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3-2-1 CODE IT!

Michelle A. Green
MPS, RHIA, FAHIMA, CPC

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Table of Contents

List of Tables	ix
Preface	x
About the Author	xvi
Reviewers	xvii
Acknowledgments	xix
How to Use This Text	xx

Part I: Coding Overview 1

Chapter 1: Overview of Coding 2

Career as a Coder	4
Training	4
Credentials	5
Employment Opportunities	6
Other Professions Related to Coding	6

Professional Associations7

Coding Systems and Coding Processes8

Coding Systems	9
Medical Coding Process	13
Coding Manuals, Encoders, and Computer-Assisted Coding	20

Other Classification Systems, Databases, and Nomenclatures . .24

Alternative Billing Codes (ABC Codes)	24
Clinical Care Classification (CCC) System	24
Current Dental Terminology (CDT)	25
Diagnostic and Statistical Manual of Mental Disorders (DSM)	25
Health Insurance Prospective Payment System (HIPPS) Rate Codes	26
International Classification of Diseases for Oncology, Third Edition (ICD-O-3)	26
International Classification of Functioning, Disability and Health (ICF)	29
Logical Observation Identifiers Names and Codes (LOINC®)	29
National Drug Codes (NDC)	29
RxNorm	29
Systematized Nomenclature of Medicine Clinical Terms (SNOMED CT)	30
Unified Medical Language System (UMLS)	31

Documentation as Basis for Coding32

Medical Necessity	33
Patient Record Formats	33

Health Data Collection36

Reporting Hospital Data	36
Reporting Physician Office Data	36

Part II: ICD-10-CM Coding System 45

Chapter 2: Introduction to ICD-10-CM Coding and Conventions 46

Overview of ICD-10-CM47

Updating ICD-10-CM	49
Mandatory Reporting of ICD-10-CM Codes	50

ICD-10-CM Index to Diseases and Injuries52

Main Terms, Subterms, and Qualifiers	53
Basic Steps for Using the ICD-10-CM Index and Tabular List	54

ICD-10-CM Tabular List of Diseases and Injuries56

ICD-10-CM Official Guidelines for Coding and Reporting59

ICD-9-CM Legacy Coding System61

General Equivalence Mappings (GEMs)	61
-----------------------------------------------	----

ICD-10-CM Coding Conventions . .62

The Alphabetic List and Tabular List	63
Format and Structure	65
Use of Codes for Reporting Purposes	66
Placeholder Character	66
Seventh Characters	66
Abbreviations	66
Punctuation	67
Other and Unspecified Codes	68
Includes Note	69
Inclusion Terms	69
Excludes Notes	70
Etiology and Manifestation Convention	71
And	72
With	72
Cross-References	73

Code Also Note	75
Default Codes	75
Code Assignment and Clinical Criteria	75

General ICD-10-CM Diagnosis Coding Guidelines76

Locating a Code in ICD-10-CM—Use of Index and Tabular List	76
Level of Detail in Coding	76
Codes from A00.0–T88.9, Z00–Z99.8, U00–U85	77
Signs and Symptoms	77
Conditions That Are an Integral Part of a Disease Process	77
Conditions That Are <i>Not</i> an Integral Part of a Disease Process	77
Multiple Coding for a Single Condition	78
Acute and Chronic Conditions	79
Combination Code	79
Sequelae (Late Effects)	79
Impending or Threatened Condition	80
Reporting Same Diagnosis Code More Than Once	80
Laterality	80
Documentation by Clinicians Other Than the Patient's Provider	81
Syndromes	82
Documentation of Complications of Care	82
Borderline Diagnosis	82
Use of Sign/Symptom/Unspecified Codes	83
Coding for Health Care Encounters in Hurricane Aftermath	83

Chapter 3: Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 1–10 94

ICD-10-CM Chapter-Specific Diagnosis Coding Guidelines . . . 96

ICD-10-CM Chapter 1: Certain Infectious and Parasitic Diseases (A00–B99), U07.1, U09.997

ICD-10-CM Chapter 2: Neoplasms (C00–D49)109

Primary and Secondary Malignancies	111
Anatomical Site Is Not Documented	112

Inoperable Primary Site with Metastasis 113

Reexcision of Tumors 113

Morphology of Neoplasms 113

ICD-10-CM Chapter 3: Diseases of the Blood and Blood-Forming Organs and Certain Disorders Involving the Immune Mechanism (D50–D89) 119

ICD-10-CM Chapter 4: Endocrine, Nutritional, and Metabolic Diseases (E00–E89) . . 121

ICD-10-CM Chapter 5: Mental, Behavioral, and Neurodevelopmental Disorders (F01–F99) 124

ICD-10-CM Chapter 6: Diseases of the Nervous System (G00–G99) 126

ICD-10-CM Chapter 7: Diseases of the Eye and Adnexa (H00–H59) 129

ICD-10-CM Chapter 8: Diseases of the Ear and Mastoid Process (H60–H95) 131

ICD-10-CM Chapter 9: Diseases of the Circulatory System (I00–I99) 132

ICD-10-CM Chapter 10: Diseases of the Respiratory System (J00–J99), U07.0 136

Coding Guidance Related to E-cigarette, or Vaping, Product Use 136

Chapter 4: Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 11–22 142

ICD-10-CM Chapter 11: Diseases of the Digestive System (K00–K95) 143

ICD-10-CM Chapter 12: Diseases of the Skin and Subcutaneous Tissue (L00–L99) 144

ICD-10-CM Chapter 13: Diseases of the Musculoskeletal System and Connective Tissue (M00–M99) 147

ICD-10-CM Chapter 14: Diseases of the Genitourinary System (N00–N99) 149

ICD-10-CM Chapter 15: Pregnancy, Childbirth, and the Puerperium (O00–O9A) 150

Obstetrical Discharges 151

ICD-10-CM Chapter 16: Certain Conditions Originating in the Perinatal Period (P00–P96) 157

ICD-10-CM Chapter 17: Congenital Malformations, Deformations, and Chromosomal Abnormalities (Q00–Q99) 160

ICD-10-CM Chapter 18: Symptoms, Signs, and Abnormal Clinical and Laboratory Findings, Not Elsewhere Classified (R00–R99) 162

ICD-10-CM Chapter 19: Injury, Poisoning, and Certain Other Consequences of External Causes (S00–T88) 164

