Preparing for ICD-10
Expected Impact on Prospective Payment Systems

HSCRC ICD-10 Information Exchange April 2011

Seeing the big picture to solve the biggest problems in health care.
Agenda

• ICD-10: A Brief Overview

• The HSCRC ICD-10 Preparation Process

• MHA ICD-10 Planning Process

• Providers ICD-10 Processes

• Q&A
ICD What?
In Brief …

• The transition from ICD-9-CM to ICD-10-CM/PCS is scheduled for October 1, 2013

• This is not an optional event (no grace period, no phase-in)

• This transition is a “big deal” because
  > All systems that hold or analyze healthcare data will need substantial modifications by that date
  > Every edit, business rule and application that currently uses ICD-9-CM codes will need to be revised or replaced
  > Not possible simply to map from ICD-10-CM/PCS back to ICD-9-CM
  > ICD-10 is especially problematic for hospital and other institutional services, especially in the context of Diagnosis Related Groups (DRGs)

• It is essential that health care organizations take advantage of ICD-10-CM/PCS to make these costs worthwhile
ICD-10-CM and PCS

• Today’s healthcare industry is dependent upon coded data
  ▪ Drives our clinical and financial decision making
  ▪ Much of today’s reimbursement (private and government) is code-based

• A smooth transition from ICD-9-CM to ICD-10 is critical to the clinical and financial welfare of the key players in American healthcare

“ICD-10, however, is a massive overhaul of the coding scheme and will require field size expansion, change to alphanumeric composition, and complete redefinition of code values and their interpretation. In effect, this will be the most significant overhaul of the medical coding system since the advent of computers.”

Issues Surrounding the Proposed Implementation of ICD-10, Workgroup for Electronic Data Interchange Subcommittee on ICD-10
HSCRC ICD-10 Preparation

• Identify all responsibility areas, staff and processes within HSCRC that will be affected by ICD-10
• Review all standard HSCRC policy documents to identify ICD-10 impacts
• Interview key HSCRC staff to review and document roles and responsibilities that will be affected by ICD-10
• Meet with industry stakeholders to discuss and gather information about ICD-10 plans and concerns
• Develop a HSCRC ICD-10 Readiness Plan that will include:
  > Key areas affected
  > Specific tasks, timeframes and responsibility assignments
  > Resource requirements
  > Project management provisions
  > Communication plan
Technical Impact and Planning Considerations
Why Adopt New Code Set Standards

• ICD-9-CM has become outdated and obsolete:
  > More than 30 years old
  > Many categories are full
  > Lacks space for expansion
  > Not descriptive enough
  > Overlapping and duplicative codes
  > Inconsistent and non-current use of terminology
  > Lack of codes for preventative services
## Key Differences
### Diagnosis Codes ICD-9-CM v. ICD-10-CM

<table>
<thead>
<tr>
<th>Feature</th>
<th>ICD-9-CM</th>
<th>ICD-10-CM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Code Set</strong></td>
<td>ICD-9-CM Volume I and II</td>
<td>ICD-10-CM (Clinical Modification)</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>• Minimum of 3 digits, maximum of 5 digits, decimal point after the third digit</td>
<td>• Minimum of 3 digits, maximum of 7 digits, decimal point after the third digit</td>
</tr>
<tr>
<td></td>
<td>• Numeric, except for supplementary codes — V codes and E codes</td>
<td>• Alphanumeric, with all codes using alphabetic lead character — V and E codes have been eliminated and incorporated into the main code set</td>
</tr>
<tr>
<td></td>
<td>• Structure of injuries designated by wound type</td>
<td>• Structure of injuries designated by body part (location)</td>
</tr>
<tr>
<td></td>
<td>• No laterality (left v. right)</td>
<td>• Laterality (left v. right)</td>
</tr>
<tr>
<td><strong>Sample Codes</strong></td>
<td>733.01, Senile osteoporosis</td>
<td>• M80.011a, Postmenopausal osteoporosis with current pathological fracture, right shoulder, initial encounter for fracture</td>
</tr>
<tr>
<td><strong>Format</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Category**
- **Etiology or disease manifestations**
- **Sub-classification (e.g., mode of diagnosis, anatomical site)**
- **Significant axis, such as anatomical site**

# Key Differences: Procedure Codes ICD-9-CM v. ICD-10-PCS

<table>
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<th>Feature</th>
<th>ICD-9-CM</th>
<th>ICD-10-CM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Code Set</strong></td>
<td>ICD-9-CM Volume III</td>
<td>ICD-10-PCS (Procedural Classification System)</td>
</tr>
</tbody>
</table>
| **Structure**    | • Minimum of 3 digits, maximum of 4 digits, decimal point after the second digit  
                   • Numeric  
                   • Limited multiaxial structure | • Minimum/maximum of 7 digits, no decimal point  
                   • Alphanumeric  
                   • Multiaxial structure — each code character has the same meaning within the specific procedure section and across procedure sections, where possible |
| **Sample Codes** | • 47.01, Laparoscopic appendectomy                                        | • 0DTJ4ZZ, Laparoscopic appendectomy                                      |
| **Format**       | ![Diagram showing the format of ICD-9-CM codes]                          | ![Diagram showing the format of ICD-10-PCS (Procedural Classification System) codes] |

