

PROVIDER BULLETIN

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TO: Laboratory Service Providers

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

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Program Integrity

RE: Laboratory Services and the National Correct Coding Initiative (NCCI)

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

The Centers for Medicare and Medicaid Services (CMS) require that state Medicaid programs 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 the CMS expectations. A few areas of non-compliance related to pathology/laboratory procedures were identified. These include unbundling procedures, billing for duplicate procedures, and billing for more units of service than allowed. In general, NCCI states that procedure codes should be reported to the greatest specificity possible. The NCCI also sets units of service limits on some procedure codes. The NCCI does allow providers to claim for clinically appropriate services by using certain modifiers. Please review the NCCI Manuals on the CMS website for specific directions on how to use modifiers with pathology/laboratory 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 or via phone at (402)471-1718.