Fractures 165

Burns 165

Adverse Effects, Poisonings, Underdosings, and Toxic Effects 166

ICD-10-CM Chapter 20: External Causes of Morbidity (V00–Y99) 175

ICD-10-CM Chapter 21: Factors Influencing Health Status and Contact with Health Services (Z00–Z99) 180

Reporting Z Codes 180

ICD-10-CM Chapter 22: Codes for Special Purposes (U00–U85) 193

Part III: ICD-10-CM Outpatient and Physician Office Coding 197

Chapter 5: ICD-10-CM Outpatient and Physician Office Coding 198

Outpatient Care 199

Primary Care Services 200

Hospital Outpatient Services 200

Outpatient Diagnostic Coding and Reporting Guidelines 205

Selection of First-Listed Condition 205

Codes from A00.0–T88.9, Z00–Z99, U00–U85 206

Accurate Reporting of ICD-10-CM Diagnosis Codes 206

Codes That Describe Signs and Symptoms 206

Encounters for Circumstances Other Than a Disease or Injury 206

Level of Detail in Coding 207

ICD-10-CM Code for the Diagnosis, Condition, Problem, or Other Reason for Encounter/Visit 207

Uncertain Diagnoses 207

Chronic Diseases 208

Code All Documented Conditions That Coexist 208

Patients Receiving Diagnostic Services Only 209

Patients Receiving Therapeutic Services Only 209

Patients Receiving Preoperative Evaluations Only 209

Ambulatory Surgery (or Outpatient Surgery) 210

Routine Outpatient Prenatal Visits 210

Encounters for General Medical Examinations with Abnormal Findings 210

Encounters for Routine Health Screenings 210

Part IV: ICD-10-PCS Coding System 227

Chapter 6: Introduction to ICD-10-PCS Coding, Conventions, and Section Coding Guidelines 228

Overview of ICD-10-PCS Coding 229

ICD-10-PCS Format and Structure 230

Updating ICD-10-PCS 231

Reporting ICD-10-PCS Codes 231

ICD-10-PCS Index 233

Purpose of ICD-10-PCS Index 233

Main Terms and Subterms 233

Cross References 239

ICD-10-PCS Tables 243

Sections of Tables 243

Build-a-Code Approach 244

Valid Characters 245

Step-by-Step Approach to Constructing an ICD-10-PCS Code 246

ICD-10-PCS Official Guidelines for Coding and Reporting 249

ICD-10-PCS Coding Conventions 250

A1 – Structure of Codes 250

A2 – Unique Values 251

A3 – Expanding Values 252

A4 – Meaning of a Single Value 252

A5 – Increasing Detail in ICD-10-PCS Codes 254

A6 – Index and Tables 254

A7 – Coding Directly From Tables 255

A8 – Valid Codes: Seven Alphanumeric Characters 255

A9 – Valid Codes: Selecting Characters 4–7 in the Same Row of a Table 255

A10 – And 256

A11 – Definition of ICD-10-PCS Terms 257

ICD-10-PCS Sections and Coding Guidelines 258

Medical and Surgical Section Coding Guidelines 258

Obstetrics Section Coding Guidelines 273

Placement Section 274
 Administration Section 274
 Measurement and Monitoring Section 274
 Extracorporeal or Systemic Assistance and Performance Section 274
 Extracorporeal or Systemic Therapies Section 275
 Osteopathic Section 275
 Other Procedures Section 276
 Chiropractic Section 276
 Imaging Section 276
 Nuclear Medicine Section 276
 Radiation Therapy Section 277
 Physical Rehabilitation and Diagnostic Audiology Section 278
 Mental Health Section 278
 Substance Abuse Treatment Section 279
 New Technology Section 279

Part V: ICD-10-CM and ICD-10-PCS Inpatient Hospital Coding 295

Chapter 7: ICD-10-CM and ICD-10-PCS Inpatient Hospital Coding 296

Acute Care Facilities (Hospitals) 297

Inpatient Diagnosis Coding Guidelines 300

Admitting Diagnosis 300
 Principal Diagnosis 301
 Other (Additional) Diagnoses with Documentation That Supports Reporting 306
 Hospital-Acquired Conditions and Present on Admission Indicator Reporting 308

Inpatient Procedure Coding Guidelines 314

Principal Procedure 315
 Significant Other Procedures (or Secondary Procedures) 315

Coding Inpatient Diagnoses and Procedures 316

Part VI: Health Care Procedure Coding System (HCPCS) Level II Coding System 331

Chapter 8: HCPCS Level II Coding System 332

Overview of HCPCS 333
 HCPCS Level I 333
 HCPCS Level II 333

HCPCS Level II Codes 334

Responsibility for HCPCS Level II Codes 335
 Types of HCPCS Level II Codes 335
 General Guidelines for Modifier Use 338
 Modifiers Added to Surgical Procedures 340
 Modifiers Added to Radiology Services 341
 Reporting HCPCS Level II Modifiers 341

Assigning HCPCS Level II Codes 343

HCPCS Level II Index 344
 HCPCS Level II Code Sections 345
 Basic Steps for Using the HCPCS Level II Index and Sections 349

Determining Payer Responsibility 350

Patient Record Documentation 351

Part VII: Current Procedural Terminology (CPT) Coding System 361

Chapter 9: Introduction to CPT Coding 362

History of CPT 363

Overview of CPT 364

Organization of CPT 366

CPT Categories 365
 CPT Category I Codes 366
 CPT Category II Codes 367
 CPT Category III Codes 367
 CPT Code Number Format 368

CPT Index 369

Boldfaced Type 370
 Italicized Type 370
 Cross-Reference Term 370
 Single Codes and Code Ranges 370
 Inferred Words 370

CPT Appendices 371

CPT Symbols 372

CPT Sections, Subsections, Categories, and Subcategories 375

CPT Guidelines 377
 Notes 377
 Descriptive Qualifiers 378

CPT Modifiers 379

National Correct Coding Initiative (NCCI) 389

Unbundling CPT Codes 391

Chapter 10: CPT Evaluation and Management 398

Overview of Evaluation and Management Section 399

Place of Service (POS) 400
 Type of Service (TOS) 400

Evaluation and Management Section Guidelines 402

Classification of E/M Services 403
 Definitions of Commonly Used Terms 403
 Unlisted Service 406
 Special Report 407
 Clinical Examples 407

Evaluation and Management Levels of Service 408

Reporting Evaluation and Management Codes for Office or Other Outpatient Services 409
 Reporting Evaluation and Management Codes for Hospital Observation, Hospital Inpatient, Consultations, Emergency Department, Nursing Facility, Domiciliary, Rest Home, or Custodial Care, and Home Services 411
 Contributory Components 417

