

**Table of Contents**

1.0 Description of the Procedure ..... 1

2.0 Eligible Recipients ..... 1

    2.1 General Provisions ..... 1

    2.2 EPSDT Special Provision: Exception to Policy Limitations for Recipients under  
        21 Years of Age ..... 1

3.0 When the Procedure Is Covered ..... 2

    3.1 General Criteria ..... 2

    3.2 Specific Criteria ..... 3

4.0 When the Procedure Is Not Covered ..... 3

    4.1 General Criteria ..... 3

    4.2 Specific Criteria ..... 3

5.0 Requirements for and Limitations on Coverage ..... 4

    5.1 Prior Approval ..... 4

6.0 Providers Eligible to Bill for the Procedure ..... 4

7.0 Additional Requirements ..... 4

    7.1 Federal and State Requirements ..... 4

    7.2 Records Retention ..... 4

8.0 Policy Implementation/Revision Information ..... 5

Attachment A: Claims-Related Information ..... 6

    A. Claim Type ..... 6

    B. Diagnosis Codes ..... 6

    C. Procedure Code(s) ..... 6

    D. Modifiers ..... 10

    E. Place of Service ..... 10

    F. Reimbursement Rate ..... 10

## **1.0 Description of the Procedure**

Keloids are noncancerous fibrous growths that arise from proliferation of dermal tissue following skin injury. Keloids occur from such skin injuries as surgery, laser, tattoos, injections, bites, traumatic wounds, infections, vaccination sites, burns, acne, or even minor scratches. Keloids require no treatment unless they cause functional impairment. Often keloids recur (sometimes larger than before) after they have been removed. Keloid excision involves removing these benign fibrous growths; however, excision without adjunct therapy is almost always accompanied by reoccurrence. Treatment decisions must weigh the risk of causing additional keloids.

The American Academy of Dermatology states, "Keloids are harmless, cosmetic problems that do not become cancerous (malignant). Once a keloid stops growing it usually remains stable unless the area is injured again."

When the skin is in the process of recovering from an injury, whether the result of an accident, surgery, a burn, or acne, scarring will occur wherever multiple layers of the skin have been affected. Different scars require different treatments. For example, severe burns that destroy large sections of skin cause the skin to heal in a puckered way. As the skin heals, muscles and tendons may be affected in this "contracting" movement. Hypertrophic scars, unlike keloids, do not grow out of the boundaries of the scar area. Both keloids and hypertrophic scars can be unsightly and may also restrict the natural movement of muscles and tendons.

## **2.0 Eligible Recipients**

### **2.1 General Provisions**

Medicaid recipients may have service restrictions due to their eligibility category that would make them ineligible for this service.

### **2.2 EPSDT Special Provision: Exception to Policy Limitations for Recipients under 21 Years of Age**

#### **42 U.S.C. § 1396d(r) [1905(r) of the Social Security Act]**

Early and Periodic Screening, Diagnostic and Treatment (EPSDT) is a federal Medicaid requirement that requires the state Medicaid agency to cover services, products, or procedures for Medicaid recipients under 21 years of age **if** the service is **medically necessary health care** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem] identified through a screening examination\*\* (includes any evaluation by a physician or other licensed clinician). This means EPSDT covers most of the medical or remedial care a child needs to improve or maintain his/her health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems. Medically necessary services will be provided in the most economic mode, as long as the treatment made available is similarly efficacious to the service requested by the recipient's physician, therapist, or other licensed practitioner; the determination process does not delay the delivery of the needed service; and the determination does not limit the recipient's right to a free choice of providers.

EPSDT does not require the state Medicaid agency to provide any service, product, or procedure

- a. that is unsafe, ineffective, or experimental/investigational.
- b. that is not medical in nature or not generally recognized as an accepted method of medical practice or treatment.

Service limitations on scope, amount, duration, frequency, location of service, and/or other specific criteria described in clinical coverage policies may be exceeded or may not apply as long as the provider's documentation shows that the requested service is medically necessary "to correct or ameliorate a defect, physical or mental illness, or a condition" [health problem]; that is, provider documentation shows how the service, product, or procedure will correct or improve or maintain the recipient's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**\*\*EPSDT and Prior Approval Requirements**

- a. If the service, product, or procedure requires prior approval, the fact that the recipient is under 21 years of age does NOT eliminate the requirement for prior approval.
- b. **IMPORTANT ADDITIONAL INFORMATION** about EPSDT and prior approval is found in the Basic Medicaid Billing Guide, sections 2 and 6, and on the EPSDT provider page. The Web addresses are specified below.

