Understand CMS Outpatient Hospital Edits in 10 Minutes or Less

By Megan DeVoe, CCS

Editor's Note: This is the first article in a three-part series on how to master the information available on the Centers for Medicare and Medicaid Services website.

When coding foR outpatient hospital services, it can sometimes feel like you are bombarded with edits. How do you know which ones are most important? How do you know when you are unbundling? How are you supposed to know what is inherent in this procedure? It may seem daunting, but once you start to research the origin of the edits, it is much easier to understand what action to take.

The Centers for Medicare and Medicaid Services (CMS) website provides a wealth of information to help answer these questions. There are three major CMS edit types to pay attention to when coding Medicare outpatients. These edits are part of the Ambulatory Payment Classification System (APC) grouper and may prevent payment or suspend a claim if not applied accurately. Do not ignore these edits. While there are many other types of edits out there, the CMS edits listed below take precedence over any other software edits for Medicare outpatient claims. It is important to note that non-Medicare payers will have their own policies. It is also important to note that while the links in this article are valid as of press time, the CMS website changes often, so you may need to update your bookmarks periodically.

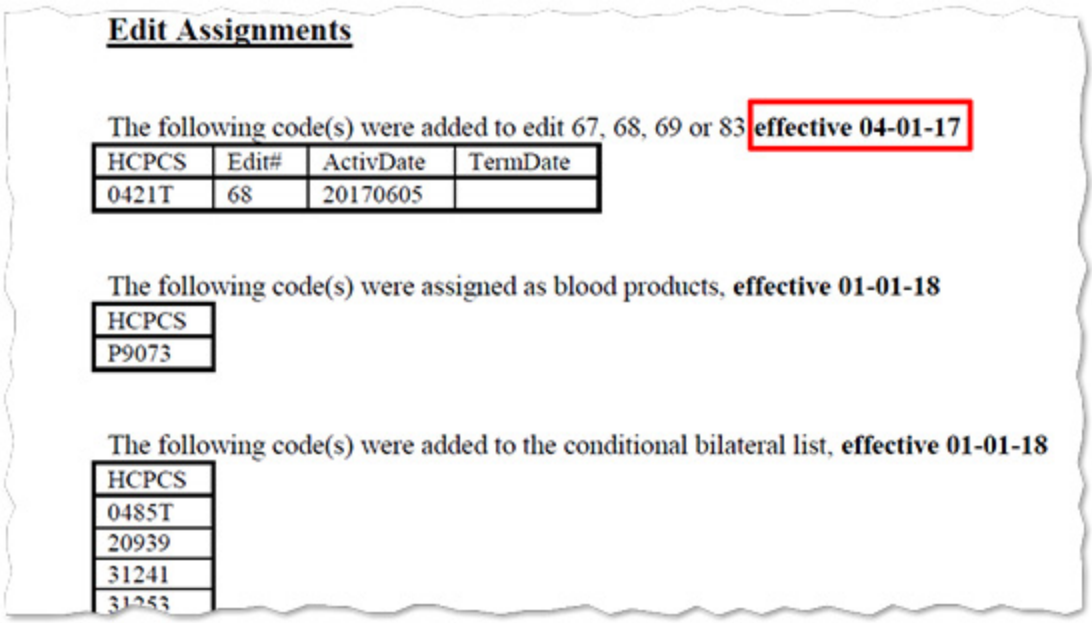
Sample Guidance for Coding Skin Substitute Procedures

E. HCPCS Codes for Skin Substitute Procedures (v15.0)

List	Skin substitute application	Skin substitute product
List A	C5271, C5272, C5273, C5274, C5275, C5276, C5277, C5278	Q4100, Q4102, Q4111, Q4115, Q4117, Q4124, Q4134 - Q4136, Q4165, Q4166 – Q4168, Q4170, Q4176, Q4178, Q4179 – Q4182
List B	15271, 15272, 15273, 15274, 15275, 15276, 15277, 15278	C9363, Q4101, Q4103 - Q4108, Q4110, Q4116, Q4121 - Q4123, Q4126 – Q4128, Q4131 – Q4133, Q4137, Q4138, Q4140, Q4141, Q4143, Q4146, Q4147, Q4148, Q4150 - Q4154, Q4156, Q4157, Q4158, Q4159, Q4160, Q4161, Q4163, Q4164, Q4169, Q4172, Q4173, Q4175

Source: Centers for Medicare and Medicaid Services. Final Summary of Data Changes. Integrated OCE v19.0. Effective January 1, 2018. www.cms.gov/apps/aha/license.asp?file=https://downloads.cms.gov/files/IOCE-V190-R0-QuarterlyDataFiles.zip.