Evaluation and Management Categories and Subcategories . . . 421

Office or Other Outpatient Services 421
 Hospital Observation Services 424
 Hospital Inpatient Services 426
 Consultations 429
 Emergency Department Services 433
 Critical Care Services 434
 Nursing Facility Services 437
 Domiciliary, Rest Home (e.g., Boarding Home), or Custodial Care Services 439
 Domiciliary, Rest Home (e.g., Assisted Living Facility), or Home Care Plan Oversight Services 439
 Home Services 439
 Prolonged Services 440
 Case Management Services 443
 Care Plan Oversight Services 443
 Preventive Medicine Services 444
 Non-Face-to-Face Services 445
 Special Evaluation and Management Services 445
 Newborn Care Services 446
 Delivery/Birthing Room Attendance and Resuscitation Services 446
 Inpatient Neonatal Intensive Care Services and Pediatric and Neonatal Critical Care Services 446
 Cognitive Assessment and Care Plan Services 447
 Care Management Services 447
 Psychiatric Collaborative Care Management Services 448

Transitional Care Management Services	448	Follow-Up Care for Diagnostic Procedures	508	Cardiovascular System Notes	591
Advance Care Planning	448	Follow-Up Care for Therapeutic Surgical Procedures	509	Heart and Pericardium	595
General Behavioral Health Integration Care Management	449	Supplied Materials	509	Arteries and Veins	609
Other Evaluation and Management Services	449	Reporting More Than One Procedure/Service	509	Hemic and Lymphatic Systems Subsection	622
Chapter 11: CPT Anesthesia	459	Separate Procedure	510	Spleen	623
Anesthesia Terminology	460	Unlisted Service or Procedure	511	General	624
Types of Anesthesia	460	Special Report	511	Transplantation and Post-Transplantation Cellular Infusions	625
Overview of Anesthesia Section	463	Imaging Guidance	511	Lymph Nodes and Lymphatic Channels	625
Monitored Anesthesia Care (MAC)	464	Surgical Destruction	511		
Anesthesia Section Guidelines	465	Foreign Body/Implant Definition	511		
Reporting Codes for Monitoring or Providing Other Services	468	General Subsection	512	Chapter 15: CPT Surgery IV	632
Intra-Arterial Lines	471	Integumentary System Subsection	513	Mediastinum and Diaphragm Subsection	633
Drug Administration Codes	471	Skin, Subcutaneous and Accessory Structures	514	Digestive System Subsection	635
Anesthesia Modifiers	471	Nails	519	Lips	637
Time Reporting	474	Pilonidal Cyst	520	Vestibule of Mouth	639
Anesthesia Services	477	Introduction	521	Tongue and Floor of Mouth	639
Supplied Materials	478	Repair (Closure)	522	Dentoalveolar Structures	639
Separate or Multiple Procedures	478	Destruction	531	Palate and Uvula	639
Unlisted Service or Procedure	478	Breast	533	Salivary Gland and Ducts	640
Special Report	478			Pharynx, Adenoids, and Tonsils	641
Qualifying Circumstances	478			Esophagus	642
Anesthesia Subsections	479	Chapter 13: CPT Surgery II	542	Stomach	646
Head	480	Musculoskeletal System Subsection	543	Intestines (Except Rectum)	648
Neck	480	Musculoskeletal System Notes	544	Meckel's Diverticulum and the Mesentery	651
Thorax (Chest Wall and Shoulder Girdle)	481	General	548	Appendix	652
Intrathoracic	482	Head	552	Colon and Rectum	652
Spine and Spinal Cord	483	Neck (Soft Tissues) and Thorax	554	Anus	654
Upper Abdomen	483	Back and Flank	555	Liver	656
Lower Abdomen	484	Spine (Vertebral Column)	556	Biliary Tract	656
Perineum	484	Abdomen	561	Pancreas	657
Pelvis (Except Hip)	485	Shoulder	561	Abdomen, Peritoneum, and Omentum	658
Upper Leg (Except Knee)	485	Humerus (Upper Arm) and Elbow	562	Urinary System Subsection	660
Knee and Popliteal Area	485	Forearm and Wrist	562	Kidney	662
Lower Leg (Below Knee, Includes Ankle and Foot)	486	Hand and Fingers	562	Ureter	664
Shoulder and Axilla	486	Pelvis and Hip Joint	563	Bladder	665
Upper Arm and Elbow	486	Femur (Thigh Region) and Knee Joint	563	Urethra	669
Forearm, Wrist, and Hand	486	Leg (Tibia and Fibula) and Ankle Joint	565		
Radiological Procedures	486	Foot and Toes	565	Chapter 16: CPT Surgery V	678
Burn Excisions or Debridement	487	Application of Casts and Strapping	566	Male Genital System Subsection	680
Obstetric	488	Endoscopy/Arthroscopy	567	Reproductive System Procedures Subsection	684
Other Procedures	488			Intersex Surgery Subsection	684
Chapter 12: CPT Surgery I	498	Respiratory System Subsection	569	Female Genital System Subsection	685
Overview of Surgery Section	499	Nose	570	Maternity Care and Delivery Subsection	691
Organization of Surgery Section	501	Accessory Sinuses	573	Antepartum Services	691
Surgery Guidelines	504	Larynx	575	Delivery Services	692
Services	504	Trachea and Bronchi	577	Postpartum Care	694
CPT Surgical Package Definition	505	Lungs and Pleura	580	Delivery After Previous Cesarean Delivery	694
		Chapter 14: CPT Surgery III	589	Abortion	695
		Cardiovascular System Subsection	590		

