



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

Steven L. Beshear
Governor

275 E. Main Street, 6W-A
Frankfort, KY 40621
P: 502.564.4321
F: 502.564.0509
www.chfs.ky.gov

Janie Miller
Secretary

Neville Wise
Acting Commissioner

October 1, 2010

To: Kentucky Medicaid Providers
Provider Letter # A-81

RE: National Correct Coding Initiative (NCCI)

Dear Kentucky Medicaid Provider

Kentucky Medicaid is adopting the Centers for Medicare and Medicaid Services' (CMS) National Correct Coding Initiative (NCCI) standard payment methodologies.

Why are we making this change?

President Obama signed the federal Patient Protection and Affordable Care Act (PPACA) into law in March 2010. The bill contains provisions that impact health care policy nationwide across the public and private sectors. A provision of this law requires that state Medicaid agencies integrate the NCCI payment methodologies into their claims payment systems by October 1, 2010.

What do the NCCI payment methodologies do?

These methodologies prevent reimbursement for services that should not be billed together (Procedure-to-Procedure edits) as well as preventing the reimbursement for units of service in excess of the number that a provider would report under most circumstances for a single client on a single date of service (Medically Unlikely Edits – MUE).

The methodologies apply to both Current Procedural Terminology (CPT) Level I codes and Healthcare Common Procedure Coding System (HCPCS) Level II codes.

When will the change take place?

For all claims submitted on or after October 1, 2010, the Procedure-to-Procedure and the Medically Unlikely Edits (MUE) NCCI methodologies will be applied to the claim adjudication process. Please note that the NCCI start date is based on the claim submission date and not the dates(s) of service.

(continued on reverse)



The initial implementation will exclude the following provider types; however, the edits will be applied to these providers as subsequent phases are installed

- 17 - Acute Brain Injury
- 33 - Supports for Community Living
- 34 - Home Health
- 42 - Home and Community Based Waiver
- 43 - Adult Day Care
- 40 - EPSDT Preventative Services
- 45 - EPSDT Special Services

How big an impact will this have on providers?

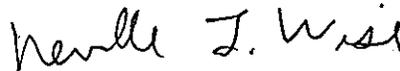
The NCCI edits were originally implemented by Medicare carriers on January 1, 1996, and many private payers also use them for their claims processing. Most likely, you have already encountered the application of these methodologies to claims submitted for adjudication and payment by Medicare and private payers. These methodologies will now also apply to Medicaid claims.

If you have any questions about the Department's implementation of the NCCI, please email the Webmaster@ky.gov.

For more information on the NCCI, please visit the CMS Web site at

http://www.cms.gov/NationalCorrectCodInitEd/01_overview.asp#TopOfPage.

Sincerely,



Neville Wise
Acting Commissioner