**Basic Medicaid Billing Guide:** <http://www.ncdhhs.gov/dma/medbillcaguide.htm>

**EPSDT provider page:** <http://www.ncdhhs.gov/dma/EPSDTprovider.htm>

### 3.0 When the Procedure Is Covered

**IMPORTANT NOTE:** EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are **medically necessary health care services** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient's health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED.** For additional information about EPSDT and prior approval requirements, see **Section 2.0** of this policy.

#### 3.1 General Criteria

Medicaid covers keloid excision or scar revision when it is medically necessary and

- a. the procedure is individualized, specific, and consistent with symptoms or confirmed diagnosis of the illness or injury under treatment, and not in excess of the recipient's needs;
- b. the level of service can be safely furnished, and no equally effective and more conservative or less costly treatment is available statewide
- c. the service is furnished in a manner not primarily intended for the convenience of the recipient, the recipient's caretaker, or the provider.

### 3.2 Specific Criteria

Keloid excision or scar revisions are covered if documentation in the medical record indicates significant functional impairment that limits normal functioning and the treatment can be reasonably expected to improve the impairment.

“Significant physical functional impairment” may include, but is not limited to

- a. Problems with communication
- b. Problems with respiration
- c. Problems with eating
- d. Problems with swallowing
- e. Visual impairments
- f. Distortion of nearby body parts
- g. Obstruction of an orifice

Medical necessity may also be considered when there is evidence of pain, infection, drainage, and/or rapid increase in size; and there has been no favorable response to documented conservative treatment measures, such as steroid injection or pressure application.

## 4.0 When the Procedure Is Not Covered

**IMPORTANT NOTE:** EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are **medically necessary health care services** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED.** For additional information about EPSDT and prior approval requirements, see **Section 2.0** of this policy.

### 4.1 General Criteria

Keloid excision and scar revision are not covered when

- a. the recipient does not meet the eligibility requirements listed in **Section 2.0**;
- b. the recipient does not meet the medical necessity criteria listed in **Section 3.0**;
- c. the procedure unnecessarily duplicates another provider’s procedure; or
- d. the procedure is experimental, investigational, or part of a clinical trial.

### 4.2 Specific Criteria

Keloid excision and scar revision are not covered when

- a. performed to improve appearance, and not primarily to restore bodily function or to correct a significant deformity caused by congenital or developmental anomalies, accidental injury, disease, or growth and development; or
- b. the recipient previously had this procedure and it failed.

“Significant physical functional impairment” excludes social, emotional, and psychological impairments or potential impairments.

## 5.0 Requirements for and Limitations on Coverage

**IMPORTANT NOTE:** EPSDT allows a recipient less than 21 years of age to receive services in excess of the limitations or restrictions below and without meeting the specific criteria in this section when such services are **medically necessary health care services** to correct or ameliorate a defect, physical or mental illness, or a condition [health problem]; that is, documentation shows how the service, product, or procedure will correct or improve or maintain the recipient’s health in the best condition possible, compensate for a health problem, prevent it from worsening, or prevent the development of additional health problems.

**EPSDT DOES NOT ELIMINATE THE REQUIREMENT FOR PRIOR APPROVAL IF PRIOR APPROVAL IS REQUIRED.** For additional information about EPSDT and prior approval requirements, see **Section 2.0** of this policy.

### 5.1 Prior Approval

Keloid excision and scar revision require prior approval. A prior approval request must include all of the following:

- a. Preoperative photographs of keloid(s) or scar(s)
- b. Location and size of keloid(s) or scar(s)
- c. Medical record documentation of evidence of pain, infection, drainage and/or rapid increase in size or significant physical functional impairment that limits normal physical functioning
- d. Medical record documentation of any previous treatment and outcomes, including previous related surgery

## 6.0 Providers Eligible to Bill for the Procedure

Providers who meet Medicaid’s qualifications for participation and are currently enrolled with the N.C. Medicaid program are eligible to bill for keloid excision when the procedure is within the scope of their practice.

