

Informational Report

The National Correct Coding Initiative in Texas Medicaid

**Informational Report on Use of NCCI
Edits by Managed Care Organizations**



**Inspector
General**

Texas Health
and Human Services

**August 12, 2021
OIG Report No. INS-21-006**

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INTRODUCTION

Objective and Scope

The Texas Health and Human Services (HHS) Office of Inspector General Audit and Inspections Division (OIG Inspections) conducted research on Medicaid National Correct Coding Initiative (NCCI) methodologies, edits, and guidelines for managed care organizations (MCOs). The objective was to understand whether MCOs have processes in place for deployment of current NCCI edits and how often those edits are updated. The scope of this project was January 2021 through May 2021. Due to the nature of this project, OIG Inspections selected the most current guidance available, which may differ from the scope period.

Background

The U.S. Centers for Medicare and Medicaid Services (CMS) created the NCCI program to prevent improper payments for services provided by Medicare and Medicaid. In accordance with the Affordable Care Act, CMS identified and adopted Medicare prepayment methodologies and edits that are compatible with Medicaid and can be used to detect incorrect coding on Medicaid claims.¹

The NCCI program consists of (a) procedure-to-procedure and (b) medically unlikely edits. NCCI procedure-to-procedure edits prevent inappropriate payment of services that generally should not be reported together. Medically unlikely edits prevent payment for a potentially inappropriate number or quantity of the same service on a single day. Without the edits, incorrect coding may go undetected and result in improper payments.²

When a combination of codes that would otherwise be rejected by NCCI edits is appropriate, providers must use modifiers on the claim.³ The use of modifiers bypasses the NCCI edits, allowing payment for both services.

¹ The Patient Protection and Affordable Care Act, § 6507 (Mar. 23, 2010).

² U.S. Government Accountability Office, *Medicaid Information Technology: CMS Supports Use of Program Integrity Systems but Should Require States to Determine Effectiveness*, GAO-15-207 (Jan. 30, 2015).

³ U.S. Centers for Medicare and Medicaid Services, *How to Use the Medicaid National Correct Coding Initiative (NCCI) Tools*, MLN9018659 (Feb. 2021).

NCCI edits are used for (a) practitioner and ambulatory surgical center service claims, (b) outpatient services claims provided in hospital, including emergency department, observation, and hospital laboratory services, and (c) durable medical equipment claims. Different coding methodologies are applicable to the NCCI edits and each methodology has four components:

- A set of edits
- Definitions of types of claims subject to the edits
- A set of claims adjudication rules for applying the edits
- A set of rules for addressing provider appeals of denied payments for services based on the edits

CMS requires that the Medicaid Enterprise Systems (MES) in each state completely and correctly implement and use NCCI edits when paying applicable fee-for-service Medicaid claims.⁴ The Texas Health and Human Services Commission (HHSC) requires MCOs to use NCCI edits when processing Medicaid claims.⁵ MES is the information retrieval and automated claims payment processing system for each state.⁶

The CMS website specifies that state Medicaid agencies must download NCCI edit files, which are updated quarterly, from the Regional Information Sharing Systems Secure Cloud (RISSNET) system rather than use the publicly available files on Medicaid.gov.⁷ RISSNET is the secure portal where the Medicaid Integrity Institute folder is located. The Medicaid Integrity Institute folder consists of quarterly edits made available for states to retrieve and add to MES to implement NCCI edits. State Medicaid agencies or the associated contracted vendors must use the appropriate NCCI edits to adjudicate Medicaid claims.⁸ In addition to the CMS website, the Medicaid National Correct Coding Initiative Technical Guidance Manual at Medicaid.gov states that NCCI edits must be downloaded using RISSNET.⁹

The Affordable Care Act requires the use of NCCI edits in state Medicaid programs; however, it does not specify that the requirement applies to MCOs. On September 1, 2010, CMS issued a State Medicaid Director Letter notifying states of the NCCI requirements and providing guidance.¹⁰ State Medicaid programs were

⁴ Medicaid National Correct Coding Initiative Technical Guidance Manual, § 2.0 (Feb. 28, 2021).

⁵ Uniform Managed Care Manual, Chapter 2.4, v. 2.0 (Jun. 10, 2014) through v. 2.2 (Nov. 15, 2015).

⁶ Medicaid National Correct Coding Initiative Technical Guidance Manual, § 4.0 (Feb. 28, 2021).

