
9.8 **Annexure 8 – Medical Coding Business**

Source: AHSL- BPO Document

Under HIPAA, a "code set" is any set of codes used for encoding data elements, such as tables of terms, medical concepts, medical diagnosis codes, or medical procedure codes. Medical data code sets used in the health care industry include coding systems for diseases, impairments, other health related problems, and their manifestations; causes of injury, disease, impairment, or other health-related problems; actions taken to prevent, diagnose, treat, or manage diseases, injuries, and impairments; and any substances, equipment, supplies, or other items used to perform these actions. Code sets for medical data are required for data elements in the administrative and financial health care transaction standards adopted under HIPAA for diagnoses, procedures, and drugs.

Every service (test, office visit, injection, surgical procedure in medical care has a numerical code describing that service or product so that the companies or government entities who pay the claims can easily identify the patient's problem, service, and provider on some predetermined basis often peculiar to that payer. Codes exist for an office call, a simple check of the urine, to the most detailed brain surgery. By the same token, all diagnoses and even patient complaints (headache, upset stomach, etc.) have such codes. The combination of using these numbers tells the payer what was wrong with the patient and what service was performed.

When a care provider performs a service, she/he will dictate a report or note on the services provided. That textual document becomes a part of the primary record, and the coder reviews it in order to abstract and codify what was done. The codes are then printed on statements and insurance claims forms as an abbreviated way to define problem/s and service/s. This is exactly why medical transcriptionists make good coders; they already understand the reports and the language of medicine.

Code sets adopted as HIPAA standards

The Secretary has adopted the following code sets as the standard medical data code sets:

International Classification of Diseases, 9th Edition, Clinical Modification, (ICD-9-CM), Volumes 1 and 2 (including The Official ICD-9-CM Guidelines for Coding and Reporting), as updated and distributed by HHS, for the following conditions:

- Diseases.
- Injuries.
- Impairments.
- Other health related problems and their manifestations.
- Causes of injury, disease, impairment, or other health-related problems.

International Classification of Diseases, 9th Edition, Clinical Modification, (ICD-9-CM), Volume 3 Procedures (including The Official ICD-9-CM Guidelines for Coding and Reporting), as updated and distributed by HHS, for the following procedures or other actions taken for diseases, injuries, and impairments on hospital inpatients reported by hospitals:

- Prevention.
- Diagnosis.
- Treatment.
- Management.

National Drug Codes (NDC), as updated and distributed by HHS, in collaboration with drug manufacturers, for the following:

- Drugs.
- Biologics.

Code on Dental Procedures and Nomenclature, as updated and distributed by the American Dental Association, for dental services.

The combination of Health Care Financing Administration Common Procedure Coding System (HCPCS), as updated and distributed by HHS; and Current Procedural Terminology, Fourth Edition (CPT-4), as updated and distributed by the American Medical Association, for physician services and other health related services. These services include, but are not limited to, the following:

- Physician services.
- Physical and occupational therapy services.
- Radiological procedures.
- Clinical laboratory tests.
- Other medical diagnostic procedures.
- Hearing and vision services.
- Transportation services including ambulance.

The Health Care Financing Administration Common Procedure Coding System (HCPCS), as updated and distributed by HCFA, HHS, for all other substances, equipment, supplies, or other items used in health care services. These items include, but are not limited to, the following:

- Medical supplies.
- Orthotic and prosthetic devices.
- Durable medical equipment.