



Published by the  
N.J. Dept. of Human Services,  
Div. of Medical Assistance & Health Services

# Medicaid Alert

MA-2015-05

September 2015

**TO:** Hospitals – **For Action**  
Health Maintenance Organizations – **For Information Only**

**SUBJECT:** ICD-10 Billing Procedures

**EFFECTIVE:** Claims with service dates on or after October 1, 2015

**PURPOSE:** To remind hospital service providers of important billing procedures for reporting ICD-10-CM/PCS (International Classification of Diseases, 10<sup>th</sup> Edition, Clinical Modification/Procedure Coding System) diagnosis/inpatient procedure coding on hospital institutional claims.

**BACKGROUND:** ICD-10-CM/PCS shall impact diagnosis/inpatient procedure codes reported on Health Insurance Portability and Accountability Act (HIPAA) 837I claim transactions, as well as those claims submitted as paper claims or through Direct Data Entry (DDE). For additional information regarding ICD-10, please see the Medicaid Newsletter Volume 23, No. 10, dated June 2013.

**The NJ FamilyCare (NJFC)/Medicaid Program shall process, but deny any claim not reporting a valid ICD-10-CM/PCS diagnosis/inpatient procedure code for service dates ending on or after October 1, 2015. 'Service Date Through' is a recognized field in the HIPAA transaction set.**

**ACTION:** Frequently asked questions (FAQs) regarding the implementation of ICD-10-CM on October 1, 2015.

**Common ICD-10-CM Terminology:**

**Unspecified** – means a valid ICD-10-CM code that is reported when clinical information does not provide a definitive documented diagnosis. The term 'unspecified' is not intended to be reported when a surgical procedure has been performed or a diagnostic determination has been made involving a specific body part (i.e. left arm, right arm, etc.).

**Valid ICD-10-CM Code** - means an ICD-10-CM code composed of 3, 4, 5, 6 or 7 characters. Codes with three characters (1<sup>st</sup> character alpha, 2<sup>nd</sup> character numeric/3<sup>rd</sup> character numeric) are included in ICD-10-CM as the heading of a category of codes that may be further subdivided by the use of a 4<sup>th</sup> character (etiology); a 5<sup>th</sup> character (anatomical site); a 6<sup>th</sup> character (severity); and a 7<sup>th</sup> character (extension). A three-character code is used ONLY if it is not further subdivided.

**Valid ICD-10-PCS Code** – See <https://www.cms.gov/Medicare/Coding/ICD10/Downloads/2016-Official-ICD-10-PCS-Coding-Guidelines-.pdf>

**Family of Codes** – means the same as the ICD-10-CM three-character heading of a category. Codes within a category are clinically related. For example, the category or family H25 (Age-Related Cataract) contains a number of more specific codes composed of 4, 5, 6 or 7 characters that capture information on the type of cataract as well as information on the eye involved, such as H25.031 (Anterior subcapsular polar age-related cataract, right eye).

**1. How will NJFC/Medicaid price inpatient FFS claims?**

**Response:** NJFC/Medicaid will continue to price inpatient claims using the AP version 27 grouper upon implementation of ICD-10 code reporting. The grouper, used in conjunction with the most current 3M mapper, allows ICD-9 or ICD-10 codes from one year to be used with a grouper from another year, in determining the correct DRG for inpatient pricing.

**2. Has the Division conducted an analysis of dual-coded ICD-9-CM/ICD-10-CM inpatient claims to determine the impact that changes in DRG assignment would have on hospital payments?**

**Response:** An analysis conducted by the Division indicated that DRG shifts were the result of (1) diagnosis code inconsistencies reported by providers; and/or (2) inconsistencies in reported surgical procedure codes. Providers who perform dual-coding exercises during the ICD-10 test window and experience a DRG shift may contact the DMAHS Office of Reimbursement at 609-588-2668 to request a review of their claim-specific test results.