Excerpt of Changes in FinalSumofDataChngsSpecCMS.report



Edit Assignments

The following code(s) were added to edit 67, 68, 69 or 83 **effective 04-01-17**

HCPCS	Edit#	ActivDate	TermDate
0421T	68	20170605	

The following code(s) were assigned as blood products, **effective 01-01-18**

HCPCS
P9073

The following code(s) were added to the conditional bilateral list, **effective 01-01-18**

HCPCS
0485T
20939
31241
31253

Source: Centers for Medicare and Medicaid Services. Final Summary of Data Changes. Integrated OCE v19.0. Effective January 1, 2018. www.cms.gov/apps/aha/license.asp?file=https://downloads.cms.gov/files/IOCE-V190-R0-QuarterlyDataFiles.zip.

Outpatient Code Editor (OCE)

Information for the Outpatient Code Editor (OCE) is available at www.cms.gov/Medicare/Coding/OutpatientCodeEdit/index.html. OCE edits indicate potential coding or demographic mistakes. There are several useful files on the CMS OCE Quarterly Release Files page, located at www.cms.gov/Medicare/Coding/OutpatientCodeEdit/OCEQtrReleaseSpecs.html. It is important to ensure you download the most recent version, which is currently V19.1, available at www.cms.gov/apps/aha/license.asp?file=https://downloads.cms.gov/files/IOCE_V191_R0_QuarterlyDataFiles.zip. Each release of the OCE is given a version number, such as V19.1. Whenever you are looking at data files from the CMS website, including the OCE, there is usually a ReadMe or FileLayout file of some sort. These will explain the values listed in the files, the column headers, etc. For all edit types discussed in this article, you should familiarize yourself with these files. Also, you will see many OCE data files that have "DIFF" in the file name (for example, the file name Q_CD_DIFF_Validmodif). These files list the differences from the last release. If you are looking for the complete file, select a file that does not include "DIFF."

Our first important OCE file is the PDF file IntegOCEspecs. This in-depth file discusses the APC grouping logic. Understanding the basics of the APC grouping logic will help you get acquainted with the code status indicators and what they mean for code assignment. This file also provides a list of the edit numbers, descriptions, and claim dispositions (e.g., Return to provider). Of potential interest in this file is Appendix O, which provides code lists for some of the edits. For example, see the sidebar above for the list of codes that are considered a skin substitute product and those that are considered skin substitute application procedures. Having trouble with assigning modifiers or condition codes? This is the file that can provide the guidance you need.

