



## Special Notice: All Medicaid Providers

### CMS Mandate-National Correct Coding Initiative (NCCI) Editing for Medicaid Services

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#### **Background**

Under new federal regulations signed into law this year, State Medicaid agencies must incorporate and apply editing methodologies of the National Correct Coding Initiative (NCCI) for claims filed on or after October 1, 2010. This CMS program was originally developed to promote national correct coding methodologies and to control improper payments in Medicare Part B claims in 1996. The purpose of the NCCI edits is to prevent the improper payments when incorrect code combinations are reported.

The Centers for Medicare and Medicaid Services (CMS) had been charged by Congress with the responsibility for defining the adjudication rules, provider types and claim types that will be subject to the NCCI edits by September 1, 2010. On that date, CMS issued a letter of guidance to State Medicaid agencies indicating the NCCI methodologies to be used by Medicaid effective for claims filed on or after October 1, 2010.

#### **Will Louisiana Medicaid make changes to claims processing?**

To comply with this federal legislation, Louisiana Medicaid will be required to enforce these edits within the claims processing environment. Louisiana has joined with other States' Medicaid agencies to seek further clarification from CMS on the scope of these edits. Based on the fact that States were just provided details related to this requirement on September 1, 2010; and the complexities involved in entirely incorporating these edits into the claims processing systems, CMS has granted some flexibility to the States to fully implement the editing into their systems until April 1, 2011. *However, claims filed on or after October 1, 2010 will be subject to the mandate and be required to be reprocessed, if necessary, to assure compliance with the NCCI mandate.*

#### **What are NCCI edits?**

The edits pertain to the same patient, the same provider on a single date of service. The types of NCCI edits mandated in the law are:

- Procedure-to-Procedure edits that define pairs of HCPCS/Current Procedural Terminology (CPT) codes that should not be reported together for a variety of reasons; and
- Medically Unlikely Edits (MUE), units-of-service edits that define for each HCPCS/CPT code the number of units of service beyond which is unlikely to be correct.

#### **Which claims and providers are impacted?**

Based on the September 1, 2010 CMS letter, claims subject to the NCCI edits are practitioner, ambulatory surgical center, outpatient hospital services in the outpatient code editor (OCE) for hospitals reimbursed through outpatient prospective payment system (OPPS), and supplier claims for durable medical equipment.

#### **Further Information**

Additional guidance and clarification about NCCI editing will be provided as the information becomes available from CMS. Providers should monitor subsequent RA messages and the Louisiana Medicaid website for the most current information. Providers may also access information on the CMS website at [www.cms.gov](http://www.cms.gov) under the Medicaid links related to NCCI.