

Correct Coding - HCPCS Coding Recommendations from Non-Medicare Sources

DME MAC Joint Publication

Correct Healthcare Common Procedure Coding System (HCPCS) code selection for a product is an essential element for claims payment. Use of the appropriate HCPCS code assures that accurate processing can be accomplished resulting in a proper claim determination and reimbursement. Conversely, incorrect coding may result in improper payment necessitating recoupment and possible false claim actions. Thus, it is important that all durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) suppliers take steps to ensure that claims are correctly coded.

Background

The HCPCS is a standardized set of codes used for billing items and services to all payers, including Medicare and Medicaid. The HCPCS is divided into two principal subsystems, referred to as level I and level II. Level I of the HCPCS is comprised of CPT (Current Procedural Terminology), a numeric coding system maintained by the American Medical Association (AMA). The CPT is a uniform coding system consisting of descriptive terms and identifying codes that are used primarily to identify medical services, dental services, and procedures furnished by physicians and other health care professionals.

Level II of the HCPCS is a standardized coding system that is used primarily to identify products, supplies, and services not included in the CPT codes, such as ambulance services and DMEPOS when used outside a physician's office. Because Medicare and other insurers cover a variety of services, supplies, and equipment that are not identified by CPT codes, the level II HCPCS codes were established for submitting claims for these items.

In October of 2003, the Secretary of Health and Human Services (HHS) delegated authority under the HIPAA legislation to CMS to maintain and distribute HCPCS Level II Codes. As stated in 42 CFR 414.40 (a), CMS establishes uniform national definitions of services, codes to represent services, and payment modifiers to the codes. To accomplish the task of maintaining the Level II HCPCS system, CMS established a workgroup comprised of representatives of the major components of CMS, CMS contractors, as well as other participants from pertinent Federal agencies, and representatives of state Medicaid agencies, the private insurance sector and the Department of Veteran's Affairs.

Each payer separately develops their own coverage criteria, coding guidelines, and fees for HCPCS Level II codes.

Coding Guidelines for Medicare

For Medicare claims, only CMS and the Durable Medical Equipment Medicare Administrative Contractors (DME MAC) have authority to establish HCPCS Level II Coding Guidelines. The CMS Internet Only Manual (IOM), Publication 100-08, *Program Integrity Manual (PIM)*, Chapter 3, Section 3.3.B and Section 3.6.2.4 instruct, in relevant part:

[A]n item/service is correctly coded when it meets all the coding guidelines listed in ... CMS HCPCS policy or guideline requirements, LCDs, or MAC articles.

The DME MACs and the Pricing, Data Analysis, and Coding (PDAC) contractor are responsible for assigning individual DMEPOS products to HCPCS code categories for billing Medicare. Manufacturers and other entities do not have similar authority to assign their own code determinations to specific products. Often these unofficial and unauthorized coding assignments are described as "recommendations". DMEPOS suppliers are cautioned that such recommendations have no official status and, in the event of a claim review, may result in an incorrect coding claim denial. In addition, these unofficial coding recommendations are not helpful in defense of an incorrect coding claim denial during the appeals process.

When a product has been formally reviewed by the DME MACs or PDAC, the manufacturer is provided with a letter informing them of the correct coding to be used for Medicare billing purposes. We encourage DMEPOS suppliers only to accept coding information from manufacturers and others when the product has been officially coded and a correct coding letter has been issued or the specific product is listed on DMECS.

The DME MACs publish coding guidelines in LCD related Policy Articles and in correct coding bulletins. The information in these publications is considered the authoritative coding instructions for Medicare billing purposes as described in PIM Chapter 3.

PDAC maintains product listings for many HCPCS codes on the [website](#). Select, "Durable Medical Equipment Coding System (DMECS)" to search for HCPCS codes and associated product lists. Not every HCPCS code has a product classification list; but reviewed products are added to the listings for each code as coding determinations are completed. For Medicare claim purposes, this product classification listing is accepted as evidence of correct coding.

Correct Coding of Claims

Each supplier is ultimately responsible for the HCPCS code(s) they select to bill for the items provided. Resources like code determinations letters and DMECS are useful but many products have not been reviewed. For these un-reviewed products, each supplier must use their best judgment in selecting HCPCS codes for billing. Here are some tips that will help:

- Check the PDAC Product Classification Lists on DMECS. Although not every HCPCS code has an associated product list, many of the most commonly used codes do.
- Check the DME MAC publications for coding bulletins and coding guidelines related to products and HCPCS codes for specific information on the item of interest.
- Refer to the "long" code narrative. All codes have short and long descriptors. The long descriptor often provides more detail regarding the requirements for the code. Select the code with the descriptor that most closely describes the product.

- Most code narratives are written broadly to be all-inclusive. You may not find a specific code that perfectly matches a product. Use the code that most closely describes the item rather than a NOC (not otherwise classified) or miscellaneous code.
- Local Coverage Determination related Policy Articles often have additional information in the Coding Guidelines section. Coding guidelines provide additional information on the characteristics of products that meet a specific HCPCS code.
- Remember that price and fees are NOT part of correct coding. Selecting a code based upon the fee schedule almost always results in an incorrect coding determination. HCPCS codes describe the product not the price.
- Check with the PDAC. The PDAC Contact Center can provide information that will assist you in code selection. This assistance, however, is NOT considered a formal product review. The advice provided is not an official code determination. Items are not added to the DMECS Product Classification List based on a query to the PDAC Contact Center.
- Request that manufacturers submit their products for coding. Although some HCPCS codes require mandatory product review in order to use the code, for most codes product review is voluntary. Many manufacturers are responsive to their customer' requests for verified HCPCS coding.

For questions about correct coding, contact the PDAC Contact Center at (877) 735-1326 during the hours of 8:30 a.m. to 4 p.m. CT, Monday through Friday, or e-mail the PDAC by completing the [DME PDAC Contact Form](#) located on the [PDAC website](#).


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