



**HAWAII HEALTH SYSTEMS**  
C O R P O R A T I O N

*"Touching Lives Every Day"*

## ***COMPLIANCE ALERT 10-41***

### ***CMS Issues Guidance for Coding Initiative in Medicaid as Required by Affordable Care Act***

The Centers for Medicare & Medicaid Services (CMS) issued initial guidance to state Medicaid directors on September 1, 2010, implementing the National Correct Coding Initiative (NCCI) for Medicaid claims filed on or after Oct. 1, 2010, as required by the Patient Protection and Affordable Care Act. The key elements of the guidance are summarized here but more detail can be found at <http://www.cms.gov/smdl/downloads/SMD10017.pdf>.

According to the American Hospital Association (AHA)... "The guidance outlines the statutory requirements, methodologies, resources and funding for implementing the program, which applies coding policies and edits to services performed by the same provider for the same beneficiary on the same date of service. The program was first implemented for Medicare Part B fee-for-service claims in 1996 to promote national correct coding methodologies and reduce improper coding that leads to inappropriate payment."

CMS was required by the Affordable Care Act to:

- Notify States as to which NCCI methodologies were "compatible" with claims filed with Medicaid.
- Notify States of the NCCI methodologies that should be incorporated for claims filed with Medicaid for which no national correct coding methodology has been established for Medicare.
- Submit a report to Congress that includes the 9/1/10 notice to States and an analysis supporting these methodologies.

**NCCI Approved Coding Methodologies for Medicaid.** The following Medicare Part B methodologies have been determined as compatible methodologies for claims filed with Medicaid:

- (1) NCCI procedure-to-procedure edits for practitioner and ambulatory surgical center (ASC) services.

- (2) NCCI procedure-to-procedure edits for outpatient hospital services (including emergency department, observation, and hospital laboratory services) incorporated into the Medicare outpatient code editor (OCE) for hospitals reimbursed through the hospital outpatient prospective payment system (OPPS). These same edits in OCE are applied to all facility therapy services billed to the Medicare Fiscal Intermediary (Part A Hospital/Part B Practitioner Medicare Administrative Contractors (A/B MACs) processing claims with the Fiscal Intermediary Shared System (FISS)). They do not apply to hospitals not reimbursed through the OPPS (e.g., Critical Access Hospitals (CAHs)).
- (3) MUE units-of-service edits for practitioner and ASC services.
- (4) MUE units-of-service edits for outpatient hospital services for hospitals reimbursed through the OPPS and for CAHs.
- (5) MUE units-of-service edits for supplier claims for durable medical equipment.

These five NCCI methodologies will be made available to States effective September 1, 2010. In addition, CMS has determined that there are currently no other methodologies compatible with Medicaid since there are no other national correct coding methodologies being used by Medicare. **States must incorporate all five methodologies into their Medicaid Management Information Systems (MMISs) and begin the process of editing claims against these five NCCI methodologies effective for claims filed on or after October 1, 2010.**

More detail is available in the CMS transmittal reference above or below.

Source: <http://www.cms.gov/smdl/downloads/SMD10017.pdf>.  
AHA NewsNow, September 2, 2010