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INTRODUCTION
FOR
NATIONAL CORRECT CODING INITIATIVE POLICY MANUAL
FOR MEDICARE SERVICES

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Introduction

On December 19, 1989, the Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) was enacted. Section 6102 of P.L. 101-239 amended Title XVIII of the Social Security Act (the Act) by adding a new section 1848, “Payment for Physicians' Services”. This section of the Act provided for replacing the previous reasonable charge mechanism of actual, customary, and prevailing charges with a resource-based relative value scale (RBRVS) fee schedule that began in 1992.

With the implementation of the Medicare Physician Fee Schedule, it was important to assure that uniform payment policies and procedures were followed by all carriers (A/B MACs processing practitioner service claims) so that the same service would be paid similarly in all carrier (A/B MAC processing practitioner service claims) jurisdictions. Accurate coding and reporting of services by physicians is a critical aspect of assuring proper payment.

Purpose

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

NCCI includes three types of edits: NCCI Procedure-to-Procedure (PTP) edits, Medically Unlikely Edits (MUE), and Add-on Code Edits.

NCCI PTP edits prevent inappropriate payment of services that should not be reported together. Each edit has a column one and column two HCPCS/CPT code. If a provider reports the two 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-associated modifier is also reported.

Medically Unlikely Edits (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) under most circumstances reportable 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.

Add-on code edits consist of a listing of HCPCS and CPT add-on codes with their respective primary codes. An add-on code is eligible for payment if and only if one of its primary codes is also eligible for payment.

NCCI PTP edits are utilized by Medicare claims processing contractors to adjudicate provider claims for physician services, outpatient hospital services, and outpatient therapy services. They are not applied to facility claims for inpatient services.

Although the NCCI was initially developed for use by Medicare Carriers (A/B MACs processing practitioner service claims) to process Part B claims, many of the edits were added to the Outpatient Code Editor (OCE) in August, 2000, for use by Fiscal Intermediaries (A/B MACs processing outpatient hospital service claims) to process claims for Part B outpatient hospital services. Some of the edits applied to outpatient hospital claims through OCE differ from the comparable edits in NCCI. Effective January 2006 all therapy claims at most sites of service paid by A/B MACs processing facility claims (Fiscal Intermediaries) were also subject to NCCI PTP edits in the OCE. These include, but are not limited to, therapy services reported by skilled nursing facilities, comprehensive outpatient rehabilitation facilities, home health agencies, and outpatient rehabilitation agencies (OPTs - outpatient physical therapy and speech pathology services). NCCI PTP edits utilized for practitioner claims are also utilized for Ambulatory Surgical Center claims.

Prior to January 1, 2012, NCCI PTP edits incorporated into OCE appeared in OCE one calendar quarter after they appear in NCCI. Effective January 1, 2012, NCCI PTP edits in OCE appear synchronously with NCCI PTP edits for practitioners. Hospitals like physicians and other providers must code correctly even in the absence of NCCI or OCE edits. For example, new category I CPT codes are generally effective on January 1 each year, and many new edits for these codes appear in NCCI on January 1. Prior to January 1, 2012, the new edits for these codes did not appear in OCE until the following April 1. Hospitals were required to code correctly during the three month delay.

On January 1, 2007, CMS incorporated Medically Unlikely Edits (MUEs) into the NCCI program. These edits are applicable to claims submitted to Carriers (A/B MACs processing practitioner service claims), A/B Medicare Administrative Contractors (MACs), Durable

Medical Equipment Medicare Administrative Contractors (DME MACs), and Fiscal Intermediaries (FIs) A/B MACs processing outpatient hospital service claims).