⁷ U.S. Centers for Medicare and Medicaid Services, *How to Use the Medicaid National Correct Coding Initiative (NCCI) Tools*, MLN9018659 (Feb. 2021).

⁸ U.S. Centers for Medicare and Medicaid Services, *How to Use the Medicaid National Correct Coding Initiative (NCCI) Tools*, MLN9018659 (Feb. 2021).

⁹ Medicaid National Correct Coding Initiative Technical Guidance Manual, § 7.1 (Feb. 28, 2021).

¹⁰ U.S. Centers for Medicare and Medicaid Services, State Medicaid Director Letter #10-017 (Sept. 1, 2010).

directed to incorporate NCCI methodologies into their claims processing systems by October 1, 2010. CMS gave each state the option of requiring MCOs to implement NCCI edits.¹¹ Based on Affordable Care Act requirements, HHSC required MCOs to incorporate NCCI edits into the MCOs' claims adjudication process through the Texas HHSC Uniform Managed Care Contract (UMCC) and the Texas HHSC Uniform Managed Care Manual (UMCM).^{12,13}

This Informational Report

This informational report is not an inspection report under *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency. The report includes compilation and analysis of information obtained by OIG Inspections from responses to two separate surveys provided on February 10, 2021, and March 8, 2021, to the 17 contracted MCOs participating in Texas Medicaid as well as follow-up questions to selected MCOs to clarify responses.

Appendix C contains full company names for each MCO.

¹¹ Medicaid National Correct Coding Initiative Technical Guidance Manual, §§ 5.1 (Feb. 28, 2021) and 5.4.2 (Feb. 28, 2021).

¹² Uniform Managed Care Contract, Attachment B-1, § 8.1.18.6, v. 2.17 (Sep. 1, 2014) through v. 2.32 (Apr. 1, 2021).

¹³ Uniform Managed Care Manual, Chapter 2.4, v. 2.2 (Nov. 15, 2015).

RESEARCH

OIG Inspections researched information on NCCI edits and contacted multiple HHSC departments and MCOs to clarify MCO requirements for using NCCI edits.

Two surveys were sent to each contracted MCO participating in Texas Medicaid to gather information about its NCCI edit process and requirements. The surveys asked each MCO to self-report its (a) use of NCCI edits and (b) understanding of the NCCI edit requirements. OIG Inspections sent the first survey to determine which MCOs utilize NCCI edits, understand MCO processes for NCCI edits, and request MCOs to identify their criteria to use the NCCI edits. The second survey sought to understand the MCO's contracted vendor's roles and the quality assurance process followed to ensure the NCCI edits are used as required; MCO and vendor responsibilities for the NCCI edits; and relationships and responsibilities between MCOs and HHSC in the NCCI process.

The MCO responses varied and reflected a difference in the understanding of the criteria relating to the NCCI edits. Additionally, all MCOs indicated that the NCCI edit process is managed by contracted vendors who currently retrieve the edits from Medicaid.gov. The results of both surveys are discussed below.

Survey Results

All 17 MCOs participating in Texas Medicaid responded to the first survey; however, only 16 of the 17 MCOs responded to the second survey. Responses indicated:

- All 17 MCOs use NCCI edits during the claims adjudication process.
- 13 MCOs have internal policies in place for NCCI edits or follow guidelines provided by CMS or the Texas Medicaid Provider Procedures Manual (TMPPM).
- Two MCOs do not have specific policies on the usage of NCCI edits.
- Two MCOs did not provide a response regarding policies for the use of NCCI edits.
- All MCOs use a contracted vendor to update the edits quarterly as they are released.

Key observations from the survey results are discussed in detail below.

MCO Roles and HHSC Oversight

All MCOs are using NCCI edits; however, not all MCOs are following the guidance from the UMCM or the NCCI Technical Guidance Manual on the usage of the edits.

The MCOs stated that their role in the NCCI edit process is limited because their contracted vendors retrieve the edits. MCOs reported that they conduct quality assurance checks once they have received the edits from their vendor.

The MCOs were surveyed to obtain an understanding of the guidance HHSC provides in the MCO's NCCI edit process. Five MCOs did not respond to this question. Three MCOs responded that HHSC does not play a role in the NCCI edit process. Five MCOs stated the only role HHSC has regarding the edit process is to provide the MCOs with the rules and guidelines, specifically:

- One MCO stated HHSC Managed Care Compliance and Operations (MCCO) assists by answering questions
- Four MCOs stated HHSC advises them on the guidelines to follow

The MCOs were asked to identify a point of contact within HHSC regarding NCCI edits. The majority stated they do not have a point of contact with HHSC for this issue.