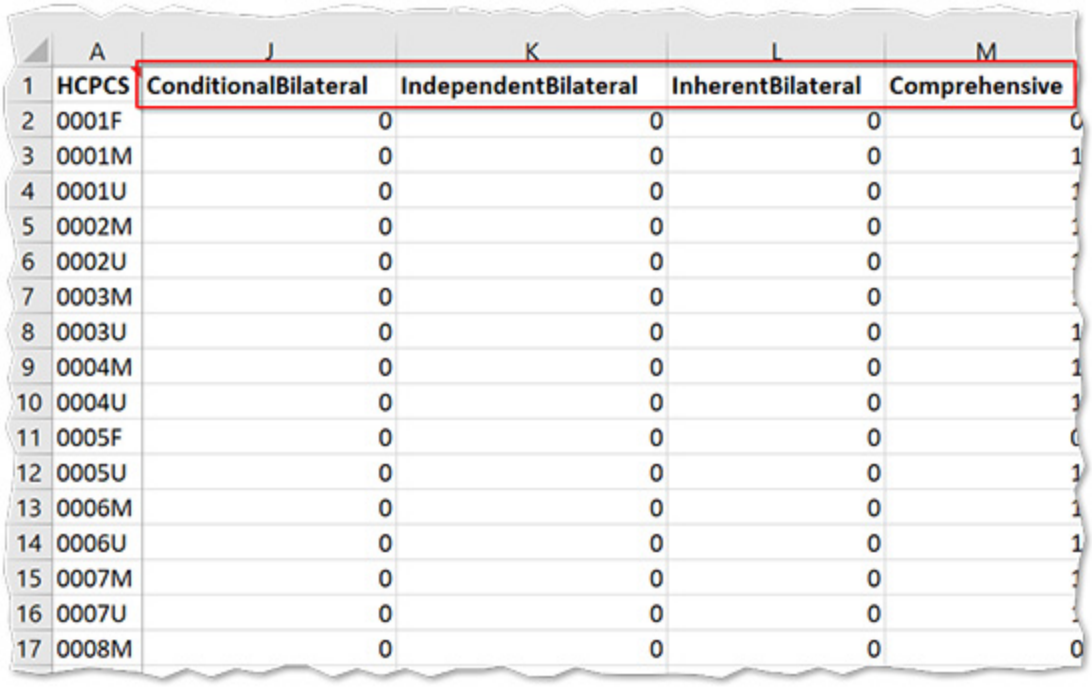
Next for the OCE is the PDF file FinalSumofDataChngsSpecCMS.report. This is the file you will want to review each quarter as it lists all the OCE code, logic, and edit changes with effective dates. Be aware that edit changes sometimes can be retroactive; be careful with the dates, especially when auditing. See the sidebar above for an excerpt of some of the changes you will see in this file.

Lastly for the OCE is the Excel file Q_CD_HcpcsMap. This is by far the single most useful file, so it comes as little surprise that the file is very large in size. This file identifies the codes involved in the edits and other information pertaining to that code such as status indicators, laterality indicators (good guidance for modifier RT, LT, and 50), and code pair information (for example, Device/Device procedure code pairs or Skin substitute product/procedure pairs). Of note: any code identified as a

device in this file may resolve the Claim Lacks Required Device Code edit. You will always want to make sure that the device being assigned makes sense for the device procedure. See the sidebar below for an excerpt of this file. New for April 2018 are edits alerting the coder that they have added an add-on CPT code without the necessary primary code.

Excerpt from the Excel file Q_CD_HcpcsMap

This excerpt provides a sample of what the file will look like. There are many columns and rows, so navigation can be a challenge if you are not familiar with Excel. Don't fret, though. There are likely online tutorials that will help with completing your task. In this image, the columns provide the laterality indicators.



	A	J	K	L	M
1	HCPCS	ConditionalBilateral	IndependentBilateral	InherentBilateral	Comprehensive
2	0001F	0	0	0	0
3	0001M	0	0	0	1
4	0001U	0	0	0	1
5	0002M	0	0	0	1
6	0002U	0	0	0	1
7	0003M	0	0	0	1
8	0003U	0	0	0	1
9	0004M	0	0	0	1
10	0004U	0	0	0	1
11	0005F	0	0	0	0
12	0005U	0	0	0	1
13	0006M	0	0	0	1
14	0006U	0	0	0	1
15	0007M	0	0	0	1
16	0007U	0	0	0	1
17	0008M	0	0	0	0

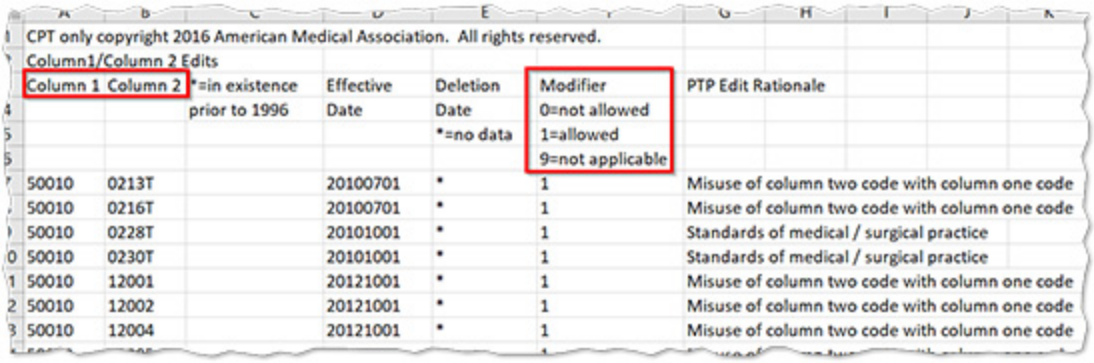
Source: Centers for Medicare and Medicaid Services. Final Summary of Data Changes. Integrated OCE v19.0. Effective January 1, 2018. www.cms.gov/apps/aha/license.asp?file=https://downloads.cms.gov/files/IOCE-V190-R0-QuarterlyDataFiles.zip.

