About Administrative Simplification

### Code Sets Basics

**What is a Medical or Non-Medical Code Set?**

A code set is a shared list of codes that is used in place of longer names or explanations.

Health care transactions use medical code sets to quickly identify:
- Diagnoses
- Treatments, procedures, and tests
- Medical equipment and supplies
- Medications

Health care transactions use non-medical code sets to quickly identify:
- Organizational routing information
- Claim payment adjustment information
- Claim status information
- ZIP code information

Using adopted code sets in standard transactions streamlines the administrative process by reducing time spent translating information into different formats.

### Administrative Simplification Code Sets

HHS adopted specific code sets to reduce confusion about which codes should be used in electronic health care transactions. These code sets are used in a range of health care functions, such as:
- Billing
- Tracking public health trends
- Research

Widespread use of standard transactions—where everyone uses the same language, format, and codes—can lead to time and cost savings across the health care industry.

Below is a list of health care activities and items commonly referenced in standard transactions and the code sets used to identify each code set.

<table>
<thead>
<tr>
<th>Health Care Activity/Item</th>
<th>Adopted Code Set</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnoses (ICD-10-CM)</td>
<td>ICD-10 – International Classification of Diseases, 10th edition</td>
</tr>
<tr>
<td>Procedures (ICD-10-PCS)</td>
<td></td>
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<tr>
<td>Outpatient services/procedures</td>
<td>CPT – Current Procedure Terminology</td>
</tr>
<tr>
<td>Health care equipment and supplies</td>
<td>Health Care Common Procedure Coding System (HCPCS)</td>
</tr>
<tr>
<td>Services not covered by CPT codes</td>
<td></td>
</tr>
<tr>
<td>Dental procedures</td>
<td>CDT – Code on Dental Procedures and Nomenclature</td>
</tr>
<tr>
<td>Drug products</td>
<td>NDC – National Drug Codes</td>
</tr>
</tbody>
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