Endocrine System Subsection . . . 695	Radiologic Guidance754	Special Report806
Thyroid Gland696	Breast, Mammography756	Imaging Guidance807
Parathyroid, Thymus, Adrenal Glands, Pancreas, and Carotid Body696	Bone/Joint Studies757	Supplied Materials807
Nervous System Subsection . . . 697	Radiation Oncology758	Foreign Body/Implant Definition807
Skull, Meninges, and Brain698	Nuclear Medicine766	Medicine Subsections807
Spine and Spinal Cord701	Chapter 18: CPT Pathology and Laboratory 776	Immune Globulins, Serum or Recombinant Products808
Endoscopic Decompression of Neural Elements and/or Excision of Herniated Intervertebral Discs703	Overview of Pathology and Laboratory Section777	Immunization Administration for Vaccines/Toxoids809
Extracranial Nerves, Peripheral Nerves, and Autonomic Nervous System707	Specimens778	Vaccines, Toxoids809
Eye and Ocular Adnexa Subsection710	Professional and Technical Components778	Psychiatry810
Eyeball711	Pathology and Laboratory Section Tables780	Biofeedback812
Anterior Segment712	Pathology and Laboratory Section Guidelines781	Dialysis812
Posterior Segment713	Services in Pathology and Laboratory781	Gastroenterology815
Ocular Adnexa714	Separate or Multiple Procedures781	Ophthalmology817
Conjunctiva714	Unlisted Service or Procedure782	Special Otorhinolaryngologic Services818
Auditory System Subsection . . . 716	Special Report782	Cardiovascular819
External Ear717	Modifier -51, Modifier -90, and Modifier -91782	Noninvasive Vascular Diagnostic Studies825
Middle Ear717	Pathology and Laboratory Subsections783	Pulmonary826
Inner Ear717	Organ or Disease-Oriented Panels783	Allergy and Clinical Immunology827
Temporal Bone, Middle Fossa Approach718	Drug Assay and Therapeutic Drug Assays784	Endocrinology828
Operating Microscope Subsection719	Evocative/Suppression Testing785	Neurology and Neuromuscular Procedures828
Chapter 17: CPT Radiology 731	Pathology Clinical Consultations785	Medical Genetics and Genetic Counseling Services832
Radiology Terminology732	Urinalysis786	Adaptive Behavior Services832
Planes of View733	Molecular Pathology787	Central Nervous System Assessments/Tests (e.g., Neuro-Cognitive, Mental Status, Speech Testing)833
Positioning and Radiographic Projection734	Genomic Sequencing Procedures and Other Molecular Multianalyte Assays787	Health Behavior Assessment and Intervention833
Radiology Procedures734	Multianalyte Assays with Algorithmic Analyses788	Hydration, Therapeutic, Prophy- lactic, Diagnostic Injections and Infusions, and Chemotherapy and Other Highly Complex Drug or Highly Complex Biologic Agent Administration833
Overview of Radiology Section736	Chemistry788	Photodynamic Therapy837
Professional Versus Technical Components736	Hematology and Coagulation788	Special Dermatological Procedures838
Use of Modifiers with Radiology Codes738	Immunology790	Physical Medicine and Rehabilitation838
Complete Procedure738	Transfusion Medicine791	Medical Nutrition Therapy838
Evaluation and Management (E/M) Services739	Microbiology791	Acupuncture838
Radiology Section Guidelines. . . 740	Anatomic Pathology792	Osteopathic Manipulative Treatment839
Subject Listings740	Cytopathology792	Chiropractic Manipulative Treatment840
Separate Procedures740	Cytogenetic Studies793	Education and Training for Patient Self-Management840
Unlisted Procedures740	Surgical Pathology794	Non-Face-to-Face Nonphysician Services840
Special Report740	<i>In Vivo</i> (e.g., Transcutaneous) Laboratory Procedures795	Special Services, Procedures, and Reports841
Supervision and Interpretation, Imaging Guidance740	Other Procedures796	Qualifying Circumstances for Anesthesia841
Administration of Contrast Material(s)741	Reproductive Medicine Procedures796	Moderate (Conscious) Sedation841
Written Report742	Proprietary Laboratory Analyses797	Other Services and Procedures842
Foreign Body/Implant Definition742	Chapter 19: CPT Medicine 804	
Radiology Subsections743	Overview of Medicine Section . 805	
Diagnostic Radiology (Diagnostic Imaging)743	Medicine Section Guidelines . . 805	
Diagnostic Ultrasound751	Add-On Codes806	
	Separate Procedures806	
	Unlisted Service or Procedure806	

Home Health Procedures/
Services842
Medication Therapy
Management Services842

**Part VIII: Insurance
and Reimbursement
Overview 851**

**Chapter 20: Insurance and
Reimbursement 852**

Third-Party Payers 853
Health Insurance Marketplace857

Types of Third-Party Payers859
**Health Care Reimbursement
Systems. 863**
Prospective Payment
Systems, Fee Schedules,
and Exclusions863
Case-Mix Analysis, Severity
of Illness (SI), and Intensity
of Services (IS) Systems876
Physician Documentation for
Medical Necessity of
Medicare Part A Hospital
Inpatient Admissions.878
Critical Pathways878
Revenue Cycle Management.879

**Impact of HIPAA on
Reimbursement. 884**
Health Care Access, Portability,
and Renewability.885
Preventing Health Care Fraud
and Abuse885
Administrative Simplification893
Privacy and Security Rules898
Medical Liability Reform900