National Correct Coding Initiative Edits: Procedure to Procedure (PTP)

The second set of notable edits are Procedure to Procedure (PTP) edits, found under the National Correct Coding Initiative (NCCI). Information on NCCI is available at www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/index.html, and information on PTP is available at www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/NCCI-Coding-Edits.html. These are the edits that will indicate any potential unbundling. They will also let you know what procedures are included in another procedure.

There are a few important NCCI/PTP files to be familiar with. First up is the ZIP file "Hospital PTP Edits." The files contained here are separated out by code. They also indicate which code may be the more comprehensive procedure in a code pair and if a modifier can be used to bypass the edit. The file has two columns: Column 1 and Column 2. The file is arranged in code order based on the Column 1 codes. The code listed in Column 2 is often a component of the code listed in Column 1 for the same spreadsheet line. If a modifier cannot be used to bypass the edit, you may have a mutually exclusive code pair (two procedures that cannot be done together). There are two sets of PTP edits. One for hospitals and one for physicians. For a sample of what this file looks like, see the sidebar below.

Sample Excerpt of Hospital PTP File

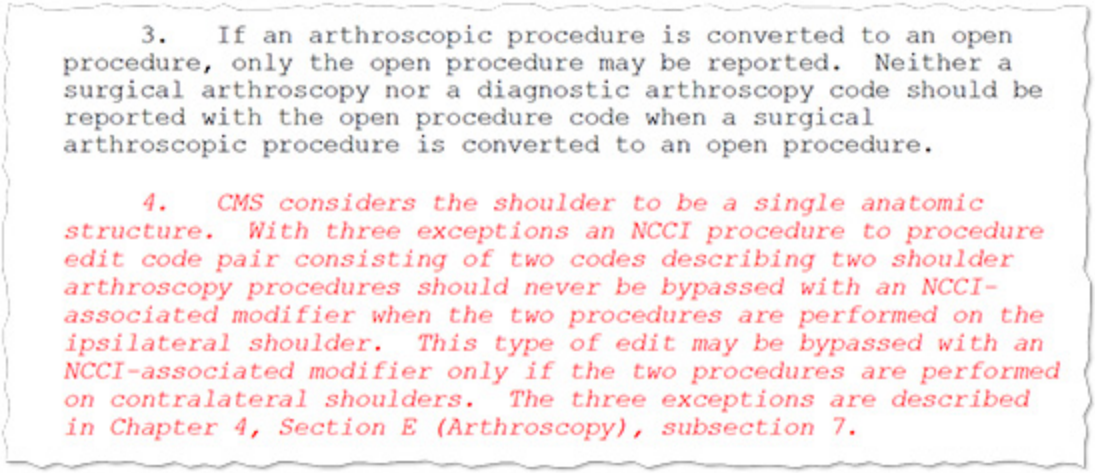


CPT only copyright 2016 American Medical Association. All rights reserved.						
Column1/Column 2 Edits						
Column 1	Column 2	*=in existence prior to 1996	Effective Date	Deletion Date *=no data	Modifier 0=not allowed 1=allowed 9=not applicable	PTP Edit Rationale
50010	0213T		20100701	*	1	Misuse of column two code with column one code
50010	0216T		20100701	*	1	Misuse of column two code with column one code
50010	0228T		20101001	*	1	Standards of medical / surgical practice
50010	0230T		20101001	*	1	Standards of medical / surgical practice
50010	12001		20121001	*	1	Misuse of column two code with column one code
50010	12002		20121001	*	1	Misuse of column two code with column one code
50010	12004		20121001	*	1	Misuse of column two code with column one code

Source: Centers for Medicare and Medicaid Services. Hospital PTP edits. ZIP file. www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/NCCI-Coding-Edits.html.

