

# Wound Care Reimbursement

## Cracking the Code: Your 2013 Guide to HCPCS

From the Publishers of **WOUND**  
SOURCE

---

By Glenda J. Motta, RN, BSN, MPH, ET

Go to [www.woundsource.com](http://www.woundsource.com) to download this document

*Kestrel*  
Health Information

©Kestrel Health Information, Inc. 2013

# Wound Care Reimbursement

## CRACKING THE CODE: YOUR 2013 GUIDE TO HCPCS



By Glenda J. Motta, RN, BSN, MPH, ET

**R**eimbursement for wound care technologies, products and services is complex and often confusing. To answer the question “Is this wound dressing, technology or service reimbursed?” several pieces of information are required:

- Clinical setting of use: acute care setting, rehabilitation hospital, skilled nursing facility, home health agency, physician office, outpatient clinic; assisted living residence, nursing home, or other abode
- Payer type: Medicare, Medicaid, managed care organization, HMO, supplemental insurer, private insurer, Veterans Affairs, workers’ compensation, other
- Specific patient insurer information: verification of coverage benefits, copayment amounts, deductible
- Payer’s coverage policy for the dressing, technology or service
- Medical necessity requirements for coverage
- Patient diagnosis supporting medical necessity
- Codes verified by the Centers for Medicare & Medicaid Services (CMS); Pricing, Data Analysis and Coding (PDAC); the American Medical Association (AMA); or another appropriate source
- Fee schedule, assigned payment amount or procedure for determining the amount reimbursed

This article focuses on coding alone (i.e., HCPCS) and its relationship to reimbursement.

## HCPCS OVERVIEW

HCPCS (Healthcare Common Procedure Coding System) is a standardized system of codes used to describe specific items and services provided during health care delivery. Its purpose is to ensure orderly and consistent claims processing by Medicare, Medicaid and other health insurance programs. The use of HCPCS codes for transactions involving health care information is mandatory.

HCPCS is divided into two subsystems, referred to as Level I and Level II. Level I CPT® (Current Procedural Terminology) is a set of codes, descriptions and guidelines maintained by the AMA. Level II is standardized coding used primarily to identify products, supplies and services not included in the CPT. It is maintained and distributed by CMS, in conjunction with private payer organizations.

### LEVEL I: American Medical Association (AMA) Current Procedural Terminology (CPT)

Current Procedural Terminology (CPT) identifies procedures that may be furnished by physicians and other health care professionals with a five-digit code and an accompanying description. CPT is updated annually to ensure that it reflects the most current and accurate procedural terminology. Revisions

occur via proposals for changes, additions or deletions submitted from medical specialty and other professional societies. AMA staff refine proposals, request comments from the CPT Advisory Committee and submit those comments to the CPT Editorial Panel for review and action. Once the panel votes, changes are incorporated into the annual edition.

CPT is used for claims processing and in the development of guidelines for medical care review. It is also applicable to medical education and outcomes, health services and quality research as it provides a basis for local, regional and national utilization comparisons.

An example of a CPT Level I code applicable to active wound care management (i.e., procedures performed to remove devitalized and/or necrotic tissue and promote healing; provider is required to have direct [one-on-one] patient contact)<sup>1</sup> is:

*97597 Debridement (e.g., high pressure waterjet with/without suction, sharp selective debridement with scissors, scalpel and forceps), open wound (e.g., fibrin, devitalized epidermis and/or dermis, exudate, debris, biofilm), including topical application(s), wound assessment, use of a whirlpool, when performed and instructions(s) for ongoing care, per session, total wound(s) surface area; first 20 sq cm or less.*

## LEVEL II HCPCS

---

Level II HCPCS is used to identify products, supplies and non-physician services not represented in the CPT. These codes are alpha-numeric, a single alphabetical letter followed by four digits and a descriptor. Descriptors are generic whenever possible, but some brand names are used to describe devices or drugs. **This in no way implies that any health insurer covers or reimburses for a given product.**

These codes are approved and maintained jointly by the Alpha-Numeric Editorial Panel managed by CMS. Panel members represent CMS, the Health Insurance Association of America, and the Blue Cross Blue Shield Association. Updates are published both annually and quarterly.<sup>2</sup> Anyone can submit a request to modify the Level II HCPCS national code set. The application deadline (first week of January) for possible inclusion in the next annual update (January 1 of the following year) is posted in the HCPCS General Information section at [www.cms.gov](http://www.cms.gov).