Bibliography 904
Glossary 905
Index 925

List of Tables

Table 1-1	Professional Associations	Table 11-7	Sample Coding Rules Associated with Intrathoracic Subsection
Table 1-2	Internet-Based Discussion Boards (Listservs)	Table 11-8	Sample Coding Rules Associated with Spine and Spinal Cord Subsection
Table 2-1	ICD-10-CM Index to Diseases and Injuries	Table 11-9	Sample Coding Rules Associated with Upper Abdomen Subsection
Table 2-2	ICD-10-CM Tabular List of Diseases and Injuries	Table 11-10	Sample Coding Rules Associated with Lower Abdomen Subsection
Table 3-1	Portion of Chapter-Specific Coding Guidelines Table of Contents from <i>ICD-10-CM Official Guidelines for Coding and Reporting</i>	Table 11-11	Sample Coding Rules Associated with Perineum Subsection
Table 3-2	Organisms	Table 11-12	Sample Coding Rules Associated with Radiological Procedures Subsection
Table 5-1	Medical Specialties	Table 11-13	Sample Coding Rule Associated with Burn Excisions or Debridement Subsection
Table 5-2	Freestanding, Hospital-Based, and Hospital-Owned Ambulatory Facilities	Table 11-14	Sample Coding Rule Associated with Obstetric Subsection
Table 6-1	Medical and Surgical Section Root Operations and Definitions	Table 11-15	Sample Coding Rules Associated with Other Procedures Subsection
Table 8-1	Categories of HCPCS Level II Temporary Codes	Table 12-1	Subheadings Typically Organized Below CPT Surgery Subsections
Table 9-1	CPT Modifiers in a Quick View Format	Table 12-2	Integumentary Procedures and Definitions
Table 9-2	Organization of CPT Modifiers According to Reporting Similarity	Table 12-3	Medical Terms for Adjacent Tissue Transfer/Rearrangement, Flap, and Graft Procedures
Table 9-3	Partial Listing of National Correct Coding Initiative (NCCI) Program Edits	Table 12-4	Adjacent Tissue Transfer or Tissue Rearrangement Methods and Definitions
Table 10-1	History Elements, Definitions, and Examples	Table 12-5	Types of Codes for Tissue Rearrangement, Free Skin Grafts, and Flaps
Table 10-2	Physical Examination Elements and Examples	Table 13-1	Types of Fractures, Joint Injuries, and Fracture Treatment
Table 10-3	Level of Medical Decision Making	Table 17-1	Radiologic Guidance and the Purpose of Each
Table 10-4	Critical Care Services: Total Duration of Critical Care and Codes	Table 19-1	Gastroenterology Procedures and Services
Table 10-5	Prolonged Services Without Direct Patient Contact: Total Duration of Services and Codes	Table 20-1	Claims and Coding Systems According to Type of Health Care Setting
Table 10-6	Psychiatric Collaborative Care Management Services: Total Duration of Care and Codes	Table 20-2	Prospective Payment Systems and Fee Schedules, Year Implemented, and Rate Type
Table 11-1	Sample Portion of Anesthesia Base Unit Values	Table 20-3	Sample Hospice Payment System Rates
Table 11-2	Sample Portion of Modifying Units and Relative Values	Table 20-4	National Correct Coding Initiative (NCCI) Terms and Definitions
Table 11-3	Sample Portion of Locality-Specific Anesthesia Conversion Factors		
Table 11-4	Sample Coding Rules Associated with Head Subsection		
Table 11-5	Sample Coding Rules Associated with Neck Subsection		
Table 11-6	Sample Coding Rules Associated with Thorax (Chest Wall and Shoulder Girdle) Subsection		

Preface

Introduction

Accurate coding is crucial to the successful operation of any health care facility or provider's office because reported codes determine the amount of reimbursement received. The annual (and sometimes more frequent) revision of coding guidelines and payer requirements serve to challenge coders. Those responsible for assigning and reporting codes in any health care setting require thorough instruction in the use of the ICD-10-CM, ICD-10-PCS, CPT, and HCPCS Level II coding systems. Students who are completing formal coursework as part of an academic program and experienced coders who are already employed in the health care field will find that *3-2-1 Code It!* provides the required information in a clear and comprehensive manner.

Due to the comprehensive nature of the *3-2-1 Code It!* textbook, instructors may choose to cover its content in more than one course.

- Chapters 1 through 5 could be taught in a course that includes outpatient and physician office ICD-10-CM coding.
- Chapters 6 and 7 would be taught for an inpatient hospital coding course, which covers ICD-10-PCS coding and inpatient ICD-10-CM/PCS coding guidelines (in addition to Chapters 1 through 5, ICD-10-CM coding).
- Chapters 8 through 19 could be taught in a CPT and HCPCS Level II coding course.

Instructors for medical assistant (MA) and medical office administration (MOA) programs may choose to cover the following chapters only in their coding course(s):

- Chapters 2 through 5, and 8 in an ICD-10-CM and HCPCS Level II coding course (because ICD-10-PCS and inpatient ICD-10-CM/PCS coding guidelines are not used for outpatient and physician office coding, and ICD-10-CM/PCS inpatient hospital coding is covered in Chapters 6 and 7)
- Chapters 9 through 19 in a CPT coding course

Chapter 20 could be included as required reading in a coding course or for an insurance and reimbursement course, either as an introductory or summary chapter.



NOTE:

Your academic program's community of interest (e.g., employers of graduates) will determine which sections of Chapters 12 through 16 (CPT Surgery) should be covered in your CPT coding course. If your graduates obtain employment assigning and submitting CPT Anesthesia codes, your course should include Chapter 11. If your graduates do not assign radiology or pathology/laboratory codes during their employment, Chapters 17 and 18 can be excluded from your CPT coding course.

The *3-2-1 Code It!* textbook requires users to have access to paper-based coding manuals (ICD-10-CM, ICD-10-PCS, HCPCS Level II, and CPT) because they are used as references when coding rules are explained and for completing exercises and reviews in each chapter.

The intended use of *3-2-1 Code It!* is for:

- Academic programs in coding and reimbursement, health information management, medical assisting, medical office administration, and so on.
- In-service education programs in health care facilities (e.g., physicians' offices, hospitals, nursing facilities, home health agencies, hospices), health insurance companies, quality improvement organizations, and so on
- Health care professionals who need a comprehensive coding reference to assist them in accurately assigning codes

It is recommended that students complete the following course work before they begin and/or during the same time they are learning concepts presented in *3-2-1 Code It!*:

- Essentials of health information management
- Medical terminology
- Anatomy and physiology
- Essentials of pharmacology
- Human diseases/pathophysiology

The text was designed and revised to support core learning objectives for the medical coder. Chapter objectives, content, and assessments are all aligned to ensure students learn and practice the concepts and skills they'll need on the job. Student learning is supported through chapter outlines and measurable objectives identified at the beginning of each chapter, as well as chapter headings and assessments that map to the chapter outlines and objectives.

Special attention was focused on selecting appropriate Bloom's taxonomy levels for each chapter along with mapping assessment items (e.g., exercises, exam questions) to each objective.

Organization of This Textbook

This textbook is organized into 20 chapters.

- Chapter 1 includes an overview of coding systems used to report inpatient and outpatient diagnoses and procedures and services to health plans. It also focuses on coding career opportunities in health care, the importance of joining professional organizations and obtaining coding credentials, the impact of networking with other coding professionals, and the development of opportunities for career advancement. Coding manuals, encoders, and computer-assisted coding (CAC) are also covered.
- Chapter 2 covers ICD-10-CM coding concepts, an overview about coding guidelines, ICD-10-CM general coding guidelines, ICD-10-CM coding conventions, and it provides coding practice. Chapters 3 and 4 cover ICD-10-CM chapter-specific coding guidelines and provide coding practice. Chapter 5 covers outpatient ICD-10-CM coding concepts and official outpatient guidelines, including assigning codes in the physician office and hospital emergency and outpatient department health care settings. (ICD-10-CM chapters are sequenced before HCPCS Level II and CPT chapters in this textbook because diagnosis codes are reported to justify the medical necessity of procedures and/or services provided.)
- Chapter 6 covers ICD-10-PCS coding concepts, general coding guidelines, coding conventions, and section coding guidelines, and it provides coding practice. Chapter 7 covers inpatient hospital coding concepts, which apply to acute care hospitals (and is not typically covered by academic programs that focus on outpatient and physician coding); this chapter requires students to assign ICD-10-CM and ICD-10-PCS codes to inpatient hospital diagnoses and procedures, respectively.
- Chapter 8 covers the HCPCS Level II national coding system, which was developed by the Centers for Medicare & Medicaid Services.

