

South Dakota Division of Medical Services Bulletin

National Correct Coding Initiative (NCCI)

**PLEASE SHARE THIS INFORMATION WITH PROFESSIONAL, ADMINISTRATIVE,
CLERICAL AND BILLING STAFF.**

The Center for Medicare and Medicaid Services (CMS) requires that state Medicaid programs implement the methodologies of the National Correct Coding Initiative (NCCI). Since 1996, the NCCI methodologies have been used to control improper coding on Medicare claims. As a Provider, all of your claims submitted to Medicare have undergone these edits

NCCI is a program developed by CMS that consists of coding policies and edits that identify procedures and services performed by the same provider on the same date of service. This program has been in existence for Medicare since 1996, and is now being applied to Medicaid.

There are two main components of the CMS NCCI mandate:

- NCCI – procedure-to-procedure edits for practitioners, ambulatory surgical centers, and outpatient hospital services that define pairs of HCPCS/CPT codes that should not be reported together.
- Medically Unlikely Edits (MUE) – these are units-of-service edits for practitioners, ambulatory surgical centers, outpatient hospital services, and durable medical equipment. This component defines for each HCPCS/CPT code the number of units of service that is unlikely to be correct. (e.g., claims for excision of more than one appendix or more than one hysterectomy).

The purpose of the mandated edits is to prevent improper payments when a provider submits incorrect code combinations or to avoid payments of units in excess of what is medically unlikely.

CMS has reviewed these coding policies and determined that all of the NCCI coding methodologies are appropriate for Medicaid claims. The policies, Medicaid specific NCCI manuals, and additional information can be found at the CMS website (<http://www.cms.gov/MedicaidNCCICoding/>).

To comply with the NCCI mandate, the South Dakota Division of Medical Services is planning to implement the two main components on March 29, 2012. The potential exists that these edits may impact claims payments for practitioners, ambulatory surgical centers, outpatient hospital services, and durable medical equipment.

The South Dakota Division of Medical Services had a sample of claims compared to the NCCI edits and found that most claims are compliant with CMS expectations. We will continue to publish updates and informational materials prior to full implementation. We encourage providers to sign up for listserv messages online at <http://listserv.state.sd.us/scripts/wa.exe?A0=SDMEDICALSERVICES>. This link will provide updates on the NCCI implementation and specific bulletins around the NCCI edits. If you have questions, please contact Jodi Litz at 605.773.3495.