In addition to the alpha-numeric codes, Level II contains modifiers, two-position codes and descriptors used to indicate that a service provided or a procedure performed has been altered but has not changed in its definition or code. For example, if a supplier provides surgical dressings for a Medicare beneficiary, the claim form must include the appropriate modifier, ranging from A1 to A9, which designates the number of wounds:

- A1 Dressing for one wound**
- A9 Dressing for nine or more wounds**

Another component of Level II is temporary codes assigned for procedures, professional services or devices. CMS maintains the “G,” “K” and “Q” codes. Temporary “G” codes are assigned to procedures/professional services that do not have CPT codes; temporary “K” codes are established for the exclusive use of the Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for processing claims for DMEPOS (durable medical equipment, prosthetics, orthotics and supplies). Temporary “Q” codes are listed as assigned to a number of categories, including Cellular and/or Tissue-Based

Products for Wounds (formerly Skin Substitutes). Private insurers maintain the temporary “S” codes, which may be used for claims submitted to some private insurers (items with these codes are, however, not payable by Medicare).

An example of a Level II HCPCS code applicable to a wound product is:

*A6209 Foam dressing, wound cover, sterile, pad size 16 sq in or less, without adhesive border, each dressing. Made of open cell, medical grade expanded polymer; with nonadherent property over wound site. Foam dressings are covered items when used on full thickness wounds (e.g., stage III or IV ulcers) with moderate to heavy exudates. Usual dressing change for a foam wound cover when used as primary dressing is up to three times per week.*<sup>3</sup>

## **ROLE OF THE MEDICARE PRICING, DATA ANALYSIS AND CODING (PDAC) CONTRACTOR**

---

Noridian Healthcare Solutions, LLC is the Pricing, Data Analysis and Coding Contractor (PDAC). The PDAC evaluates and processes coding verification applications for DMEPOS; establishes, maintains and updates all coding verification decisions; provides coding guidance for manufacturers, distributors and suppliers on the proper use of Level II HCPCS; and conducts data analysis on DMEPOS claims. It also maintains and publishes the file of National Drug Codes (NDC), products that are assigned to a Level II HCPCS and billable under Medicare Part B.

Submitting a Coding Verification Request is a preliminary step for recommending a modification to the Level II HCPCS. Once a manufacturer, distributor or supplier submits appropriate documentation, the PDAC performs a Coding Verification Review and then notifies the applicant regarding which code to use.

It is important to note that a number of items require a Coding Verification Review; claims for these products will be denied if they are not listed on the PDAC Product Classification List.<sup>4</sup> Some of the items on the list: enteral nutrition formulas, negative pressure wound therapy pumps, patient lifts, pneumatic compression devices, therapeutic shoes for persons with diabetes, certain Group 2 pressure reducing support surfaces and some collagen surgical dressings. **Inclusion on the Product Classification List in no way implies that any health insurer covers or reimburses for a product.**

The manufacturer or distributor must report any changes regarding products for which the PDAC has issued a written coding determination, including:

- *Product discontinued:* notify the PDAC in writing of the discontinuance and effective date.
- *Change in product name:* notify the PDAC of the name change and verify that the product itself has not been altered.
- *Product sold to another company:* submit appropriate documentation that the acquisition has been accomplished.
- *Change in any product components:* submit the product for a new verification review to ensure that it still meets the definition and characteristics of the existing HCPCS code. If the product change alters the product in such a way that it no longer meets the existing HCPCS code, the PDAC will assign a different code.

