



# STATE OF IOWA

CHESTER J. CULVER, GOVERNOR  
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES  
CHARLES J. KROGMEIER, DIRECTOR

## INFORMATIONAL LETTER NO. 940

**DATE:** September 16, 2010

**TO:** Iowa Medicaid Providers Billing on CMS 1500 Claim Forms

**ISSUED BY:** Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

**RE:** Implementation of Local Coverage Determinations (LCD) and Medicare Medically Unlikely Edits (MUE) Editing

**EFFECTIVE:** Claims processed on and after October 8, 2010

The federal Patient Protection and Affordable Care Act, passed into law earlier this year, mandates that effective for claims filed on or after October 1, 2010, State Medicaid Agencies must incorporate and apply editing methodologies of the National Correct Coding Initiative (NCCI). The Centers for Medicare and Medicaid Services (CMS) has been charged by Congress with the responsibility for defining the adjudication rules, provider categories and claim types that will be subject to the NCCI edits.

Iowa Medicaid, like all other State Medicaid agencies, will be required to enforce these edits within the claims processing environment. Two types of edits are mandated in the law: procedure-to-procedure and unit of service. The exact edits and full scope will not be known in complete detail until further information is received from CMS. The potential exists that these edits could impact your claims filed on or after October 1, 2010.

**\*Date Span Billing Edits** identify claim lines where the units do not result in a whole number product when divided by the number of days in a date span; such lines will be denied. Beginning October 8, 2010, the IME requires that providers identify a specific unit count with each day of service. If a claim line contains a span of days, it will be assumed that an equal distribution of units were provided for each day in the span (for example: a 3 day span of 1/1/10 – 1/3/10 billed at 6 units would be understood to mean 2 units were provided on each day; if that is not the case, the days should be broken into separate lines on the claim as necessary). Similarly, date spans should not include days in which no service was provided. Note that an exception will be made for codes whose descriptions state “per week” or “per month,” in which no more than one unit should be billed during the defined timeframe.

**\*Local Coverage Determinations (LCD)** are coverage policies CMS regional carriers developed for surgeries and procedures. Iowa Medicaid may utilize our local carrier’s LCDs in determining medical necessity for certain procedures. It is recommended that you code your diagnosis to the highest level of specificity and avoid using general diagnosis codes when possible. We will be implementing LCD edits in phases. The first phase will begin with the implementation of editing based on 15 LCDs. Iowa Medicaid will notify providers, via remittance advice comments, anytime additional LCD editing is implemented. An up to date list of LCDs, being utilized by Iowa Medicaid, can be found at <http://www.ime.state.ia.us/Providers/CCI.html>.

**\*Medically Unlikely Edits (MUE)** were developed by CMS to reduce paid claims error rate by setting maximum number of units of service for given HCPCS/CPT codes that a provider would likely report under most circumstances for a single beneficiary on a single date of service. Not all HCPCS/CPT codes have an MUE; this editing is in addition to the current max unit editing already in place in the Medicaid claims processing system.

**More information** regarding Iowa Medicaid's implementation of the National Correct Coding Initiative can be found at: <http://www.ime.state.ia.us/Providers/CCI.html>. Additional information from CMS is available at <http://www.cms.hhs.gov/NationalCorrectCodInitEd/> (including <http://www.cms.hhs.gov/manuals/downloads/clm104c12.pdf> relating to the appropriate use of the modifiers) and WPS Medicare at: <http://www.wpsmedicare.com/j5macpartb/training/resources/modifiers> and <http://www.wpsmedicare.com/j5macpartb/policy/active/local/>.

If you have any questions, please contact the IME Provider Services Unit, 1-800-338-7909, locally 515-256-4609 or by e-mail at [imeproviderservices@dhs.state.ia.us](mailto:imeproviderservices@dhs.state.ia.us)