ISSUE DATE	EFFECTIVE DATE	NUMBER
October 26, 2012	November 1, 2012	99-12-12

SUBJECT	BY
Federally Mandated Implementation: Updates to National Correct Coding Initiative (NCCI)	*Vincent D.* Vincent D. Gordon, Deputy Secretary Office of Medical Assistance Programs

PURPOSE:

The purpose of this bulletin is to inform providers that the Department of Public Welfare (Department) will implement Phase 2 of National Correct Coding Initiative (NCCI) program edits for claims received on or after November 1, 2012.

SCOPE:

This bulletin applies to providers enrolled in the Medical Assistance (MA) Program who submit professional and outpatient claims for services rendered to MA recipients in the Fee-for-Service (FFS) delivery system. This bulletin does not apply to providers who render services to MA recipients in the HealthChoices managed care delivery system.

BACKGROUND:

The Centers for Medicare and Medicaid Services (CMS) developed the National Correct Coding Initiative (NCCI) coding program for Medicare. Under this program, Medicare carriers implemented NCCI edits to apply Incidental and Mutually Exclusive coding policies and editing to claims filed with dates of service on or after January 1, 1996. The goal of the initiative was to promote national correct coding methodologies and to control improper coding which leads to inappropriate payment of Medicare Part B (practitioner) fee-for-service claims. CMS developed its policies based on coding conventions defined in the American Medical Association's (AMA) Current Procedural Terminology (CPT) manual, national and local policies and edits, coding guidelines developed by national societies, analysis of standard medical and surgical practices, and a review of coding practices. On January 1, 2007, the NCCI program was expanded to incorporate Medically Unlikely Edits (MUEs).

NCCI edits are applied to services performed by the same provider for the same recipient on the same date of service. There are two types of NCCI edits:

(1) NCCI Procedure-to-Procedure (PTP) edits - These edits define pairs of Healthcare Common Procedure Coding System (HCPCS) / Current Procedural Terminology (CPT) codes that should not be reported together. NCCI Procedure-to-Procedure code pairs are subject to Incidental and Mutually Exclusive coding policies and editing as defined by CMS.

(2) Medically Unlikely Edits (MUE) units-of-service edits - These edits define for each HCPCS / CPT code the number of units beyond which the reported number of units is unlikely to be correct.

CMS identified six methodologies within the two types of NCCI edits; three NCCI PTP methodologies and three MUE methodologies. The methodologies are:

1. NCCI procedure-to-procedure edits for practitioner and ambulatory surgical center (ASC) services;
2. NCCI procedure-to-procedure edits for outpatient hospital services:
3. NCCI procedure-to-procedure edits for provider claims for durable medical equipment:
4. MUE units-of-service edits for practitioner and ASC services;
5. MUE units-of-service edits outpatient hospital services; and
6. MUE units-of-service for supplier claims for durable medical equipment.

Section 6507 of the Patient Protection and Affordable Care Act (ACA) of 2010 (P.L. 111-148) requires all State Medicaid programs to incorporate NCCI methodologies which include coding policies and edits in their claims processing systems.

DISCUSSION:

NCCI Implementation

The Department is implementing NCCI program edits in two phases.

The first phase was implemented for claims received on or after December 1, 2011, and is addressed in Medical Assistance Bulletin 99-11-10 titled "Announcing the Federally Mandated Implementation of the National Correct Coding Initiative (NCCI) in the Pennsylvania Department of Public Welfare's Medical Assistance Program". This phase included Procedure-to-Procedure code pairs that are subject to Incidental and Mutually Exclusive edits as defined by CMS.

The second phase is being implemented for claims received on or after November 1, 2012, and incorporates Medically Unlikely Edits or procedure code limits as defined by CMS. This phase also includes changes to edit messages. Specific changes will be addressed in the Procedure section of this bulletin.

Medically Unlikely Edits (MUE)

Medically Unlikely Edits – These edits are returned when the reported number of units exceeds the maximum number of units a provider would report under most circumstances for the same patient on the same date of service based on CMS billing guidelines and policies.

Examples:

A physician submits a claim for laparoscopic removal of the gallbladder (47562) and reports 2 units of service. The claim will deny because the MUE limits the procedure code to 1 unit.

A medical supplier submits a claim for a hospital bed, variable height, hi-lo, with any type side rails, with mattress and reports 2 units of service were supplied. The claim will deny because the MUE limits the procedure code to 1 unit.

The Medically Unlikely Edits have been reviewed by the Department's clinicians and policy analysts to ensure the new edits that are being implemented are consistent with current MA laws, regulations, payment policies and the MA fee schedule.

A complete listing of NCCI coding policies and edits is located on the CMS Medicaid NCCI website.

NCCI Quarterly Update Process

CMS issues updates for Medicaid NCCI program edits on a quarterly basis. Any new edits are reviewed by the Department's clinicians and policy analysts prior to the CMS effective date to ensure that the edits are consistent with MA laws, regulations, payment policies, and the MA fee schedule. Providers may access the updated edits on the CMS Medicaid NCCI website.

PROCEDURE:

Phase 2 of NCCI program edits will be implemented for claims received on or after November 1, 2012. NCCI editing will now encompass both Medically Unlikely edits as well as Procedure-to-Procedure edits. Please refer to Attachment A of this bulletin for a listing of the categories of claims the Department includes and excludes from the NCCI editing process.

Edit Message Updates

CMS simplified NCCI Procedure-to-Procedure edits by consolidating Incidental code pairs and Mutually Exclusive code pairs into one edit category. For claims received on or after November 1, 2012, the Error Status Codes (ESCs) specific to Incidental coding policies and editing will be the only Procedure-to-Procedure ESCs displayed on a Remittance Advice (RA). Mutually Exclusive specific Error Status Codes (ESCs) will no longer be returned and therefore, will not be displayed on a RA.

A new Error Status Code (ESC) has been created to identify the Medically Unlikely Edit message. The PROMISe™ system will return the ESC to providers when Medically Unlikely Edit limits are exceeded. The ESC and description will be displayed on a RA.

A list of all PROMISe™ ESCs and their descriptions, including those ESCs specific to NCCI program edits, are available on the Department's website at the following link:

http://www.dpw.state.pa.us/ucmprd/groups/webcontent/documents/document/s_001987.pdf

Additional Information

Providers should use the MA Program Fee Schedule, as well as the appropriate coding manuals and clinical guidelines, to ensure that claims are submitted with the correct procedure codes and modifiers for the service provided, and to reduce unnecessary claim denials.

Current MA payment procedures will remain the same. The requirements in the billing guidelines and claims processing time frames will not be affected by the implementation of NCCI editing. In addition, claims will continue to be subject to PROMISe™ and ClaimCheck® edits and audits. Please refer to Medical Assistance Bulletin 99-08-17 titled "Implementation of ClaimCheck®" and Medical Assistance Bulletin 99-11-11 titled "ClaimCheck Claims Criteria – Update".

NCCI Procedure-to-Procedure edits and Medically Unlikely edits will be placed ahead of ClaimCheck® edits and audits and, therefore, if there is a duplication of edits, it is the NCCI edit that will be returned.

Providers will be referred to the CMS NCCI contractor if the provider requests an explanation or policy clarification for an NCCI program edit, or requests reconsideration of an NCCI edit.

Attachment: Attachment A, NCCI Claims Criteria

<u>References and Resources:</u>

CMS Medicaid National Correct Coding Initiative (NCCI) website:

http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/National-Correct-Coding-Initiative.html