## THE IMPORTANCE OF CODES AND REIMBURSEMENT

---

The existence of a Level I code in CPT or verification of a Level II code by the PDAC should in no way be construed as approval, endorsement or coverage guarantee under Medicare or any other payer of health care services and products. Applicable coverage policy and all medical necessity requirements must also be met. Providers should always refer to local and national coverage determinations for the specific payer.

It is important to note that assignment of fee schedule amounts and determination of payment by any health care insurer is completely separate from coding. Applying for a new code because the fee schedule amount is unacceptable is not a valid reason to support establishment of a new code.

Accurate coding and reporting of services are critical aspects of proper billing. Both Medicare and Medicaid have implemented the National Correct Coding Initiative (NCCI) to promote correct coding and to control errors leading to inappropriate payment. All health care professionals, suppliers and providers should use the web page, tables and manual to avoid coding and billing errors and subsequent payment denials.<sup>5,6</sup>

***Disclaimer: Reimbursement information changes frequently. Providers should always verify coverage policy, medical necessity requirements and coding instructions, and should review bulletins issued by the specific payer.***

*Glenda Motta, RN, BSN, MPH, ET, a reimbursement consultant and wound care expert, founded GM Associates, Inc. in 1987. She has also served as president of the Wound, Ostomy and Continence Nurses Society (WOCN) and has published more than 125 articles. She was the founding clinical editor of WoundSource: The Kestrel Wound Product Sourcebook.*

## REFERENCES

---

- 1 Current Procedural Terminology (CPT®). American Medical Association, 2013.
- 2 HCPCS— General Information. Centers for Medicare & Medicaid Services. [www.cms.gov/Medicare/Coding/MedHCPCSGenInfo/index.html](http://www.cms.gov/Medicare/Coding/MedHCPCSGenInfo/index.html). Accessed April 16, 2013.
- 3 Buck CJ. HCPCS Level II. 2013. Elsevier Saunders.
- 4 DME Coding System (DMECS) Info. Noridian Healthcare Solutions. [www.dmeopdac.com/dmecs/index.html](http://www.dmeopdac.com/dmecs/index.html). Accessed April 17, 2013.
- 5 National Correct Coding Initiative Edits. Centers for Medicare & Medicaid Services. [www.cms.gov/NationalCorrectCodInitEd](http://www.cms.gov/NationalCorrectCodInitEd). Accessed April 17, 2013.
- 6 How to Use the National Correct Coding Initiative (NCCI) Tools. [www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLN](http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLN). Accessed April 17, 2013.

# WOUND SOURCE

## 2013 Board Members

### CLINICAL EDITOR:

**Pamela Scarborough, PT, DPT, MS, CDE, CWS, CEEAA**  
American Medical Technologies, Wimberley, TX

### FOUNDING EDITOR:

**Glenda J. Motta, RN, BSN, MPH, ET**  
GM Associates, Inc., Loveland, CO

### EDITORIAL ADVISORY BOARD:

**Cordell "Corky" Atkins, PT, DPT, CWS, CDE, CPed**  
Intermountain Diabetic Foot Clinic, Murray, UT

**Elizabeth Ayello, PhD, RN, ACNS-BC, MAPWCA, CWON, FAAN**  
Ayello, Harris & Associates-President, Copake, NY

**Sharon Baranoski, MSN, RN, CWCN, APN-CCNS, FAAN, MAPWCA**  
Wound Care Dynamics, Shorewood, IL

**Jacalyn A. Brace, PhD, RN-BC, CWOCN, APRN-BC**  
Widener University School of Nursing, Chester, PA

**Paula Erwin-Toth, MSN, RN, CWOCN, CNS**  
PETprojects: Wound, Ostomy and Continence Care, Education and  
Advocacy, Deerfield, OH

