



INDUSTRY INSIGHT

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2001 UPDATES TO MEDICARE'S OUTPATIENT CODE EDITOR

During 2001, HCFA made substantial revisions to its Outpatient Code Editor (OCE), which is used to edit all hospital outpatient claims paid under the new APC prospective payment system. The purpose of this *Industry Insight* is to provide a brief overview of the changes in the OCE that have occurred since December of 2000. Many, but not all, of these changes have been documented in the following HCFA Program Memorandums (PMs), all of which are available through the HSS web site www.hssweb.com:

A-01-36 April Outpatient Code Editor (OCE) Specifications Version (V2.1)

A-01-66 July Outpatient Code Editor (OCE) Specifications Version (V2.2)

A-01-73 July 2001 Update to the Hospital Outpatient Prospective Payment System (OPPS)

For reference, V2.1 of the OCE was released to the Fiscal Intermediaries in late March of 2001, and was used to edit claims submitted between April and June of 2001. V2.2, which was just recently released, will be used to edit claims between July and September 2001.

NEW EDITS

047 SERVICE IS NOT SEPARATELY PAYABLE: In the July OCE (V2.2), HCFA identified additional circumstances under which packaged services will not be included in outlier and transitional corridor payment calculations. Basically, this edit will be assigned to any claim line containing packaged or incidental items (payment status "N"), when the corresponding primary services (i.e., the services with which the incidental services should have been packaged) are denied or rejected. In these cases, since HCFA is not paying for the primary services, the incidental services are assigned to edit 047, which results in a line item rejection.

048 REVENUE CENTER REQUIRES HCPCS: This edit, implemented in July (V2.2), insures that charges associated with certain revenue centers are accompanied by an appropriate HCPCS procedure code. In previous versions of the OCE, this situation caused a line item rejection, but the remainder of the claim was processed. Effective in July, if charges are included for certain revenue codes without HCPCS codes, the entire claim will be returned to the hospital for correction.

CHANGES TO EDITS

013 ADDITIONAL PAYMENT FOR SERVICES NOT PROVIDED BY MEDICARE (LINE ITEM REJECTION): This edit identifies services that are not reportable to Medicare, but may be reported to other insurers. Effective with the April OCE (V2.1), the assignment rules for this edit were revised. Services are now assigned to this edit only when placed on a standard outpatient claim, as identified by bill types 12X, 13X and 14X, without condition code 41.

015 SERVICE UNIT OUT OF RANGE FOR PROCEDURE (CLAIM RETURNED TO PROVIDER): Identifies numbers of units that are clinically impossible or unreasonable for the service billed. While there are many exceptions, surgical procedures in the CPT range 10000 – 69999 are generally still assigned a maximum units of 10 in the OCE. However, in the April OCE (V2.1), HCFA lowered the volume limits for about 200 HCPCS codes. Service units for these codes were reduced to between 1 and 10. In the July OCE (V2.2), HCFA did not substantially change any volume limits, but eliminated the ability to override the edit with modifier 91 (repeat clinical laboratory test) for all codes except those representing laboratory services.

016 MULTIPLE BILATERAL PROCEDURES WITHOUT MODIFIER 50 AND 017 INAPPROPRIATE SPECIFICATION OF BILATERAL PROCEDURE (CLAIM RETURNED TO PROVIDER): In 2000, these bilateral edits were applied to services that HCFA considered to be either conditionally or inherently bilateral. In 2001, HCFA identified a small subset of conditionally bilateral codes that are now termed *exclusively bilateral*. These services, if performed more than once on the same date, are generally performed bilaterally. For example, 65755 “Corneal Transplant”, which was previously considered to be conditionally bilateral, is now considered to be exclusively bilateral. The bilateral edits in the OCE that previously affected all conditionally bilateral services are now applied to exclusively bilateral services only. In the July OCE (V2.2), HCFA made these changes retroactive to August 2000.

