Program Memorandum Carriers

Department of Health & Human Services (DHHS)
Centers for Medicare & Medicaid Services (CMS)

Transmittal B-02-045 **Date: JULY 24, 2002**

CHANGE REQUEST 2209

SUBJECT: ViPS Medicare System (VMS) Implementation to Process ICD-9-CM Codes Using Date of Service and Not Date of Receipt

According to the Health Insurance Portability and Accountability Act (HIPAA), national code sets must be date of service compliant. In order for Medicare carriers and standard systems to be HIPAA compliant, all carriers and standard systems must be able to process the annual update of ICD-9-CM codes based on date of service instead of date of receipt.

The purpose of this Program Memorandum (PM) is to direct the VMS to implement processing ICD-9-CM diagnosis codes by date of service and not date of receipt. This change affects both the DMERC and carrier part of VMS. Diagnosis codes must be processed using date of service for all claims received on or after January 1, 2003. The VMS must be able to edit for the validity of diagnosis codes based on the date of service of the procedure code to which the diagnosis code is correlated. (Transmittal B-02-027, Change Request 2108, released on April 26, 2002, requires the Multi-Carrier System to implement this change on October 1, 2002.)

The VMS carrier system must be modified (if needed) to accommodate date parameters for diagnosis editing. The VMS system should automatically establish an effective date of January 1, 1990, for all diagnosis currently on the file. An end date of December 31, 2000, should automatically be established for any diagnosis codes currently flagged as truncated. (If this date is not a workable date for your system it can be adjusted.) Actual effective and end dates should be used when new diagnosis codes are issued, or current codes become truncated with the annual ICD-9-CM updates. The 90 day grace period will still apply. You must be able to accept old and new codes for dates of service October 1 through December 31 of each year.

This instruction does not change the number of diagnosis codes that you normally process today (up to four in the header plus the line item). It only requires that you process using date of service and not date of receipt. Therefore, diagnosis codes will be processed in a fashion similar to HCPCS codes (by date of service).

Publish information regarding this change as soon as possible on your Web site. Providers need to be aware of this change as well as software vendors that use ICD-9-CM codes in their product. Providers and their billing staff must understand that they will need to know which diagnosis code is in effect at the time the service is rendered.

The effective date for this PM is January 1, 2003.

The implementation date for this PM is January 1, 2003.

These instructions should be implemented within your current operating budget.

This PM may be discarded after January 1, 2004. If you have any questions, contact Patricia Gill on (410) 786-1297.