- Chapters 9 through 19 cover CPT coding concepts. Each CPT section has its own chapter, except for the Surgery section, which requires five separate chapters.
- Chapter 20 contains a detailed discussion of insurance and reimbursement concepts. (For comprehensive coverage of third-party payers and reimbursement methodologies, refer to Cengage's *Understanding Health Insurance: A Guide to Billing and Reimbursement*, by Michelle A. Green.)

Features of the Textbook

Each textbook chapter contains the following elements:

- List of chapter headings
- Chapter learning objectives
- Key terms
- Introduction
- Exercises
- Summary
- Internet links
- Review

Textbook features include

- Learning objectives and key terms located at the beginning of each chapter to help organize the material
- Boldfaced key terms throughout each chapter to assist students in learning the technical vocabulary associated with coding systems
- Coding tips and notes that highlight important concepts presented in each chapter
- Exercises after each chapter section that reinforce content presented
- Multiple choice and coding practice reviews that allow for mastery of coding concepts

New to This Edition

Chapters 2–7 have been reorganized to allow educators to more easily decide content to be covered in their courses. For example, educators who teach medical assistant and medical office administration students may choose to cover Chapters 1–5, and educators who teach health information management students may choose to cover Chapters 1–7.

- In response to reviewer feedback, Part II of the textbook was revised to remove ICD-10-PCS content and resequence all ICD-10-CM content so it is located at the beginning of the textbook. This resulted in a name change from *Part II: ICD-10-CM and ICD-10-PCS Coding Systems* to *Part II: ICD-10-CM Coding System*. The titles of Chapters 2 through 5 underwent name changes as a result.
 - Chapter 2: Introduction to ICD-10-CM Coding and Conventions
 - Chapter 3: Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 1–10
 - Chapter 4: Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 11–22
- The new *Part III: ICD-10-CM Outpatient and Physician Office Coding* contains Chapter 5: ICD-10-CM Outpatient and Physician Office Coding (relocating it from Chapter 7 in the previous edition).
- The new *Part IV: ICD-10-PCS Coding System* was created, and it contains Chapter 6: Introduction to ICD-10-PCS Coding, Conventions, and Section Coding Guidelines.

- The new *Part V: ICD-10-CM and ICD-10-PCS Inpatient Hospital Coding* contains Chapter 7: ICD-10-CM and ICD-10-PCS Inpatient Hospital Coding (relocating it from Chapter 5 in the previous edition).
- The textbook and its ancillaries have been updated to include the latest ICD-10-CM, ICD-10-PCS, CPT, and HCPCS Level II code sets, conventions, and guidelines.
- Textbook coding assignments, examples, exercises, and reviews have been updated to include the most recent ICD-10-CM, ICD-10-PCS, CPT, and HCPCS Level II codes.
- Answer keys have been updated in the *Solution and Answer Guide to Accompany 3-2-1 Code It!* The guide and other instructor resources for this product are available online. Sign up or sign in at www.cengage.com to search for this product and its online resources.

**NOTE:**

Chapter exercises and reviews were extensively revised, and the *Solution and Answer Guide* now contains detailed analysis about correct answers, including code paths.

- ICD-10-CM code answers include the code path from index to tabular list; coding conventions, general coding guidelines, and chapter-specific guidelines are included to clarify code answers.
- HCPCS Level II codes include the code path from index (when applicable), along with the section name where the code is located.
- CPT codes include the code path from index to the applicable section, subsection, category (or heading), and subcategory (or subheading), along with clarification about notes that apply to code answers.

Chapter-Specific Updates

- Chapter 1 contains new content about single-path coding; content about coding manuals and encoders was relocated from Chapter 2 to this chapter.
- Chapter 2 is newly titled *Introduction to ICD-10-CM Coding and Conventions*, and it was revised to update ICD-10-CM content, include ICD-10-CM coding conventions, and remove ICD-10-PCS coding. Examples, exercises, and the chapter review were also updated in the chapter.
- Chapter 3 is newly titled *Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 1–10*, and it contains updated chapter-specific coding guidelines for ICD-10-CM Chapters 1 through 10, and Chapter 4 is newly titled *Chapter-Specific Coding Guidelines: ICD-10-CM Chapters 11–22*, and it contains updated chapter-specific coding guidelines for ICD-10-CM Chapters 11 through 22. Content, examples, exercises, and chapter reviews were also updated in both chapters.
- Chapter 5 is newly titled *ICD-10-CM Outpatient and Physician Office Coding*, and it contains updated content about ICD-10-CM outpatient (and physician office) diagnosis coding guidelines. Content, examples, exercises, and the chapter review have also been updated.
- Chapter 6 is newly titled *Introduction to ICD-10-PCS Coding and Conventions*, and it was entirely rewritten to contain ICD-10-PCS coding concepts, conventions, and section coding guidelines. Content, examples, exercises, and chapter reviews were also updated; they include many more procedure statements for coding practice.
- Chapter 7 is newly titled *ICD-10-CM and ICD-10-PCS Inpatient Hospital Coding*, and it contains content about inpatient ICD-10-CM diagnosis coding guidelines and inpatient ICD-10-PCS procedure coding guidelines. Content, examples, exercises, and chapter reviews were also updated.
- Chapter 8 contains updated content about HCPCS Level II coding. Examples, exercises, and the chapter review have also been updated.
- Chapter 9 contains updated introductory content about CPT coding. Examples, exercises, and the chapter review have also been updated.

