed changes in the NCCI edits to the AMA, national medical/surgical societies, and other NHOs who participate in a review and comment period. CMS specifically seeks comment from national medical/surgical societies and other NHOs before implementing many types of changes in the NCCI program.

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 webpage. Based on CMS’ evaluation of comments, some NCCI PTP edits and MUEs may be deleted in subsequent versions of the Medicaid NCCI program.

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 provider 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.

## **Sources of Information about Medicaid NCCI PTP edits and MUEs**

States Medicaid Agencies (SMAs) must download NCCI edit files available on the secure portal (RISSNET) rather than using the publicly available files. SMAs must ensure that they or their vendors are using the appropriate Medicaid NCCI edits to adjudicate Medicaid claims. The files on the NCCI Medicaid webpages are for the providers, suppliers, and the general public. States cannot use the publicly available files for processing and paying Medicaid claims. NCCI edit files available on the RISSNET secure portal contain additional information necessary for correct claims processing by SMAs. SMA use of the publicly available files that do not contain edit history may result in improper payment and/or inappropriate denials. Correspondence Language Example identifiers (CLEID) contained in the files on the RISSNET secure portal are not included in the public files. CLEIDs support the rationale for each edit during the claims processing and adjudication process. General information on CLEIDs and examples of CLEIDs are available in the Correspondence Language Manual for Medicaid on the Medicaid NCCI Reference Documents webpage.

Information about the Medicaid NCCI program is found on the CMS [Medicaid NCCI](#) webpage.

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

- Complete edit files for each of the 6 Medicaid methodologies. A new set of files is posted at the beginning of each calendar quarter.
- Change Reports for each of the 6 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 Technical Guidance Manual (TGM) provides technical assistance for the states on correctly and completely implementing NCCI edits. The TGM contains information previously published in the Technical Guidance Document and the Edit Design Manual.
- Medicaid NCCI Policy Manual contains information about the basis for NCCI edits.
- Medicaid NCCI Correspondence Language Manual contains information that is useful to states in responding to inquiries from providers/suppliers concerning NCCI edits.
- Medicaid NCCI FAQs provide answers to frequently asked questions about National Correct Coding Initiative (NCCI) Methodologies in the Medicaid NCCI FAQ library.
- The MLN booklet “How to Use the Medicaid National Correct Coding Initiative (NCCI) Tools” provides an overview of the NCCI Medicaid Program, how to use the NCCI edit files, and other reference materials.
- Proper Use of Modifiers 59 & XE, XP, XS, XU MLN Fact Sheet provides information regarding the proper use of Modifiers 59 and XE, XP, XS, XU.

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- State Medicaid Director Letter #11-003 contains information relating to provider appeals of denials based on NCCI edits.
- State Medicaid Director Letter #10-017 from September 2010 contains the initial instructions to states concerning the Medicaid NCCI program.
- Reports to Congress on implementation of the NCCI in the Medicaid Program.

### **Correspondence with CMS about the Medicaid NCCI program and its Contents**

The NCCI program cannot answer questions outside of our scope, or questions about other CMS programs or about other payors. For example, we cannot answer questions about state or local coverage determinations, changes to code descriptors or status indicators, or modifiers not associated with NCCI.

The [Medicaid NCCI](#) webpages include edit files, [FAQs](#), and additional information. CMS does not provide a look-up service or a clean claims tool.

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. For a PTP edit, specify the Column One and Column Two code pair(s). For an MUE, suggest an alternative MUE value. All written requests should specify the NCCI program (i.e., Medicare or Medicaid) and the edit type (i.e., Practitioner/Ambulatory Surgical Center, Outpatient Hospital Facility, or Durable Medical Equipment). State Medicaid Agencies must follow the instructions in the Technical Guidance Manual when making deactivation requests.

**\*\*NOTE\*\*** Don't submit any Personally Identifiable Information (PII) or Protected Health Information (PHI).

The NCCI program may address general questions and concerns about the NCCI program and edits. You must submit claim-specific inquiries to your state Medicaid agency because states implement Medicaid NCCI edits. This includes appeals of NCCI-related denials; see Submitting an Appeal below.

The NCCI contractor maintains the Medicaid NCCI program for CMS. If you have comments about the edits or this manual, you may send an inquiry in writing to [NCCIPTPMUE@cms.hhs.gov](mailto:NCCIPTPMUE@cms.hhs.gov).

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

### **Submitting an Appeal**

States are not required to have a formal appeals process to address claim denials. However, states must ensure that providers have an adequate opportunity to alert them to potential errors

associated with claim denials, including those generated by NCCI edits, and that providers have a way to resubmit claims or provide additional documentation to support their claims.

You must submit appeals to your responsible state Medicaid agency, not the NCCI contractor. For CMS policy on provider appeals of denials of payment for HCPCS/CPT codes billed in Medicaid claims due to the Medicaid NCCI methodologies, see [State Medicaid Director Letter #11-003 \(PDF\)](#). The NCCI contractor cannot process specific claim appeals and cannot forward appeal submissions to the appropriate appeals contractor.