**3. Please explain the Division’s payment policy regarding hospital re-admissions.**

**Response:** For New Jersey hospitals, if a patient is re-admitted to the same hospital for the same or similar diagnosis within seven calendar days, payment for the second claim shall be denied by DMAHS.

For dates of service before October 1, 2015, the same or similar diagnosis shall be defined as principal diagnoses with the same first three digits, in accordance with ICD-9-CM.

For dates of service on or after October 1, 2015, the same or similar principal diagnosis shall be defined as principal diagnoses in the same diagnosis category, as defined by the first three characters, in accordance with the ICD-10-CM.

In the event that one claim has a date of service prior to October 1, 2015, and another claim has a date of service on or after October 1, 2015, the principal diagnosis reported on the first claim as an ICD-9-CM diagnosis code shall be compared to the principal diagnosis reported on the other claim reporting an ICD-10-CM diagnosis code utilizing the Centers for Medicare and Medicaid Services (CMS) General Equivalency Mapping (GEM) (see FAQ No. 10 for additional GEMS information).

**4. How will the State determine the ‘ICD compliance deadline’ for inpatient hospital claims?**

**Response:** The ‘ICD compliance date’ for inpatient hospital claims shall be based upon ‘date of discharge.’

**5. How should inpatient hospital claims be billed that span the ICD-10 implementation date?**

**Response:** If an inpatient hospital claim has a date of discharge on or after October 1, 2015, the entire claim shall be billed reporting the ICD-10 code set.

**6. How should a hospital bill claims in which the Principal and/or Other Procedure Code has a service date prior to October 1, 2015 and the inpatient stay spans the ICD-10 implementation date?**

**Response:** If a hospital claim has a date of discharge on or after October 1, 2015, the entire claim shall be billed reporting the ICD-10 code set.

**7. When is it appropriate for a hospital to ‘split’ an inpatient claim?**

**Response:** Using the ‘date of discharge’ for determining the appropriate code set to report on an inpatient hospital claim minimizes the need to bill a ‘split’ claim to Medicaid. In the situation where Medicare requires a ‘split’ claim because an inpatient claim was submitted to a Part B carrier for payment of professional services, the hospital would bill Medicaid a single claim (not ‘split’) reporting the value ‘12X’ in the ‘Bill Type’ field. The ‘date of discharge’ would continue to be used to determine the appropriate code set to be reported on the ‘12X’ claim.

**8. When is it appropriate for a hospital to ‘split’ an outpatient claim?**

**Response:** Hospitals must ensure that the appropriate ICD code set is reported on outpatient claims based on the date of service. When a mix of ICD-9-CM and ICD-10-CM diagnosis codes are required to properly report diagnosis codes for billed services, hospitals are required to ‘split’ the claim so that all ICD-9-CM diagnosis codes remain on one claim with dates of service through September 30, 2015; and all ICD-10-CM diagnosis codes are reported on the other claim with dates of service on or after October 1, 2015.

**9. On July 7, 2015, CMS issued a Medicare Provider Letter announcing guidance regarding ICD-10 flexibilities related to reporting ICD-10 code sets on Medicare claims on or after October 1, 2015. What impact does this guidance have on the processing of NJFC/Medicaid fee-for-service (FFS) claims?**

**Response:** The guidance issued by CMS has no impact on the processing of NJFC/Medicaid FFS claims. The guidance applies to Medicare Part B services only, providing Medicare providers additional flexibility in the CMS claims auditing and quality reporting processes. NJFC/Medicaid providers are required to report ICD-10-CM/PCS diagnosis codes/inpatient procedure codes at the level of specificity required for claims processing purposes.

**10. When are providers required to report specific ICD-10-CM diagnosis codes to the NJFC/Medicaid Program?**

**Response:** The NJFC/Medicaid requirement to report specific diagnosis codes on claims for certain services shall not change. Providers must report a ‘valid’ ICD-10-CM diagnosis code that is HIPAA-compliant for claims with dates of service on or after October 1, 2015. ICD-9-CM diagnosis codes will be reported for claims with dates of service prior to October 1, 2015.