Table 1: MCO Point of Contact with HHSC for NCCI Edits

HHSC Point of Contact	Number of Responses
No point of contact	13
HHSC Managed Care Compliance & Operations	2
MCO Special Investigative Unit Coordinator	1
No response	1

Source: *OIG Inspections*

NCCI Edit Retrieval

Each MCO contracts with a vendor to perform the NCCI edit retrieval and update process. All MCOs responding to OIG Inspections' inquiries stated their contracted vendors download quarterly NCCI edits from Medicaid.gov. The publicly available files located on the Medicaid.gov NCCI webpage are not intended to be used by the states. These NCCI edit files are for use by the general public and providers.

CMS requires the use of the secure portal, RISSNET, to obtain the quarterly edits used for claims processing.¹⁴ NCCI edit files available on the RISSNET secure portal contain additional information necessary for correct claims processing by state Medicaid agencies. The RISSNET edit files contain the effective date and deletion date of an edit, which are not included on the edit files from Medicaid.gov. The use of the files on Medicaid.gov that do not contain edit history may result in improper payment or inappropriate denials.

The Texas Medicaid and Healthcare Partnership (TMHP) retrieves the files from RISSNET and loads the RISSNET files into TexMedCentral to handle fee-for-service claims. HHS Medicaid and CHIP Services (MCS) asserted it had a procedure to put the RISSNET files into an MCO folder on TexMedCentral for the MCO vendors to retrieve the NCCI edits; however, that process was lost during staff transitions, and a review of the MCO folder indicates it has not been carried out since the third quarter of 2016. MCS asserted it underwent four staff transitions in this area within an eighteen-month time period. Additionally, MCS asserted that the files being unavailable to the MCOs was not brought to their attention. When MCS learned TexMedCentral was no longer being updated for the MCOs and MCOs had been obtaining the information from Medicaid.gov, it decided to review the process with the MCOs to determine workload and provider payment impact before requiring MCOs to change their current process. After reviewing the process, MCS will provide guidance to the MCOs and revise policies as appropriate.

¹⁴ Medicaid National Correct Coding Initiative Technical Guidance Manual, § 7.1.1 (Feb. 28, 2021).

CONCLUSION

OIG Inspections completed research and analysis of the MCOs' processes for using NCCI edits as guided by the Medicaid National Correct Coding Initiative Technical Guidance Manual and as required by UMCC and UMCM.

The objective of the research was to understand whether MCOs have processes in place for deployment of current NCCI edits and how often those edits are updated. After emailing two surveys and speaking with HHSC staff, OIG Inspections observed that:

- HHSC's role with the MCOs in the use of NCCI edits is not clearly defined or understood by the MCOs.
- Contracted MCO vendors retrieve NCCI edits from Medicaid.gov rather than from the secure portal, RISSNET, as required.
- HHSC MCS has not made NCCI edits from RISSNET available to the MCOs through TexMedCentral since the third quarter of state fiscal year 2016. MCS asserted it will work with MCOs to determine the impact of changing the process and provide guidance and revise policies as appropriate after evaluating the impact.

By using the edits available on Medicaid.gov rather than obtaining edits through RISSNET, the MCOs are not using the most accurate information to adjudicate their claims. The determination of the actual impact to claims processed using edits from Medicaid.gov was beyond the scope of this inspection.

OIG Inspections thanks management and staff at the MCOs and in the HHSC departments contacted for their cooperation and assistance during the development of this informational report.

Appendix A: Scope and Methodology

OIG Inspections collected, reviewed, and analyzed information to understand the NCCI edit process, discern how the MCOs understood the requirements, and identify how the MCOs used the edits. As of January 25, 2021, there were 17 active MCO contracts. OIG Inspections emailed two surveys to the 17 MCOs in February and March 2021 to gather information on the implementation and usage of NCCI edits. HHSC staff from several divisions were contacted to (a) provide information and (b) assist OIG Inspections with understanding the process and requirements for using the edits and HHSC's role in this process.

February 2021 Survey

The first survey sent on February 12, 2021, sought to determine which MCOs utilize NCCI edits and identify what requires MCOs to use the edits. Additionally, a follow-up question to the survey requested information regarding MCO processes for using NCCI edits and whether the edits are retrieved from Medicaid.gov or through the secure RISSNET portal.