## 7.0 Additional Requirements

### 7.1 Federal and State Requirements

All providers must comply with all applicable state and federal laws and regulations.

### 7.2 Records Retention

As a condition of participation, providers are required to keep records necessary to disclose the extent of services rendered to recipients and billed to the N.C. Medicaid program [Social Security Act 1902(a)(27) and 42 CFR 431.107]. Records must be retained for a period of at least five years from the date of service, unless a longer retention period is required by applicable federal or state law, regulations, or agreements (10A NCAC 22F.0107).

Copies of records must be furnished upon request.

The Health Insurance Portability and Accountability Act (HIPAA) does not prohibit the release of records to Medicaid (45 CFR 164.502).

## **8.0 Policy Implementation/Revision Information**

**Original Effective Date:** January 1, 1974

**Revision Information:**

<b>Date</b>	<b>Section Updated</b>	<b>Change</b>

## Attachment A: Claims-Related Information

Reimbursement requires compliance with all Medicaid guidelines, including obtaining appropriate referrals for recipients enrolled in the Medicaid managed care programs.

### A. Claim Type

Professional (CMS-1500/837P transaction)

Institutional (UB-04/837I transaction)

### B. Diagnosis Codes

Providers must bill the ICD-9-CM diagnosis codes(s) to the highest level of specificity that supports medical necessity.

When the claim with one of these diagnoses contains a procedure code for surgical excision and prior approval has not been granted, Medicaid denies the claim.

701.4 Keloid scar  
709.2 Scar conditions and fibrosis of skin

### C. Procedure Code(s)

The following may be associated with the above diagnoses; however, this is not an all-inclusive list:

CPT Procedure Code	Description
11400	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter 0.5cm or less
11401	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter 0.6 to 1.0cm
11402	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter 1.1 to 2.0cm
11403	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter 2.1 to 3.0cm
11404	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter 3.1 to 4.0 cm
11406	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), trunk, arms, or legs; excised diameter over 4.0cm
11420	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter 0.5cm or less
11421	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter 0.6 to 1.0cm
11422	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter 1.1 to 2.0cm
11423	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter 2.1 to 3.0cm

CPT Procedure Code	Description
11424	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter 3.1 to 4.0cm
11426	Excision, benign lesion including margins, except skin tag (unless listed elsewhere), scalp, neck, hands, feet, genitalia; excised diameter over 4.0cm
11440	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter 0.5cm or less
11441	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter 0.6 to 1.0cm
11442	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter 1.1 to 2.0cm
11443	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter 2.1 to 3.0cm
11444	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter 3.1 to 4.0cm
11446	Excision, other benign lesion including margins, except skin tag (unless listed elsewhere), face, ears, eyelids, nose, lips, mucous membrane; excised diameter over 4.0cm
12031	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); 2.5cm or less
12032	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); 2.6cm to 7.5cm
12034	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); 7.6cm to 12.5cm
12035	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); 12.6cm to 20.0cm
12036	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); 20.1cm to 30.0cm
12037	Layer closure of wounds of scalp, axillae, trunk and/or extremities (excluding hands and feet); over 30.0cm
12041	Layer closure of wounds of neck, hands, feet and/or external genitalia; 2.5cm or less
12042	Layer closure of wounds of neck, hands, feet and/or external genitalia; 2.6cm to 7.5cm
12044	Layer closure of wounds of neck, hands, feet and/or external genitalia; 7.6cm to 12.5cm
12045	Layer closure of wounds of neck, hands, feet and/or external genitalia; 12.6cm to 20.0cm
12046	Layer closure of wounds of neck, hands, feet and/or external genitalia; 20.1cm to 30.0cm

