



## NAMAS Weekly Auditing & Compliance Tips

July 1, 2016

### Demystifying the 7th Character in ICD-10-CM

Since implementation of ICD-10-CM on October 1, 2016, the proper application of the 7th character has caused confusion and subsequent claims denials. ICD-9-CM, 'aftercare' codes have been replaced by 7th character codes in ICD-10-CM. The 7th characters identify active treatment, healing phase, and sequale (all healed up but the patient's new problem was caused by the old one).

Most conversation surrounding the use of the 7th character code is related to how to properly apply the 7th characters 'A', 'D', and 'S' for Chapters 19 and 20 (Injury/Poisoning & External Causes). Since most of the confusion is about when to report 'A' for initial encounter or 'D' for subsequent encounter for the codes, we'll focus on those basics.

#### Basic Rules for 7th Character

**Reporting** The 7th character must always remain in the 7th character position. If there are less than six characters but the code requires a 7th, placeholder 'X' must be used to fill in the missing characters so that the 7th character remains in the 7th character position.

Do not apply a 7th character code where



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one is not required. There are 7th character codes located in Chapters 7, 13, 15, 18, 19, and 20, which report various details spanning across many specialties, but not all codes in ICD-10-CM require a 7th character. If a 7th character is applied where it doesn't belong, the claim will be denied.

**How to Properly Report the 7th Character** The majority of the confusion surrounding the 7th character is identifying when the service is considered an 'initial encounter' or 'subsequent encounter'.

#### 'A'- Initial Encounter

This is used to report the **active treatment** (initial diagnosis, observation, or creation of a treatment plan) for the condition. It is not to be confused with whether a patient is a new patient or an established patient. Rather, the 7th character 'A' is to report the status of the patient's condition that is *actively being treated*. Remember, if the patient hasn't completely healed from an injury, it is possible for the active treatment phase to continue for quite some time.

*Examples of active treatment include:*

- Emergency department services for initial care of the condition or complications
- Surgical treatment
- Initial diagnosis of an injury (whether it happened today or months ago)
- Consulting with a surgeon (after the primary care diagnosed the injury) to see if surgical care is the right course of treatment.
- Changing the treatment plan to a new one
- Re-injury requiring active treatment to start all over again
- Postoperative infection requiring an antibiotic
- Malunion requiring a new course of action
- Wound vac treatments for wound dehiscence
- Complications related to any treatment for the condition described by the code

#### 'D'- Subsequent Encounter

This is used to report the **healing phase of**

CBRs: How to Interpret & Respond Correctly

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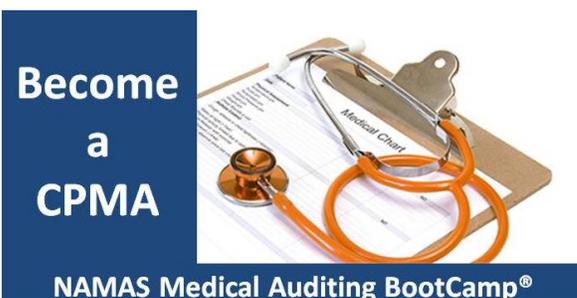
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**the treatment plan** that has already been put into place. When the active treatment is determined as complete by the provider who managed it, the remaining care during the healing phase is reported with 7th character 'D'.

DO NOT report 'Z' aftercare codes for injuries or conditions that have a 7th character code. The 7th character 'D' should be reported to identify the stage of the injury or condition as in the healing phase.

Examples of healing phase include:

- Cast changes/removal
- Follow-up imaging to assess the status of a fracture
- Splint removal
- Suture removal and dressing changes
- Removal or adjustment of external or internal fixation devices
- Physical therapy or Occupational therapy for problems related to the injury/condition
- Adjusting current medication regimens
- Follow-up Evaluation and Management services during the healing phase

Some confusion has been identified related to how physical therapy and/or occupational therapy should report codes requiring the 7th character. To clarify, the first code that should always be reported is the one that accurately describes the condition being treated during the encounter.