**11. Will psychiatric and other mental health professionals need to submit ICD-10-CM diagnosis codes? Currently, diagnosis information is obtained from the Diagnostic and Statistical Manual (DSM) of Mental Disorders.**

**Response:** Yes. All providers must report ICD-10-CM diagnosis codes on claims with dates of service/date of discharge on/after October 1, 2015.

The ICD-10 classification system is designed to meet the needs of all types of health care professionals. Mental health providers will not need to use most of the codes in the classification system; in fact, they generally will only need to use a subset of ICD-10-CM codes that largely come from Chapter 5: Mental and Behavioral Disorders. Other chapters of relevance may include:

- Chapter 6: Diseases of the Nervous System.

- Chapter 18: Symptoms, Signs and Abnormal Clinical and Laboratory Findings.
- Chapter 21: Factors Influencing Health Status and Contact with Health Services.

For quick reference, ICD-10-CM codes can be found in parentheses within the diagnostic criteria box for each disorder. There is a listing of ICD-10 codes found in the “DSM-5 Classification” in the front of the DSM-5 Manual, as well as alphabetical and numerical listings in the DSM appendices. For further information, please visit <http://www.apapracticecentral.org/business/legal/icd-10-questions.aspx> for frequently asked questions regarding the ICD-10 implementation prepared by the American Psychiatric Association.

**12. Is the State of New Jersey responsible for providing an ICD-10-CM/PCS diagnosis/inpatient procedure code that replaces or ‘maps’ to an ICD-9-CM/PCS diagnosis/inpatient procedure code that would have been reported prior to October 1, 2015?**

**Response:** No. The selection of appropriate ICD-10-CM/PCS diagnosis/inpatient procedure code by providers is based on clinical information that is unavailable to the State of New Jersey. **Molina Medicaid Solutions shall decline a provider’s request for information concerning the mapping of an ICD-9-CM/PCS diagnosis/inpatient procedure code to an ICD-10-CM/PCS diagnosis/inpatient procedure code.**

**13. What are the ICD-10 rules regarding the definition of a ‘valid’ ICD-10-CM code?**

**Response:** All claims with service dates on or after October 1, 2015 must report a **valid** ICD-10-CM diagnosis/inpatient procedure code. ICD-9-CM diagnosis/inpatient procedure codes shall be processed but denied for service dates on or after October 1, 2015. ICD-10-CM is composed of codes with 3, 4, 5, 6 or 7 characters. Codes with 3 characters are included in ICD-10-CM as the ‘heading’ of a category of codes that may be further subdivided by the use of 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> or 7<sup>th</sup> characters to provide greater specificity to the reported diagnosis/inpatient procedure.

**A 3-character ‘heading or header code’ may be reported as a ‘valid’ ICD-10-CM diagnosis/inpatient procedure code only if the category is not further subdivided. However, in the majority of reporting situations, a ‘valid’ ICD-10-CM code will consist of code values with a greater number of characters to identify a diagnosis/inpatient procedure with the highest level of ‘specificity.’**

See the following example:

**M87.0 Idiopathic aseptic necrosis of bone**  
**M87.00 Idiopathic aseptic necrosis of unspecified bone**  
**M87.01 Idiopathic aseptic necrosis of shoulder**  
**Idiopathic aseptic necrosis of clavicle and scapula**  
**M87.011 Idiopathic aseptic necrosis of right shoulder**  
**M87.012 Idiopathic aseptic necrosis of left shoulder**  
**M87.019 Idiopathic aseptic necrosis of unspecified shoulder**

- ✓ ICD-10 code M87.00 is a **valid** ICD-10 code **because the category is not further subdivided.**
- ✓ ICD-10 code M87.01 is a subcategory, but an **invalid** ICD-10 code **because there are more detailed codes beneath it**, including M87.01~~1~~, M87.01~~2~~ and M87.01~~9~~, in this example.