**Sources:** WEDI ICD-10 White Paper, 2000; ICD-10-CM and ICD-10-PCS Update, Thirteenth National HIPAA Summit, September 2006; AHIMA Web site.
ICD-10-CM/PCS is a Different Coding Paradigm

80% of Diagnoses Map 1-to-1

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of ICD-9-CM Diagnosis Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exact</td>
<td>3,703</td>
</tr>
<tr>
<td>No Map*</td>
<td>416</td>
</tr>
<tr>
<td>Approximate (no combination code)</td>
<td>9,577</td>
</tr>
<tr>
<td>With single map</td>
<td>7,428</td>
</tr>
<tr>
<td>I9 Combination Code</td>
<td>616</td>
</tr>
<tr>
<td>With single map</td>
<td>284</td>
</tr>
<tr>
<td>Total</td>
<td>14,312</td>
</tr>
</tbody>
</table>

* 271 of these are part of ICD-9 code clusters linked to ICD-10-CM combination codes.

9% of Procedures Map 1-to-1

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of ICD-9-CM Procedure Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exact</td>
<td>0</td>
</tr>
<tr>
<td>No Map**</td>
<td>209</td>
</tr>
<tr>
<td>Approximate (no combination code)</td>
<td>3,458</td>
</tr>
<tr>
<td>With single map</td>
<td>335</td>
</tr>
<tr>
<td>I9 Combination Code</td>
<td>171</td>
</tr>
<tr>
<td>With single map</td>
<td>21</td>
</tr>
<tr>
<td>Total</td>
<td>3,838</td>
</tr>
</tbody>
</table>

** 32 of these codes are part of ICD-9 code clusters linked to ICD-10-CM combination codes.
Support of Multiple Code Sets

• For some time period, will need both ICD-9-CM and ICD-10-CM/PCS code support:

  > Code and process both old and new claims

  > Training on new, using old

  > Trend analyses

  > Systems or people not ready for new coding system

• Hardware, software, materials, and staff must support both old and new code sets
Technical Impact of Structural Changes

• Anything with codes and descriptions will require updating:
  > Programs
  > Screens
  > Reports
  > Interfaces or APIs
  > Forms – printed or electronic
  > Documentation
  > On-line help

• Increased storage requirements to accommodate new larger classification schemes (hardware/disk space)

• Modify fields to accommodate alphanumeric codes
Logic Changes

• Encoding Software – major enhancements
• New documentation requirements
• Other software supporting code assignment or selection
• Editing software
• Clinical alerting software
• Contract and benefit terms
• Care management and clinical protocols
Translating Between Systems

• Crosswalks map:
  > ICD-10-CM to ICD-9-CM
  > ICD-10-PCS to ICD-9-CM
• Official mapping rules (General Equivalency Maps) are “limited”
  > Often ambiguous and unresolved
  > Are independent of context/application
  > Incorporate minimal clinical knowledge
• Many-to-many mapping
• Must be maintained as ICD-10-CM/PCS is updated
• Most healthcare organizations will need to develop and maintain multiple mapping algorithms

ICD-10-CM/PCS Integration

Incremental Costs

Costs of Minimal Regulatory Compliance

Incremental Benefits

Restate Current Practices in ICD-10 Terms

Refine Practices Using ICD-10 Information
Stages of ICD-10-CM/PCS Implementation

- **Pre-Implementation**
  - Assessment
  - Strategy Development
  - Installation
  - Testing
  - Denial

- **“Go Live”**
  - Evaluation

- **Post-Implementation**
  - Strategy Refinement
  - Installation
  - Testing
  - Depression
  - Acceptance
ICD-10-CM/PCS Web Resources

• CMS

> General ICD-10 Information:
  – http://www.cms.hhs.gov/ICD10

> ICD-10 Notice of Proposed Rulemaking:

> ICD-10-PCS Coding system and files:
  – http://www.cms.hhs.gov/ICD10/02_ICD-10-PCS.asp#TopOfPage

> ICD-10-CM Coding System:
  – http://www.cms.hhs.gov/ICD10/03_ICD_10_CM.asp#TopOfPage
ICD-10-CM/PCS Web Resources

• Center for Disease Control (CDC), National Center for Health Statistics (NCHS):
  > General ICD-10 information
    – http://www.cdc.gov/nchs/about/major/dvs/icd10des.htm
  > ICD-10-CM files, information and general equivalence mappings between ICD-10-CM and ICD-9-CM
    – http://www.cdc.gov/nchs/about/otheract/icd9/icd10cm.htm

• American Hospital Association (AHA):
  > Central Office on ICD-9-CM
    – http://www.ahacentraloffice.org
  > AHA Central Office ICD-10 Resource Center
    – http://www.ahacentraloffice.org/ICD-10

• American Health Information Management Association (AHIMA)
  > ICD-10 General Information
    – http://www.ahima.org/icd10