Pursuant to Section 6507 of the Affordable Care Act, CMS provided instructions to States for implementation of NCCI methodologies in State Medicaid programs by October 1, 2010. CMS publishes on its website separate edit files and manuals for the CMS State Medicaid NCCI program methodology. In order to avoid confusion between the use of the term NCCI for the NCCI program methodology and NCCI procedure to procedure (PTP) edits, the CMS Medicaid NCCI program uses the term NCCI PTP to identify NCCI column one/column two edits. Although the Medicaid NCCI methodology edit files were originally created as a subset of the Medicare NCCI and MUE edits, the Medicaid NCCI methodology edit files will also contain edits for HCPCS/CPT codes not utilized by the Medicare program.

In this Manual many policies are described utilizing the term “physician”. Unless indicated differently the usage of this term does not restrict the policies to physicians only but applies to all practitioners, hospitals, providers, or suppliers eligible to bill the relevant HCPCS/CPT codes pursuant to applicable portions of the Social Security Act (SSA) of 1965, the Code of Federal Regulations (CFR), and Medicare rules. In some sections of this Manual, the term “physician” would not include some of these entities because specific rules do not apply to them. For example, Anesthesia Rules and Global Surgery Rules do not apply to hospitals.

Providers reporting services under Medicare’s hospital outpatient prospective payment system (OPPS) should report all services in accordance with appropriate Medicare *Internet-only Manual* (*IOM*) instructions.

CPT codes representing services denied based on NCCI PTP edits may not be billed to Medicare beneficiaries. Since these denials are based on incorrect coding rather than medical necessity, the provider cannot utilize an “Advanced Beneficiary Notice” (ABN) form to seek payment from a Medicare beneficiary.

Since the NCCI is a CMS program, its policies and edits represent CMS national policy. However, NCCI policies and edits do not supersede any other CMS national coding, coverage, or payment policies.

NCCI PTP edits are adopted after due consideration of Medicare policies including the principles described in the *National Correct Coding Initiative Policy Manual for Medicare Services,* HCPCS and *CPT*

Manual code descriptors, *CPT Manual* coding guidelines, coding guidelines of national societies, standards of medical and surgical practice, current coding practice, and provider billing patterns. Since the NCCI is developed by CMS for the Medicare program, the most important consideration is CMS policy.

Prior to initial implementation of the NCCI in 1996, the proposed edits were evaluated by Medicare Part B Carrier Medical Directors, representatives of the American Medical Association's CPT Advisory Committee, and representatives of other national medical and surgical societies.

The NCCI undergoes 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 Manual* coding guidelines. Other sources of refinement are initiatives by the CMS central office and comments from the CMS regional offices, AMA, national medical, surgical, and other healthcare societies/organizations, Medicare contractor medical directors, providers, consultants, other third party payors, and other interested parties. Prior to implementing new edits, CMS generally provides a review and comment period to representative national organizations that may be impacted by the edits. However, there are situations when CMS thinks that it is prudent to implement edits prior to completion of the review and comment period. CMS Central Office evaluates the input from all sources and decides which edits are modified, deleted, or added each quarter.

Policy Manual Background

The *National Correct Coding Initiative Policy Manual for Medicare Services* and NCCI PTP edits have been developed for application to Medicare services billed by a single provider for a single patient on the same date of service.

The *National Correct Coding Initiative Policy Manual for Medicare Services* and the edits were developed for the purpose of encouraging consistent and correct coding and reducing inappropriate payment. The edits and policies do not include all possible combinations of correct coding edits or types of unbundling that exist. Providers are obligated to code correctly even if edits do not exist to prevent use of an inappropriate code combination. If a provider determines that he/she has been coding incorrectly, the provider should contact his/her Carrier, Fiscal Intermediary, or MAC about potential payment adjustments.

The *National Correct Coding Initiative Policy Manual for Medicare Services* and edits were initially based on evaluation of procedures referenced in the 1994 *CPT Manual* and HCPCS Level II codes. An ongoing refinement program has been developed to address annual changes in CPT codes and instructions, 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, Medicare contractor medical directors and staff, providers, consultants, etc.

