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# CMS Manual System

## Pub. 100-04 Medicare Claims Processing

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

Transmittal 95

Date: February 6, 2004

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CHANGE REQUEST 3094

**I. SUMMARY OF CHANGES:** CMS is instructing carriers and DMERCs to eliminate the 90-day grace period for billing discontinued ICD-9-CM codes.

**NEW/REVISED MATERIAL - EFFECTIVE DATE: October 1, 2004**

**IMPLEMENTATION DATE: October 1, 2004**

**(Provider education must begin no later than  
30 days after release of this instruction.)**

*Disclaimer: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged.*

### II. SCHEDULE OF CHANGES (R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
R	23/10.2

### III. FUNDING: \*Medicare contractors only:

These instructions should be implemented within your current operating budget.

### IV. ATTACHMENTS:

<input checked="" type="checkbox"/>	Business Requirements
<input checked="" type="checkbox"/>	Manual Instruction
<input type="checkbox"/>	Confidential Requirements
<input type="checkbox"/>	One-Time Special Notification

# Business Requirements

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## I. GENERAL INFORMATION

**A. Background:** Medicare has permitted a 90-day grace period after implementation of an updated medical code set, such as ICD-9-CM diagnosis codes, in order for providers to ascertain the new codes and learn about the discontinued codes. Since ICD-9-CM diagnosis codes are updated annually effective every October 1, the ICD-9-CM diagnosis grace period was implemented every October 1 through December 31. The Health Insurance Portability and Accountability Act (HIPAA) transaction and code set rule requires usage of the medical code set that is valid at the time that the service is provided. Therefore, CMS is eliminating the 90-day grace period for billing discontinued ICD-9-CM diagnosis codes, effective October 1, 2004.

**B. Policy:** Effective for dates of service on and after October 1, 2004, no more 90-day grace periods will apply for the annual ICD-9-CM updates. Providers must bill using the diagnosis code that is valid for the date of service. Carriers and DMERCs must eliminate the 90-day grace period in their system for billing discontinued ICD-9-CM diagnosis codes.

**C. Provider Education:** A provider education article related to this instruction will be available shortly on <http://www.cms.hhs.gov/medlearn/matters>. You will receive notification of the article release via the established "medlearn matters" listserv. Once the article is available, carriers and DMERCs shall post this article to their website or post a link to the CMS web site for the Medlearn Matters Article as soon as possible but no later than 30 days after release of this instruction. In addition, the provider education article must be included in your next regularly scheduled bulletin as long as that bulletin will be published before October 1, 2004. Provider education regarding this initiative must begin early and providers must be reminded of the elimination of the 90-day grace period several times before October 1, 2004. If you have a listserv, you should publish a message on the listserv that informs affected providers and points them to the article on the Medlearn website for more information.

## II. BUSINESS REQUIREMENTS

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

Requirement #	Requirements	Responsibility
3094.1	Contractors shall eliminate the 90-day grace period for billing discontinued ICD-9-CM diagnosis codes.	Carriers/ DMERCs
3094.2	Effective October 1, 2004, carriers and DMERCs shall return as unprocessable claims	Carriers/ DMERCs

	containing a discontinued ICD-9-CM diagnosis code.	
3094.3	Carriers and DMERCs shall follow the instructions as stated above in item C, Provider Education.	Carriers/ DMERCs
3094.4	Carriers and DMERCs shall begin provider education on this initiative as soon as possible but no later than 30 days after release of this instruction. Provider education will be a key factor in having providers understand that the 90-day grace period is being eliminated.	Carriers/ DMERCs
3094.5	Carriers and DMERCs shall notify providers of the elimination of the grace period for ICD-9-CM diagnosis codes at various seminars or other such outreach programs that the contractor may be involved in during the year.	Carriers DMERCs
3094.6	In addition, carriers and DMERCs shall advise providers via their web sites and bulletins that the CMS Web site lists the new, revised, and discontinued ICD-9 codes. These tables are revised each June/July for the October update. These tables are located on <a href="http://www.cms.hhs.gov/medlearn/icd9code.asp">www.cms.hhs.gov/medlearn/icd9code.asp</a>	Carriers/ DMERCs

## II. SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

### C. Interfaces: N/A

### D. Contractor Financial Reporting /Workload Impact: N/A

### E. Dependencies: N/A

**F. Testing Considerations:** N/A

**IV. OTHER CHANGES**

<b>Citation</b>	<b>Change</b>

**V. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date: October 1, 2004</b></p> <p><b>Implementation Dates: October 1, 2004</b> <b>(Provider education on this initiative must begin as soon as possible but no later than 30 days after release of this instruction.)</b></p> <p><b>Post-Implementation Contact(s):</b> <b>Appropriate Regional Office</b></p>	<p><b>These instructions should be implemented within your current operating budget</b></p>
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## 10-2 – Relationship of ICD-9-CM Codes and Date of Service

*(Rev. 95, 2-6-04)*

### **PM B-02-027 (CR-2108), B-03-063, B-02-064, B-03-002**

Diagnosis codes must be reported based on the date of service on the claim and not the date the claim is prepared or received. Medicare contractors are required to be able to edit claims on this basis, including providing for annual updates each October. The effective date for this requirement is:

- Claims to DMERCs – April 1, 2003;
- Claims to carriers – October 1, 2002; and
- Claims to intermediaries – October 1, 1983.

Shared systems must establish date parameters for diagnosis editing. Use of actual effective and end dates is required when new diagnosis codes are issued or current codes become obsolete with the annual ICD-9-CM updates. During implementation, for codes already established on the shared system files, the effective date could be defaulted to January 1, 1990. Any codes on claims to carriers and DMERCs currently identified as no longer effective upon implementation could be considered to have an end date of December 31, 2001. Thereafter, any additions or terminations must have the actual effective and end date.

*The Health Insurance Portability and Accountability Act (HIPAA) requires that medical code sets must be date of service compliant. Since ICD-9-CM diagnosis codes are a medical code set, effective for dates of service on and after October 1, 2004, CMS will no longer provide a 90-day grace period for providers to use in billing discontinued ICD-9-CM diagnosis codes on Medicare claims. The updated ICD-9-CM codes are published in the Federal Register in April/May of each year as part of the Proposed Changes to the Hospital Inpatient Prospective Payment Systems in table 6 and effective each October 1.*

*Carriers and DMERCs must eliminate the ICD-9-CM diagnosis grace period from their system effective with the October 1, 2004 update. Carriers and DMERCs will no longer accept discontinued diagnosis codes for dates of service October 1 through December 31 of the current year. Claims containing a discontinued ICD-9-CM diagnosis code will be returned as unprocessable. Physicians, practitioners, and suppliers must use the current and valid diagnosis code that is in effect beginning October 1, 2004. After the ICD-9-CM codes are published in the Federal Register, CMS places the new, revised and discontinued codes on the following web site: <http://www.cms.hhs.gov/medlearn/icd9code.asp>*