- Chapter 10 contains updated content about CPT's evaluation and management (E/M) section, including an introduction about proposed CPT 2023 changes for selecting E/M codes related to remaining subsections (as a result of implemented changes for selecting CPT 2021 Office or Other Outpatient Services codes.) Examples, exercises, and the chapter review have also been updated.
- Chapter 11 contains updated content about CPT's Anesthesia section. Examples, exercises, and the chapter review have also been updated.
- Chapters 12 through 16 contain updated content about CPT's Surgery section. Examples, exercises, and the chapter review have also been updated.
- Chapter 17 contains updated content about CPT's Radiology section. Examples, exercises, and the chapter review have also been updated.
- Chapter 18 contains updated content about CPT's Pathology and Laboratory section. Examples, exercises, and the chapter review have also been updated.
- Chapter 19 contains updated content about CPT's Medicine section. Examples, exercises, and the chapter review have also been updated.
- Chapter 20 contains updated content about insurance and reimbursement, specifically the End-Stage Renal Disease Prospective Payment System (ESRD PPS). Examples, exercises, and the chapter review have also been updated.

Resources for the Instructor

Additional instructor resources are available online. Instructor assets include an Instructor's Manual, Educator's Guide, Solution and Answer Guide, PowerPoint® slides, a test bank powered by Cognero®, and a transition guide.

Sign up or sign in at www.cengage.com to search for and access this product and its online resources.

Resources for the Student

Additional student resources for this product are available online, and include

- Revisions to textbook due to coding changes as they become available
- Tutorials for how to code patient records

Sign up or sign in at www.cengage.com to search for and access the product and its online resources.

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A Note About CPT Coding Manual Editions

Every attempt is made to make the material within this textbook and its ancillary products (e.g., Solution and Answer Guide, Instructor's Manual) as current as possible by updating to CPT 2022 just prior to publication.

About the Author



Michelle A. Green, MPS, RHIA, FAHIMA, CPC, is an educational consultant for health information management academic programs, which involves mentoring program directors as they pursue CAHIIM accreditation, building new online courses (e.g., Blackboard, Moodle, TopClass), and reviewing existing online course content. She taught traditional classroom-based courses at Alfred State College from 1984 through 2000, when she transitioned all of the health information management and coding courses to an Internet-based format and continued teaching full-time online until 2016. Upon relocating to Syracuse, New York, she began teaching for the health information technology program at MVCC, Utica, New York in 2017. Prior to 1984, she worked as a director of health information management at two acute care hospitals in the Tampa Bay, Florida, area. Both positions required her to assign codes to inpatient cases. Upon becoming employed as a college professor, she routinely spent the semester breaks coding for a number of health care facilities so that she could further develop her inpatient and outpatient coding skills.

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Feedback

Contact the author at michelle.ann.green@gmail.com with questions, suggestions, or comments about the text or its supplements. Please realize that the publisher (www.cengage.com) authorizes the release of the Solution and Answer Guide to educators only.

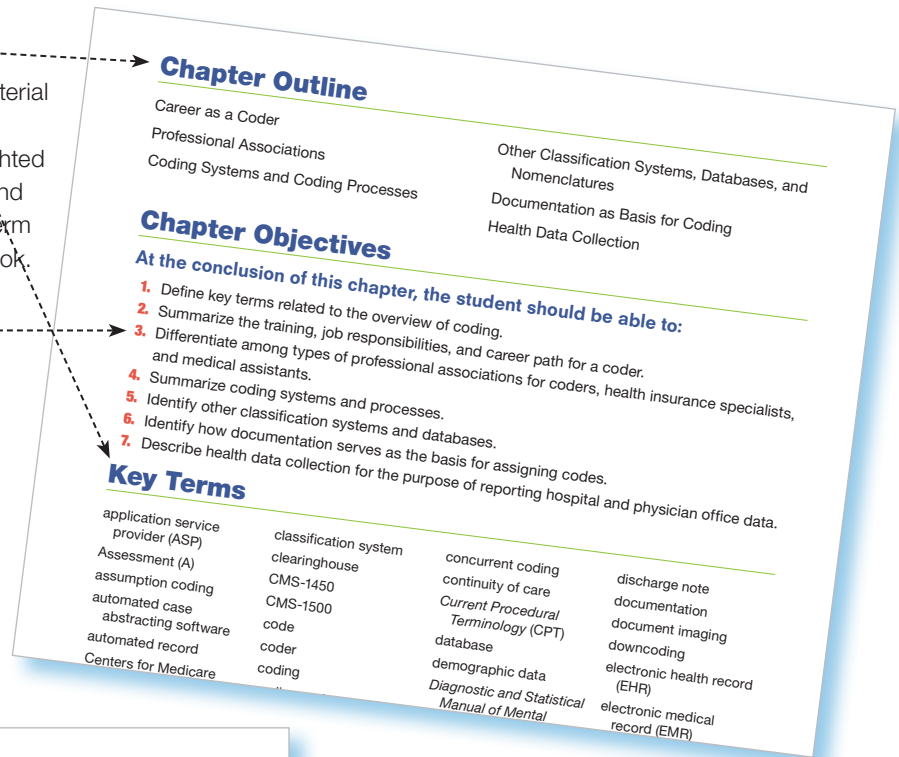
How to Use This Text

Chapter Outline and Key Terms

The **Chapter Outline** organizes the chapter material at a glance. The **Key Terms** list represents new vocabulary in each chapter. Each term is highlighted in color in the chapter, where it is also defined and used in context. A complete definition of each term appears in the Glossary at the end of the textbook.

Objectives

The **Objectives** list the outcomes expected of the learner after a careful study of the chapter. Read the objectives before reading the chapter content. When you complete the chapter, read the objectives again to see if you can say for each one, "Yes, I know that." If you cannot say this about an objective, go back to the appropriate content and reread. These outcomes are critical to a successful career as a coder.



Introduction

The **International Classification of Diseases (ICD)** is published by the World Health Organization (WHO) and is used to classify **mortality** (death) data from death certificates. WHO published the tenth revision of ICD in 1994 with a new name, *International Statistical Classification of Diseases and Related Health Problems*, and reorganized its three-digit categories.

The *International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM)* was developed in the United States and implemented in 2015. It is used to code and classify **morbidity** (disease) data from inpatient and outpatient records, including physician office records. ICD-10-CM is a closed classification system that is used in the United States to classify diagnoses, which means that ICD-10-CM provides just one place to classify each condition. All health care settings use ICD-10-CM to report diagnoses.

ICD-10-CM Official Guidelines for Coding and Reporting are used as a companion to ICD-10-CM to ensure accurate coding. This chapter includes an overview about ICD-10-CM official guidelines for coding and reporting, general diagnosis coding guidelines, and coding conventions. ICD-10-CM chapter-specific diagnosis coding guidelines are covered in Chapters 3 and 4.