The *National Correct Coding Initiative Policy Manual for Medicare Services* 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 Manual* 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 *National Correct Coding Initiative Policy Manual for Medicare Services* in general utilizes paraphrased descriptions of CPT and HCPCS Level II codes. The user of this manual should refer to the AMA's *Current Procedural Terminology* (*CPT*) *Manual* and CMS' HCPCS Level II code descriptors for complete descriptors of the codes.

Edit Development and Review Process

The NCCI undergoes constant refinement publishing four versions annually. Medicare Administrative Contractors (MACs), Carriers, and Fiscal Intermediaries implement the versions effective January 1, April 1, July 1, and October 1 of each year. Changes in NCCI come from three sources: (1) additions, deletions or modifications to CPT or HCPCS Level II codes or *CPT Manual* instructions; (2) CMS policy initiatives; and (3) comments from the AMA, national or local medical/surgical societies, other national healthcare organizations, Medicare contractor medical directors and staff, providers, billing consultants, etc.

CMS notifies the AMA and national medical/surgical societies of the quarterly changes in NCCI. Additionally, CMS seeks comment from national medical/surgical societies and other national healthcare organizations before implementing many types of changes in NCCI. Although national medical/surgical societies and other national healthcare organizations generally agree with changes CMS makes to NCCI, CMS carefully considers those adverse comments received. When CMS decides to proceed with changes in NCCI contrary to the comments

of national medical/surgical societies or other national healthcare organizations, it does so after due consideration of those comments and other information available to CMS.

NCCI PTP, MUE, or Add-on Code 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. If an edit revision is retroactive, Medicare Administrative Contractors (MACs) may reopen claims that are brought to their attention when such claims would have payment changes due to that retroactive change. In accordance with CMS policy, a reopening with a new adverse determination affords the physician new appeal rights. In limited circumstances, CMS may at times issue directions for a mass adjustment when it determines that such an action meets the needs of the program and can occur within its current operational constraints.

Sources of Information about NCCI and MUE

The CMS website contains:

1) *National Correct Coding Initiative Policy Manual for Medicare Services* (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html);
2) NCCI PTP edits utilized for practitioner claims (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/NCCI-Coding-Edits.html);
3) NCCI PTP edits utilized for outpatient hospital claims in the Outpatient Code Editor (OCE) (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/NCCI-Coding-Edits.html);
4) NCCI and MUE Frequently Asked Questions (FAQ) (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html);
5) MUE Overview (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/MUE.html);
6) HCPCS/CPT codes with published MUE values in the Practitioner Services MUE table (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/MUE.html);
7) HCPCS/CPT codes with published MUE values in the Facility/Hospital Outpatient Services MUE table (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/MUE.html);
8) HCPCS/CPT codes with published MUE values in the Durable Medical Equipment (DME) Supplier Services MUE table (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitE

d/MUE.html);

9) Current quarterly version update changes for NCCI PTP edits and published MUEs (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Version_Update_Changes.html);
10) Add-on code edits utilized for practitioner claims https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Add-On-Code-Edits.html);
11) Current quarterly updates to add-on code edits (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Add-On-Code-Edits.html);
12) Medicare Learning Network Publication: "Medicare Claim Review Programs: MR, NCCI Edits, MUEs, CERT, and Recovery Audit Program" (https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/MCRP_Booklet.pdf) and
13) Medicare Learning Network Publication: "How to Use the National Correct Coding Initiative (NCCI) Tools" (https://www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html)

Sources of information about NCCI published by entities other than CMS or its NCCI contractor should not be relied upon for guidance about the NCCI or MUE in legal matters regarding the Medicare program.

Correspondence to CMS about NCCI and its Contents

The NCCI is maintained for CMS by Correct Coding Solutions, LLC. If the user of this manual has concerns regarding the content of the edits or this manual, an inquiry may be submitted in writing to:

National Correct Coding Initiative
Correct Coding Solutions LLC
P.O. Box 907
Carmel, IN 46082-0907
Fax number: (317) 571-1745

CMS makes all decisions about the contents of NCCI and this manual. Correspondence from Correct Coding Solutions, LLC reflects CMS' policies on coding and NCCI.