Appendix C: Code Sets

The use of standard code sets will improve the effectiveness and efficiency of Medicaid, Federal, and other private health programs through system administration simplification and efficient electronic transmission of certain health information. *Code set* means any set of codes used to encode data elements, such as tables of terms, medical concepts, medical diagnostic codes, or medical procedure codes. A code set includes the codes and the descriptors of the codes.

When conducting 837 transactions, LDH requires the MCE to adhere to HIPAA standards governing Medical data code sets. Specifically, the MCE must use the applicable medical data code sets described in §162.1002, as specified in the IGs that are valid at the time the health care is furnished. The MCE is also required to use the non-medical data code sets, as described in the IGs that are valid at the time the transaction is initiated.

LDH requires the MCE to adopt the following standards for Medical code sets and/or their successor code sets:

- International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM and including the Official ICD-10-CM Guidelines for Coding and Reporting) as maintained and distributed by DHHS for the following conditions:
  - Diseases
  - Injuries
  - Impairments
  - Other health problems and their manifestations
  - Causes of injury, disease, impairment, or other health problems
- National Drug Codes (NDC), as maintained and distributed by DHHS, in collaboration with drug manufacturers, for the following:
  - Drugs; and
  - Biologics.
- The combination of Health Care Financing Administration Common Procedure Coding System (HCPCS), as maintained and distributed by HHS, and Current Procedural Terminology, Fourth Edition (CPT-4), as maintained and distributed by the American Medical Association (AMA), for physician services and other health care services. Category I CPT codes describe a procedure or service identified with a five-digit CPT code and descriptor nomenclature. The inclusion of a descriptor and its associated specific five-digit identifying G-code number in this category of CPT codes is generally based upon the procedure being consistent with contemporary medical practice and being performed by many physicians in clinical practice in multiple locations. Services described by Category I CPT codes include, but are not limited to, the following:

    - Physician services,
    - Physical and occupational therapy services,
    - Radiological procedures,
    - Clinical laboratory tests,
    - Other medical diagnostic procedures,
    - Hearing and vision services, and
    - Transportation services, including ambulance.

- In addition to the Category I codes described above, LDH requires that the MCEs submit CPT Category II codes. CPT Category II codes are supplemental tracking G-codes that can be used for performance measurement. The use of the tracking G-codes for performance measurement will decrease the need for record abstraction and chart review, and thereby minimize administrative burdens on physicians and other health care professionals. These codes are intended to facilitate data collection about quality of care by coding certain services and/or test results that support performance measures and that have been agreed upon as contributing to good patient care. Some codes in this category may relate to compliance by the health care professional with state or federal law.
- The HCPCS, as maintained and distributed by DHHS, for all other substances, equipment, supplies, or other items used in health care services. These items include, but are not limited to, the following:

    - Medical supplies,
    - Orthotic and prosthetic devices, and
    - Durable medical equipment

Effective October 2015, MCEs were required to submit ICD-10 Diagnosis, HCPCS and Procedure Codes.