March 2021 Survey

The second survey sent on March 8, 2021, requested more detailed information regarding the MCOs' involvement in the NCCI edit process, the MCOs' contracted vendors' role, and the quality assurance process for ensuring the edits are performed as required. Based on information on the Medicaid and CMS websites, OIG Inspections sought to understand how HHSC works with the MCOs on NCCI edit issues and the MCOs' designated point of contact with HHSC.

Appendix B: References

OIG Inspections used the following references to compile the information provided:

- The Patient Protection and Affordable Care Act, § 6507 (2010)
- Uniform Managed Care Contract, Attachment B-1, § 8.1.18.6, v. 2.17 (2014) through v. 2.32 (2021)
- Uniform Managed Care Manual, Chapter 2.4, v. 2.0 (2014) through v. 2.2 (2015)
- Medicaid National Correct Coding Initiative Technical Guidance Manual, §§ 2.0, 4.0, 5.1, 5.4.2, 7.1, and 7.1.1 (2021)
- U.S. Centers for Medicare and Medicaid Services, *How to Use the Medicaid National Correct Coding Initiative (NCCI) Tools*, MLN9018659 (2021)
- U.S. Government Accountability Office, *Medicaid Information Technology: CMS Supports Use of Program Integrity Systems but Should Require States to Determine Effectiveness*, GAO-15-207 (2015)
- U.S. Centers for Medicare and Medicaid Services, State Medicaid Director Letter #10-017 (2010)

Appendix C: MCOs in Texas

Table C.1: MCOs participating in Texas Medicaid with an Active Contract on January 25, 2021

MCO Name
Aetna Better Health of Texas, Inc.
Amerigroup Texas, Inc.
Blue Cross and Blue Shield of Texas
Cigna-HealthSpring
Community First Health Plans
Community Health Choice
Cook Children's Health Plan
Driscoll Children's Health Plan
El Paso First Health Plans, Inc.
FirstCare Health Plans
Molina Healthcare of Texas, Inc.
Parkland Community Health Plan, Inc.
Scott and White Health Plan
Seton Health Plan, Inc.
Superior Health Plan, Inc.
Texas Children's Health Plan, Inc.
United Healthcare Community Plan of Texas, L.L.C.

Source: OIG Inspections

Appendix D: Acronyms

Acronyms Used in This Report

CMS	U.S. Centers for Medicare and Medicaid Services
HHS	Health and Human Services
HHSC	Health and Human Services Commission
MCO	Managed care organization
MCS	HHS Medicaid and CHIP Services
MES	Medicaid Enterprise Systems
NCCI	National Correct Coding Initiative
OIG	Office of Inspector General
OIG Inspections	OIG Audit and Inspections Division
RISSNET	Regional Information Sharing Systems Secure Cloud system
TMHP	Texas Medicaid and Healthcare Partnership
TMPPM	Texas Medicaid Provider Procedures Manual
UMCC	Texas HHS Uniform Managed Care Contract
UMCM	Texas HHS Uniform Managed Care Manual

Appendix E: Report Team and Distribution

Report Team

OIG staff members who contributed to this inspection report include:

- Kacy J. VerColen, CPA, Deputy Inspector General of Audit and Inspections
- Bruce Andrews, CPA, CISA, Director of Inspections
- James Aldridge, Manager of Inspections
- Charlene Anderson, CTCM, Team Lead for Inspections
- Jeffrey Fullam, Senior Inspector
- Kenin Weeks, Inspector
- Ashley Rains, CFE, Senior Audit Operations Analyst

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Health and Human Services

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- Nicole Guerrero, Director of Internal Audit
- Stephanie Stephens, Deputy Executive Commissioner, Medicaid and CHIP Services
- Emily Zalkovsky, Deputy State Medicaid Director, Medicaid and CHIP Services
- Shannon Kelley, Associate Commissioner for Managed Care, Medicaid and CHIP Services
- Katherine Scheib, Deputy Associate Commissioner, Medicaid and CHIP Services

Appendix F: OIG Mission, Leadership, and Contact Information

The mission of OIG is to prevent, detect, and deter fraud, waste, and abuse through the audit, investigation, and inspection of federal and state taxpayer dollars used in the provision and delivery of health and human services in Texas. The senior leadership guiding the fulfillment of OIG's mission and statutory responsibility includes:

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- Susan Biles, Chief of Staff
- Dirk Johnson, Chief Counsel
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- Mail: Texas Health and Human Services
Office of Inspector General
P.O. Box 85200
Austin, Texas 78708-5200
- Phone: 512-491-2000