

Diagnosis Code Coding Policy

Purpose

This policy is intended to ensure correct provider reimbursement and serves only as a general resource regarding Molina Healthcare's reimbursement policy for the services described in this policy. It is not intended to address every aspect of a reimbursement situation, nor is it intended to impact care decisions. This policy was developed using nationally accepted industry standards and coding principles. In a conflict, federal and state guidelines, as applicable, and the member's benefit plan document supersede the information in this policy. Also, to the extent of conflicts between this policy and the provider contract language, the Provider contract language will prevail. Coverage may be mandated by applicable legal requirements of a State, the Federal government or the Centers for Medicare and Medicaid Services (CMS). References included were accurate at the time of policy approval. If there is a state exception, please refer to the state exception table listed below.

Policy Overview

Certain ICD-10-CM codes are not valid as primary diagnoses. The terms "principal diagnosis" for inpatient claims and "first listed diagnosis" for outpatient/professional claims are referred to here as "primary diagnosis."

Etiology/Manifestation

Some conditions have both an underlying cause and symptoms in different body systems. Coding rules require listing the condition first, followed by the manifestation. Notes in ICD-10 guide this coding sequence. For example:

- L62 - Nail disorders in diseases classified elsewhere
- Code first underlying disease, such as Pachydermoperiostosis (M89.4)
- L62 isn't acceptable as a primary diagnosis because the underlying condition must be coded first.

CMS also identifies manifestation codes for the Outpatient Code Editor, which can't appear as primary diagnoses on outpatient hospital claims. This list is updated quarterly.

Sequelae of Injuries

The aftereffects of injury usually need two codes. The primary diagnosis describes the sequela, while the secondary details the original injury, marked with an "S" in the 7th position.

Example:

Treatment for ankle instability after a sprain:

- M24.271 - Disorder of ligament, right ankle
- S93.411S - Sprain of calcaneofibular lig., right ankle, sequela
 - S93.411S isn't acceptable as a primary diagnosis because the residual condition must be listed first.

Multiple Coding for a Single Condition

Some conditions need multiple codes, as indicated in the ICD-10 manual.

Examples:

- K52.1 - Toxic gastroenteritis and colitis, code first (T51-T65) to identify toxic agent
- Z16. - Resistance to anti-microbial drugs, code first the infection



External Causes of Morbidity

ICD-10 codes V00-Y99 describe causes of morbidity and cannot be used as primary diagnoses.

Reimbursement Guidelines

Molina Healthcare will monitor compliance with this policy and take corrective action as necessary to ensure ongoing adherence to coding and billing standards. This policy ensures that Molina Healthcare operates in a manner that is compliant with all applicable laws and regulations and maintains the integrity and accuracy of billing and coding practices.

Definitions

Term	Definition
CMS	Center for Medicare and Medicaid Services

State Exceptions

State	Exception

Documentation History

Type	Date	Action
Initial Creation	11/01/2020	New Policy
Revised Date	12/12/2024	Updated Policy, Links, Template
Revised Date	08/01/2025	Updated Template

References

This policy was developed using:

- CMS
- State Medicaid Regulatory Guidance
- State Contracts

Reference	Link
CMS	ICD-10-CM Classification of Diseases, Functioning, and Disability CDC
CMS	Integrated Outpatient Code Editor CMS

***CODING DISCLAIMER.** Codes listed in this policy are for reference purposes only and may not be all-inclusive. Deleted codes and codes which are not effective at the time the service is rendered may not be eligible for reimbursement. Listing of a service or device code in this policy does guarantee coverage. Coverage is determined by the benefit document. Molina adheres to Current Procedural Terminology (CPT®), a registered trademark of the American Medical Association (AMA). All CPT codes and descriptions are copyrighted by the AMA; this information is included for informational purposes only. Providers and facilities are expected to utilize industry standard coding practices for all submissions. When improper billing and coding is not followed, Molina has the right to reject/deny the claim and recover claim payment(s). Due to changing industry practices, Molina reserves the right to revise this policy as needed.