**Allen Holloway, MD**  
Maricopa Medical Center, Dept. of Surgery, Phoenix, AZ

**Diane Krasner, PhD, RN, CWCN, CWS, MAPWCA, FAAN**  
Wound & Skin Care Consultant, York, PA

**James McGuire, DPM, FAPWCA, PT, CPed**  
School of Podiatric Medicine-Temple University, Philadelphia, PA

**Wendy McKinney, LPN, CWCA**  
Rest Haven-York, York, PA

**Michael S. Miller, DO, FACOS, FAPWCA, WCC**  
The Miller Care Group (Indy Lymphedema, Indy Wound Care,  
Indy Nutrition), Indianapolis, IN

**Catherine T. Milne, APRN, MSN, BC-ANP, CWOCN**  
Connecticut Clinical Nursing Associates, LLC, Bristol, CT

**Marcia Nusgart, R.Ph.**  
Coalition of Wound Care Manufacturers, Alliance of Wound Care  
Stakeholders, Bethesda, MD

**Mary Ellen Posthauer, RD, CD, LD**  
MEP Healthcare Dietary Services, Evansville, IN

**Donna Sardina, RN, MHA, WCC, CWCMS, DWC**  
Wound Care Education Institute, Lake Geneva, WI

**Kathleen D. Schaum, MS**  
Kathleen D. Schaum & Associates, Inc., Lake Worth, FL

**Thomas E. Serena, MD, FACS, FACHM, MAPWCA**  
SerenaGroup, Cambridge, MA

**R. Gary Sibbald, BSc, MD, FRCPC (Med) (Derm),  
MACP, FAAD, M. Ed, MAPWCA**  
University of Toronto, Toronto, Ontario

**Aletha W. Tippett, MD**  
Advanced Wound Team, Cincinnati, OH

**Dot Weir, RN, CWON, CWS**  
Osceola Regional Medical Center, Kissimmee, FL

**Kevin Y. Woo, PhD, RN, FAPWCA**  
Queen's University, Kingston, Ontario

## WoundSource Team

### BUSINESS STAFF

**Publisher/President** | Jeanne Cunningham  
jeanne@kestrelhealthinfo.com

**Vice President** | Brian Duerr  
brian.duerr@kestrelhealthinfo.com

**Print/Online Production Manager** | Christiana Bedard  
christiana@kestrelhealthinfo.com

### EDITORIAL STAFF

**Managing Editor** | Miranda Henry

**Copy Editor** | Victoria Beliveau

### PRODUCTION STAFF

**Production Associate** | Arnis Gubins

**Graphic Design** | Amanda Coyle

**Web Programming and Design** | Dave Myburgh

### HOW TO REACH US

**Corporate Office:**  
P.O. Box 189 – 206 Commerce St., Hinesburg, VT 05461

**Phone:** (802) 482-4000 – **Fax:** (802) 329-2077

**E-mail:** info@kestrelhealthinfo.com

**Web site:** www.kestrelhealthinfo.com, www.woundsource.com

**Editorial inquiries:** editorial@kestrelhealthinfo.com

**Advertising inquiries:** sales@kestrelhealthinfo.com

### TERMS OF USE

All rights reserved. No part of this report may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, faxing, emailing, posting online or by any information storage and retrieval system, without written permission from the Publisher. All trademarks and brands referred to herein are the property of their respective owners.

### LEGAL NOTICES

The contents of this publication are for informational purposes only. While all attempts have been made to verify information provided in this publication, neither the author nor the publisher assumes any responsibility for error, omissions or contrary interpretations of the subject matter contained herein. The purchaser or reader of this publication assumes responsibility for the use of these materials and information. Adherence to all applicable laws and regulations, both referral and state and local, governing professional licensing, business practices, advertising and all other aspects of doing business in the United States or any other jurisdiction, is the sole responsibility of the purchaser or reader. The author and publisher assume no responsibility or liability whatsoever on the behalf of any purchaser or reader of these materials. Any perceived slights of specific people or organizations are unintentional.

For more free White Papers visit [www.woundsource.com](http://www.woundsource.com)

FOLLOW US ON TWITTER AND FACEBOOK:

 @woundsource |  [www.facebook.com/woundsource](http://www.facebook.com/woundsource)