NCCI Policy Manual for Medicare Services Excerpt

In this excerpt from CHAP4-CPTcodes20000-29999 in the NCCI Policy Manual for Medicare Services, it is shown that the shoulder is considered to be a single anatomic structure by CMS, and direction is provided on when the PTP edits may be bypassed.



3. If an arthroscopic procedure is converted to an open procedure, only the open procedure may be reported. Neither a surgical arthroscopy nor a diagnostic arthroscopy code should be reported with the open procedure code when a surgical arthroscopic procedure is converted to an open procedure.

4. CMS considers the shoulder to be a single anatomic structure. With three exceptions an NCCI procedure to procedure edit code pair consisting of two codes describing two shoulder arthroscopy procedures should never be bypassed with an NCCI-associated modifier when the two procedures are performed on the ipsilateral shoulder. This type of edit may be bypassed with an NCCI-associated modifier only if the two procedures are performed on contralateral shoulders. The three exceptions are described in Chapter 4, Section E (Arthroscopy), subsection 7.

Source: Centers for Medicare and Medicaid Services. National Correct Coding Initiative Policy Manual for Medicare Services. Revised January 1, 2018. www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Downloads/NCCI-Policy-Manual-2018.zip.

National Correct Coding Initiative Edits: Medically Unlikely Edits (MUE)

The third set of edits are the Medically Unlikely Edits (MUE), also found under the NCCI. Information on MUE is available at www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/MUE.html. These edits identify the number of units that are allowed for a CPT/HCPCS code. The file found at www.cms.gov/apps/ama/license.asp?file=/Medicare/Coding/NationalCorrectCodInitEd/downloads/2018-04-01-MCR-MUE-Outpatient-Services.zip, titled "Facility Outpatient Services MUE Table - Effective 4/1/18 Replacement" will also tell you the maximum number of units allowed per day or per line for a code. This is an important distinction of which coding professionals should be aware.

All codes with a MUE edit have a corresponding MUE Adjudication Indicator (MAI) value. Information on MAI is available at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM8853.pdf. This value indicates which type of MUE edit you have triggered.

MUEs for HCPCS codes with a MAI of "1" are claim line edits. This means that you may have multiple lines with the same code if the units for each line are less than the maximum allowed. MUEs for HCPCS codes with a MAI of "2" or "3" are per day edits. All lines with the same code will have their units added together for the same date of service. There are two sets of MUE edits. One for physicians and one for hospitals. Interestingly, not all codes have a MUE value and not all MUE values are published by CMS. There are some values that are confidential.

Since our last two sets of edits fall under the umbrella of the NCCI, there are a few informational files that apply to these edits that are worth mentioning. First is the NCCI Policy Manual for Medicare Services, available at www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Downloads/NCCI-Policy-Manual-2018.zip. There are 13 chapters in this manual, arranged by code. This manual provides specific coding direction and is a wonderful resource. The directions contained in the manual are invaluable when trying to assign the appropriate CPT/HCPCS codes and may answer many questions for you. It is nice to have some rationale behind why some codes cannot be assigned together. An excerpt from the manual can be reviewed in the sidebar above.

Another important, useful file is the document titled "How to Use the Medicare National Correct Coding Initiative (NCCI) Tools," available at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/How-To-Use-NCCI-Tools.pdf. This file explains how to use and understand what you are looking at in the NCCI edit files. Another document, "Modifier 59 Article: Proper Usage Regarding Distinct Procedural Service," discusses modifier 59 and is available at www.cms.gov/Medicare/Coding/NationalCorrectCodInitEd/Downloads/modifier59.pdf.

Keep It Simple

Do not be overwhelmed and get lost in the language of the files. Remember to keep things simple. If you have a question about a code, simply search by that code or the code description itself. That will cut right to the chase and save you time. These edits are updated quarterly, so make a note to yourself to check back in January, April, July, and October every year. You can also sign up for email updates.

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