**14. What are the ICD-10 rules regarding the definition of a ‘valid’ ICD-10-PCS code?**

**Response:** See <https://www.cms.gov/Medicare/Coding/ICD10/Downloads/2016-Official-ICD-10-PCS-Coding-Guidelines-.pdf> for rules regarding the definition of a ‘valid’ ICD-10-PCS code.

**15. What on-line information is available for providers to select a valid ICD-10-CM/PCS diagnosis/inpatient procedure code?**

**Response:** Many providers interchange the terms ‘billable codes’ and ‘valid codes.’ A complete list of the 2016 ICD-10-CM/PCS valid codes and code titles is posted at the CMS website at <https://www.cms.gov/Medicare/Coding/ICD10/2016-ICD-10-CM-and-GEMs.html> for ICD-10 Diagnosis Codes (CM) and <https://www.cms.gov/Medicare/Coding/ICD10/2016-ICD-10-PCS-and-GEMs.html> for ICD-10 Procedure Codes (PCS). The codes are listed in tabular order, in the same order as in the ICD-10-CM code book. This list is important to those providers unsure as to whether an additional 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup> or 7<sup>th</sup> character is required to provide the code ‘specificity’ required by New Jersey Medicaid policy and procedures.

CMS also launched a new ICD-10 Clinical Concepts Series for provider specialties. The Series includes common ICD-10 codes and corresponding ICD-9 codes; clinical documentation tips; as well as other helpful information. The Series may be accessed at <https://www.roadto10.org/>

Information is also available on-line that could assist providers with the mapping process. For example, the American Academy of Professional Coders (AAPC) has a website which may serve as a good reference. The website has an online tool for mapping diagnosis codes (not PCS codes) in both directions (ICD-9 > ICD-10; or ICD-10 > ICD-9). The mapping tool may be found at <https://www.aapc.com/icd-10/codes/>.

**16. What are GEMS and how can accessing GEMS assist a provider with the ICD-10 implementation?**

**Response:** Mappings between ICD-9-CM/PCS and ICD-10-CM/PCS play a critical role in the successful transition to ICD-10. CMS and the Centers for Disease Control and Prevention created the General Equivalence Mappings (GEMs) to ensure consistency within national data. GEMs act as a translation dictionary to bridge the language gap between the ICD code sets. GEMs can be accessed at: <https://www.cms.gov/Medicare/Coding/ICD10/2016-ICD-10-CM-and-GEMs.html> for ICD-10 Diagnosis Codes (CM) and <https://www.cms.gov/Medicare/Coding/ICD10/2016-ICD-10-PCS-and-GEMs.html> for ICD-10 Procedure Codes (PCS).

**17. What is the difference between ‘mapping’ and ‘coding?’**

**Response:** Mappings simply provide a linkage between a code in one code set and its closest equivalent in another code set, without consideration of context or specific patient encounter information. Coding involves assigning the most appropriate code based on health record documentation; knowledge of other codes on the medical record; and applicable guidelines.

**18. What changes are required to report the ICD-10-CM/PCS code sets on HIPAA 837I transactions?**

**Response:** Providers should visit the New Jersey Medicaid HIPAA Companion Guide Version 5010 on the Molina Medicaid Solutions Website at [www.njmmis.com](http://www.njmmis.com) for information regarding ICD-10 qualifiers that must be reported on HIPAA claims on or after October 1, 2015. To access the Guide: select 'Forms and Documents'; key: 'Provider'; and then key: 'HIPAA'; select the 837/835/277P HIPAA Companion Guide (Version 5010).

**19. What changes to UB-04 are required to report ICD-10-CM diagnosis codes?**

**Response:** Effective for UB-04 claims submitted on or after October 1, 2015, providers are required to report the ICD version indicator value of '0' for ICD-10 code sets. For claims with service dates prior to October 1, 2015, providers must report the ICD version indicator value of '9' for ICD-9 code sets. The ICD Version Indicator is identified as Form Locator 66 on the UB-04 paper claim.