If a patient who suffered a rotator cuff tear and had surgery, was then referred to physical therapy for reconditioning of the shoulder, PT is not treating the rotator cuff tear (that was already done by the surgeon) they are treating muscle wasting, weakened muscles, or poor range of motion. The condition being treated should be reported first, followed by the injury code with 'D' as the 7th character to identify it as within the healing phase. If claims are denied or brought up in question, check to see if proper sequencing of codes has been done and if the correct 7th character code has been reported.

Also, be aware of new treatment plans being

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September 15-16: Nashville, TN  
October 6-7: Birmingham, AL  
November 3-4: Charlotte, NC

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implemented for a patient who is supposed to be in the healing phase. If the provider deems the healing phase as "ineffective" and starts a new treatment plan, he is actively treating the patient again, and the code should reflect this by the 7th character 'A'.

### **Auditing for Proper Use of the 7th Character**

As auditors, we tend to focus heavily on proper procedure and Evaluation and Management code reporting; however, accurate ICD-10-CM reporting needs our attention as well. Claims are being denied regularly for incorrect diagnosis code reporting, which can and will cause revenue issues. With the code freeze removed and the one-year grace period ending, we are likely to see even more denials based on inaccurate ICD-10-CM reporting. Identifying the more prevalent ICD-10-CM issues now and providing training on them will promote quality coding and accurate reimbursement.

### **This Week's Audit Tip Provided by:**

Aimee Wilcox, MA, CST,  
CCS-P, CPMA  
Aimee is the Director of  
Content Creation for Find-  
A-Code



#### **Resources:**

1. ICD-10-CM 2016 Codebook Guidelines:  
Pages 7-8, 49, 52, 64-68, 75-76, 89 & 102.

<http://www.findacode.com/icd-10-cm/icd-10-cm-guidelines.html>

2. MLN Connects:

[https://www.cms.gov/Outreach-and-Education/Outreach/NPC/Downloads/2015-12-08\\_-\\_NPC-ICD10-Presentation.pdf](https://www.cms.gov/Outreach-and-Education/Outreach/NPC/Downloads/2015-12-08_-_NPC-ICD10-Presentation.pdf)

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August 9, 11, 16 & 18

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July 21, 2016: Houston, TX  
August 11, 2016: El Paso, TX  
August 30, 2016: Tampa, FL  
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8<sup>TH</sup> ANNUAL  
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**Pre-Conference:** Tuesday, December 6

**Conference:** Wednesday, December 7-  
 Friday, December 9

**Venue:** Loews Portofino Bay Hotel at  
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## Upcoming Webinars

NAMAS is proud to present the following webinars in July



### Hiring Smart

Speaker: Philip Dickey  
 July 5, 2016  
 2pm EST

### Auditing Physician Services in a Facility Owned Group

Speaker: Betty Stump  
 July 12, 2016  
 2pm EST

### E/M Encounter Review

Speaker: Jane Hansen July 19, 2016  
 2pm EST

### Exclusion Screenings

Speaker: Paul Weidenfeld  
 July 26, 2016  
 2pm EST

Kim Charland, John Burns, Ish Laher and Sandy Routhier.

Don't delay in registering- conference registration will increase after this month!

[Click Here to View the Conference Agenda](#)

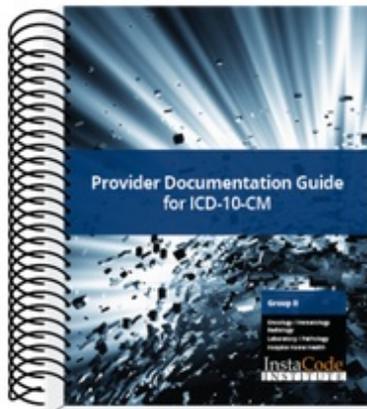
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## A Note From Our Tip Sponsor

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Through InstaCode, Find-A-Code offers Provider Documentation Guides for ICD-10-CM Specialties by group.



This guide:

- Teaches how to use ICD-10-CM properly

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