

# PROVIDER BULLETIN

No. 11-48

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TO: Hospital Providers

FROM: Vivianne M. Chaumont, Director   
Division of Medicaid & Long-Term Care

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Program Integrity

RE: Room Charge Billing for Observation Room and Emergency Department Services

**Please share this information with professional, clinical, administrative, and billing staff.**

The Centers for Medicare and Medicaid Services (CMS) requires that each state Medicaid program implement the methodologies of the National Correct Coding Initiative (NCCI). CMS originally developed the NCCI methodologies in 1996 to promote national correct coding methodologies and to control improper coding leading to inappropriate payments of Medicare claims.

The coding policies were developed based on coding conventions defined in the American Medical Association's Current Procedural Terminology (CPT) manual, national and local policies and edits, coding guidelines developed by national societies, analysis of standard medical and surgical practices, and a review of current coding practices. CMS reviews and updates these policies annually. 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/>).

The NCCI edits are effective for claims received on or after April 1, 2011, for service dates beginning 10/1/2010. Compliance with the edits may be determined prospectively (pre-payment editing that results in a claim denial) or retrospectively (post-payment editing that results in a refund request).

Nebraska Medicaid compared a sample of claims to the NCCI edits and found that most claims were compliant with CMS expectations. One of the areas of non-compliance was multiple units of service being billed for the hospital room charge for an observation room or emergency department visit. It appeared that providers were billing multiple units to show the number of hours in the observation room or emergency department. The NCCI allows for one visit per day per provider, so billing multiple units for these services will be denied. Billing for one unit will not impact the provider's reimbursement. Please review the NCCI Manuals on the CMS website for specific directions on how to use modifiers with MSHA treatment services.

Nebraska Medicaid will continue to publish updates and informational materials as they become available. If you have questions, please contact Anne Harvey via e-mail at [anne.harvey@nebraska.gov](mailto:anne.harvey@nebraska.gov) or via phone at (402)471-1718.