030 INSUFFICIENT SERVICES ON DAY OF PARTIAL HOSPITALIZATION (CLAIM SUSPENDED): The complex logic governing the assignment of the partial hospitalization edits has been revised in 2001. For more information on this logic, see the flowchart on page 18 of PM A-01-66.

038 INCONSISTENCY BETWEEN IMPLANTED DEVICE AND IMPLANTATION PROCEDURE (CLAIM RETURNED TO PROVIDER): The purpose of this edit, which was activated in 2001, is to identify claims that contain some type of implantable device, but no implantation procedure. This new edit met with substantial industry resistance and has been twice reduced in scope during 2001. In the April OCE (V2.1), HCFA identified a subset of devices that are exempt from this edit. In the July OCE (V2.2), HCFA greatly expanded the list of implantation procedures which, when present on a claim along with an implanted device, will override this edit.

043 BLOOD TRANSFUSION OR EXCHANGE WITHOUT SPECIFICATION OF BLOOD PRODUCT (CLAIM RETURNED TO PROVIDER): This edit was designed to identify claims containing a blood transfusion or exchange service, without an appropriate blood product. Edit 043 was introduced in the January OCE, but was quickly suspended for further review in March per PM A-01-46. In the July OCE (V2.2) it has been re-implemented with a substantially expanded list of eligible blood components.

CORRECT CODING INITIATIVE EDITS

The April OCE (V2.1) incorporated a subset of the Version 7.0 Correct Coding Initiative (CCI) edits, and the July (V2.2) OCE incorporated a subset of the Version 7.1 CCI edits. The CCI edits in the OCE continue to lag approximately one quarter behind the CCI edits that are used for non-hospital claims.

REVISIONS TO OCE EDITS APPLIED BY BILL TYPES

In PM A-01-66 (page 16), HCFA changed the matrix describing the application of OCE edits to specific bill types. Both structural and informational revisions were made to the table. This revised edit matrix allows HCFA to independently specify different edit groups for different bill types.

INPATIENT ONLY LIST

During 2001, HCFA has continued to reduce the list of services that will only be reimbursed if performed on an inpatient basis. Most recently, in PM A-01-73, HCFA removed a set of CPT codes from the "Inpatient Only" list and placed these codes on the OPPTS list of reportable procedures effective July 1, 2001. These codes have been reassigned to new status indicators and in some cases to new APCs.

NEW DEVICE CATEGORIES

The Beneficiary Improvement and Protection Act (BIPA) of December 2000 required HCFA to establish special payment categories for medical devices, and to use these categories for coding and payment of transitional pass-through devices, rather than device-specific "C" codes. In April 1, 2001, transitional pass-through devices could be billed using either the new BIPA device categories or the original individually assigned "C" codes. Effective July 1, 2001 transitional pass-through devices must be billed with the appropriate device category. For further information, see HSS' *Industry Insight No. 126, APC Payment System – New Categories for Pass-Through Devices*. For the most current list of the device categories, refer to PM A-01-73.

OTHER UPDATES TO THE OCE AND OPPTS

PM A-01-73 made several other changes to the hospital OPPTS for July 2001. Included were APC changes, new technology/procedure services, new transitional pass-through drugs, new HCPCS codes, and replacement HCPCS codes for temporary "C" codes. For additional information on the July 2001 OPPTS update, see *Industry Insight No. 132, Updates to the Outpatient Prospective Payment System for July 2001*.

FOR FURTHER INFORMATION

If you have questions about these recent OCE updates, please call Client Services at 1-800-999-DRGS(3747) for more information. Be sure to check the HSS web site (www.hssweb.com) for up-to-date information on changes to the OCE. **Hssweb** is updated on a regular basis with new and timely *Industry Insights*, as well as access to source documents and relevant statistics. A complete description of the OCE, how it works, its changes since implementation, and its undocumented features, is available from HSS in a new product called **OCExpert**.