**20. Are there FFS Error Codes that address ICD-10-CM reporting issues?**

**Response:** The NJ Medicaid Management Information System (NJMMIS) required the reporting of certain ICD-9-CM/PCS diagnosis on claims for certain NJFC/Medicaid-covered services. These requirements have not changed. As part of the transition to ICD-10-CM, the NJMMIS has been updated with ICD-10-CM diagnosis codes that replace ICD-9-CM codes required for reporting purposes. NJMMIS Error Codes that previously denied claims when the incorrect diagnosis code was reported will continue to post, now requiring the appropriate ICD-10-CM code.

FFS Error Codes related to the ICD-10 transition include the following:

Error Codes	Description	Denial Explanation
0166	Invalid/Missing Diagnosis Code	<ul style="list-style-type: none"> <li>• The format for the ICD code set submitted is incorrect.</li> <li>• the qualifier/ICD Version indicator value reported on the claim is incorrect</li> </ul>
0253	Revenue/Procedure Not Valid on Date(s) of Service	<ul style="list-style-type: none"> <li>• Inappropriate surgical procedure code reported based on service date.</li> </ul>
0296	Diagnosis Code Not On File	<ul style="list-style-type: none"> <li>• Invalid heading code (additional subcategories exist for this header code)</li> <li>• Reported qualifier/version indicator code value does not match code set reported</li> <li>• Inappropriate code set reported for service date</li> </ul>
1416	ICD Version Mismatch	<ul style="list-style-type: none"> <li>• No ICD version reported in version indicator field</li> <li>• Mixture of ICD-9 and ICD-10 codes reported</li> </ul>

**21. Are providers able to continue submitting ICD-10-CM/PCS NJFC/Medicaid FFS and Hospital Care Payment Assistance Program (ECPS/Charity Care) inpatient test claims to Molina Medicaid Solutions?**

**Response:** Yes, testing is always available for providers to test their ICD-10-CM/PCS claims utilizing the Molina Medicaid Solutions EDI Proof System. The Molina EDI Proof System is a

self-serve testing environment that enables all providers and submitters to test their ICD-10 claims on their own schedule and enable them to consult the Molina EDI Department (609-588-6051) to rectify any problems encountered. The following is an excerpt from the Medicaid Newsletter, Volume 24, No. 12, dated September 2014, that provides testing instructions.

- Create a test file reporting the appropriate ICD-10-CM diagnosis codes or the appropriate ICD-10-PCS procedure codes for the healthcare services provided.
  - ✓ In the header specification, change the ISA 15 field value to a “T” to represent your file as a “test” file.
  - ✓ Limit the number of claims submitted in the test file to **no more than** 100 FFS claims or **less than 1000** HMO encounter claims.
  - ✓ Use Version 5010 HIPAA standards, which have been required since January 1, 2012 and accommodate ICD-10-CM diagnosis codes and ICD-10-PCS procedure codes.
  - ✓ **DO NOT** report both ICD-9 and ICD-10 codes **within the same claim**. The same test file may contain a combination of claims reporting only ICD-9 codes or only ICD-10 codes.
  - ✓ ICD-10 coding must be at the most granular level possible and will be edited accordingly by the “Proof” system.
- Login to the NJFC/Medicaid website @t [www.njmmis.com](http://www.njmmis.com); select HIPAA claims; sign in using your User Name and Password; submit your created test file.
- Submitted test files will be processed the following morning. At approximately 9:00 AM on the day after your submission, proceed to the download page to retrieve detail and summary reports, as well as a HIPAA 835 Remittance File for all submitted test claims.

If you have any questions concerning this Medicaid Alert, please contact Molina Medicaid Solutions Provider Relations at 1-800-776-6334.

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