NOTE:

When reviewing examples and completing exercises and review questions in this chapter, use your ICD-10-CM coding manual to locate index entries and verify codes in the tabular list.

Introduction

The **Introduction** provides a brief overview about major topics covered in the chapter. The introduction (and the objectives) provides a framework for your study of the content.

Notes

Notes appear throughout the text and serve to bring important points to your attention. The notes clarify content, refer you to reference material, provide more background for selected topics, or emphasize exceptions to rules.

HIPAA Alerts

The **HIPAA Alert** feature highlights issues related to the privacy and security of personal health information.

HIPAA Alert!

The HIPAA regulations for electronic transactions require providers and third-party payers, including Medicare administrative contractors (MACs), to adhere to the *Official Guidelines for Coding and Reporting*. Thus, a violation of the coding guidelines is technically a HIPAA violation. Because some third-party payers and MACs do not appear to be aware of (or understand) this HIPAA provision, to obtain appropriate reimbursement for submitted ICD-10-CM codes, you may need to point out specific provisions in the regulation that reference the coding guidelines. For example, the Z51 (Encounter for other aftercare and medical care) codes in ICD-10-CM can be reported as a first-listed code for outpatient care. If third-party payers and MACs deny claims that report Z51 codes, contact the regional CMS office or HIPAA enforcement office (located at CMS) for resolution.

Coding Tips

The **Coding Tips** feature provides recommendations and hints for selecting codes and for the correct use of the coding manuals.



Coding Tip

Make sure you read CPT code descriptions carefully. When the code description states “with or without” another procedure, that other procedure is not reported separately if it is performed (e.g., 57240, anterior colporrhaphy, repair of cystocele with or without repair of urethrocele, including cystourethroscopy, when performed).

Examples

Examples appear throughout the text to promote understanding of presented concepts.

Example 2: For “metastatic carcinoma from left female breast,” assign two codes.

- Primary malignant neoplasm of left female breast (C50.912)
- Secondary neoplasm of unspecified site (C79.9)

Exercise 2.4 – ICD-10-CM Official Guidelines for Coding and Reporting

Instructions: Complete each statement.

1. The ICD-10-CM Official Guidelines for Coding and Reporting are approved by the _____ parties for ICD-10-CM to accompany and complement the official conventions and instructions provided within ICD-10-CM.
2. Official coding guidelines use the term _____ when referring to face-to-face contact between patients and health care providers in all health care settings, including inpatient hospital admissions.
3. Official coding guidelines use the term _____ when referring to a physician or any qualified health care practitioner who is legally accountable for establishing the patient's diagnosis.
4. HIPAA regulations for electronic _____ require providers and third-party payers, including Medicare administrative contractors (MACs), to adhere to the ICD-10-CM Official Guidelines for Coding and Reporting.
5. Section I of the ICD-10-CM Official Guidelines for Coding and Reporting includes ICD-10-CM's coding _____, general coding guidelines, and chapter-specific guidelines.
6. Section II of the ICD-10-CM Official Guidelines for Coding and Reporting covers selection of the _____ diagnosis (and secondary diagnosis) for inpatient hospital admissions.
7. Section III of the ICD-10-CM Official Guidelines for Coding and Reporting covers reporting of additional diagnoses for inpatient hospital settings, which are also called _____.

Exercises

Exercises reinforce chapter content.

Summary

The **Summary** at the end of each chapter recaps the key points of the chapter. The summary also serves as a review aid when preparing for tests.

Summary

The *International Classification of Diseases, 10th Revision, Clinical Modification (ICD-10-CM)* replaced ICD-9-CM effective October 2015 and includes many more codes because it is designed to collect data on every type of health care encounter (e.g., inpatient, outpatient, hospice, home health care, and long-term care). ICD-10-CM disease and injury codes contain at least three characters, but most have three characters followed by a decimal point and between one and four additional characters. There are two main parts of the ICD-10-CM manual: the alphabetic index and the tabular list. ICD-10-CM Index to Diseases and Injuries entries are organized according to main terms, subterms, second qualifiers, third qualifiers, and fourth qualifiers. The ICD-10-CM Tabular List of Diseases and Injuries contains 22 chapters. It is a sequential list of codes contained within chapters based on body system or condition, and codes are then organized within major topic headings, categories, subcategories, and codes.

Medical necessity is the measure of whether a health care procedure or service is appropriate for the diagnosis or treatment of a condition. This decision-making process is based on the payer's contractual language and the treating provider's documentation. Generally, the following criteria are used to determine medical necessity: purpose, scope, evidence, and value. The DHHS agencies CMS and NCHS prepare medical coding and reporting using ICD-10-CM, which are approved by the four organizations that comprise the cooperating parties for the ICD-10-CM/PCS, which are approved by the AHA, AHIMA, CMS, and NCHS, and are used as a companion document when assigning ICD-10-CM codes. The ICD-10-CM guidelines are rules that were developed to accompany and complement the official conventions and instructions provided in ICD-10-CM. They are based on coding and sequencing instructions in ICD-10-CM, but provide additional instructions.

Internet Links

AHA Coding Clinic Advisor: www.codingclinicadvisor.com

ICD-10-CM: Go to www.cms.gov, click on Medicare, click on ICD-10 under Coding, and click on links in the first column to locate coding manual PDF files, general equivalence mappings (GEMs), and more.

ICD-10-CM search tool: <https://icd10cmtool.cdc.gov>

ICD-10-CM updates: Go to www.cms.gov, click on the Medicare link, click on the ICD-10 link under Coding, and scroll down to click on this year's ICD-10-CM link.

JustCoding News free e-newsletter: Go to www.justcoding.com, and click on the eNewsletter Signup link at the top of the page.

Review

2.1 – Multiple Choice: Format of the ICD-10-CM Index to Diseases and Injuries

Instructions: Select the most appropriate response to indicate the format used in the ICD-10-CM Index to Diseases and Injuries.

ICD-10-CM Index to Diseases and Injuries
Abnormal, abnormality, abnormalities
–see also Anomaly
chromosome, chromosomal Q99.9
sex Q99.8
female phenotype Q97.9

Internet Links

Internet Links are provided to encourage you to expand your knowledge at various state and federal government agency, commercial, and organization sites.

Review

Each chapter **Review** includes multiple-choice questions and coding practice cases that will test your understanding of chapter content and critical thinking ability.

Notes

Part

I



Coding Overview

Chapter 1: Overview of Coding, 2