CPT Procedure Code	Description
12047	Layer closure of wounds of neck, hands, feet and/or external genitalia; over 30.0cm
12051	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 2.5cm or less
12052	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 2.6cm to 5.0cm
12053	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 5.1cm to 7.5cm
12054	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 7.6cm to 12.5cm
12055	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 12.6cm to 20.0cm
12056	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; 20.1cm to 30.0cm
12057	Layer closure of wounds of face, ears, eyelids, nose, lips and/or mucous membranes; over 30.0cm
13100	Repair, complex, trunk; 1.1cm to 2.5cm
13101	Repair, complex, trunk; 2.6cm to 7.5cm
13102	Repair, complex, trunk; each additional 5cm or less (List separately in addition to code for primary procedure)
13120	Repair, complex, scalp, arms, and/or legs; 1.1cm to 2.5cm
13121	Repair, complex, scalp, arms, and/or legs; 2.6cm to 7.5cm
13122	Repair, complex, scalp, arms, and/or legs; each additional 5cm or less (List separately in addition to code for primary procedure)
13131	Repair, complex, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and /or feet; 1.1 cm to 2.5cm
13132	Repair, complex, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and /or feet; 2.6cm to 7.5cm
13133	Repair, complex, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and /or feet; each additional 5cm or less (List separately in addition to code for primary procedure)
13150	Repair, complex, eyelids, nose, ears and/or lips; 1.0cm or less
13151	Repair, complex, eyelids, nose, ears and/or lips; 1.1cm to 2.5cm
13152	Repair, complex, eyelids, nose, ears and/or lips; 2.6cm to 7.5cm
13153	Repair, complex, eyelids, nose, ears and/or lips; each additional 5cm or less (List separately in addition to code for primary procedure)
14000	Adjacent tissue transfer or rearrangement, trunk; defect 10 sq cm or less
14001	Adjacent tissue transfer or rearrangement, trunk; defect 10.1 sq cm to 30.0 sq cm
14020	Adjacent tissue transfer or rearrangement, scalp, arms, and/or legs; defect 10sq cm or less
14021	Adjacent tissue transfer or rearrangement, scalp, arms, and/or legs; defect 10.1 sq cm to 30.0 sq cm
14040	Adjacent tissue transfer or rearrangement, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and/or feet; defect 10 sq cm or less

CPT Procedure Code	Description
14041	Adjacent tissue transfer or rearrangement, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands and/or feet; defect 10 sq cm to 30.0 sq cm
14060	Adjacent tissue transfer or rearrangement; eyelids, nose, ears and/or lips; defect 10 sq cm or less
14061	Adjacent tissue transfer or rearrangement; eyelids, nose, ears and/or lips; defect 10.1 sq cm to 30.0 sq cm
14300	Adjacent tissue transfer or rearrangement, more than 30 sq cm, unusual or complicated, any area
15100	Split-thickness autograft, trunk, arms, legs; first 100 sq cm or less, or 1% of body area of infants and children
15101	Each additional 100 sq cm or 1% of body area of infants and children (in addition to primary code)
15120	Split-thickness autograft, face, scalp, eyelids, mouth, neck, ears, orbits, genitalia, hands, feet and/or multiple digits; first 100 sq cm or 1% of body area of infants and children
15121	Each additional 100 sq cm, or 1% of body area of infants and children (in addition to primary code)
15200	Full thickness graft, free, including direct closure of donor site, trunk; 20 sq cm or less
+15201	Full thickness graft, free, including direct closure of donor site, trunk; each additional 20 sq cm (list separately in addition to code for primary procedure)
15220	Full thickness graft, free, including direct closure of donor site, scalp, arms, and/or legs; 20 sq cm or less
+15221	Full thickness graft, free, including direct closure of donor site, scalp, arms, and/or legs; each additional 20 sq cm (list separately in addition to code for primary procedure)
15240	Full thickness graft, free, including direct closure of donor site, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands, and/or feet; 20 sq cm or less
+15241	Full thickness graft, free, including direct closure of donor site, forehead, cheeks, chin, mouth, neck, axillae, genitalia, hands, and/or feet; each additional 20 sq cm (list separately in addition to code for primary procedure)
15260	Full thickness graft, free, including direct closure of donor site, nose, ears, eyelid, and/or lips; 20 sq cm or less
+15261	Full thickness graft, free, including direct closure of donor site, nose, ears, eyelid, and/or lips; each additional 20 sq cm (list separately in addition to code for primary procedure)

The plus sign (+) denotes an add-on code.

ICD-9-CM Procedure Code	Description
86.84	Relaxation of scar or web contracture of skin

**D. Modifiers**

Providers are required to follow applicable modifier guidelines.

**E. Place of Service**

Inpatient hospital  
Outpatient hospital  
Office  
Clinic  
Ambulatory surgery center

**F. Reimbursement Rate**

Providers must bill their usual and customary charges.