

February 27, 2009

## ADOPTION OF ICD-10-CM AND ICD-10-PCS

### AT A GLANCE

#### **The Issue:**

On January 15, the Secretary of the Department of Health and Human Services released a final rule modifying the medical data code set standards and adopting ICD-10-CM for coding of patient diagnoses and ICD-10-PCS for coding of hospital procedures. The final rule, available at <http://edocket.access.gpo.gov/2009/pdf/E9-743.pdf>, was published in the January 16 *Federal Register*. This rule affects health plans, health care clearinghouses and health care providers that transmit any electronic health information in connection with the Health Insurance Portability and Accountability Act (HIPAA) transaction standards. The compliance date is October 1, 2013 (Federal Fiscal Year 2014). A separate final rule, also issued January 15, calls for compliance with an updated version of current electronic transaction standards (Version 5010) on January 1, 2012.

#### **Our Take:**

An update to the ICD-9-CM code set, which has been in use for almost 30 years, is long overdue, and the AHA has strongly advocated for upgrading the nation's coding system to ICD-10-CM and ICD-10-PCS. In recent years, ICD-9-CM has proven incapable of meeting the increased level of detail needed for biosurveillance, value-based purchasing and quality reporting. Coding that accurately describes the diagnoses and procedures is critical to improving health care quality. Adoption of ICD-10-CM and ICD-10-PCS will enable the study of the cost of treating drivers specific conditions, and treatment options, and will facilitate the adoption of health information technology.

Successfully transitioning to ICD-10-CM and ICD-10-PCS will require careful planning and coordination of resources. A large number of provider and health plan databases and applications will be affected – every application where diagnosis or procedure codes are captured, stored, analyzed or reported. Health information coding professionals will need to become proficient in the new system. However, this change is welcome and long overdue since ICD-9-CM is no longer able to meet the pressing requirements for increased granularity and specificity in a hospital coding system.

#### **What You Can Do:**

- ✓ Share this advisory with your senior management team.
- ✓ Share this advisory with your health information department.
- ✓ Assemble an ICD-10 planning and transition team and appoint an ICD-10 transition team leader.
- ✓ Inventory your databases to determine the applications affected.
- ✓ Work with your information system vendors to ensure they are aware of the change and are making preparations to update their systems.

#### **Further Questions:**

If you have questions, please contact Nelly Leon-Chisen, RHIA, director of coding and classification, at (312) 422-3396 or [nleon@aha.org](mailto:nleon@aha.org) or George Arges, senior director health data management group, at (312) 422-3398 or [garges@aha.org](mailto:garges@aha.org).

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### BACKGROUND

On January 15, the Department of Health and Human Services (HHS) released a final rule to modify ICD-9-CM, the medical data code set standards currently used, and adopt ICD-10-CM and ICD-10-PCS. While the ICD-9-CM code set includes both diagnosis and procedure codes, under ICD-10, diagnosis and procedure codes are split into two code sets – ICD-10-CM for diagnosis and ICD-10-PCS for procedures. The final rule, available at <http://edocket.access.gpo.gov/2009/pdf/E9-743.pdf>, was published in the January 16 *Federal Register*. Full compliance is expected for services provided on or after October 1, 2013, the start of federal fiscal year (FY) 2014.

A separate final rule, also issued January 15, calls for the adoption of an updated version (Version 5010) of current Health Insurance Portability and Accountability Act (HIPAA) electronic transaction standards. These are needed because the current version of the transaction standards, Version 4010/4010A1, cannot support the ICD-10 code sets. The transition to the newer version of the HIPAA transaction standards must be completed by January 1, 2012, 19 months ahead of ICD-10 implementation.

Please refer to the AHA Regulatory Advisory on the ICD-10 proposed rule, available at <http://www.aha.org/aha/advisory/2008/080923-aa.pdf>, for additional information on limitations of ICD-9-CM, development of ICD-10-CM and ICD-10-PCS and rejected alternatives to ICD-10.

### AT ISSUE

#### **Provisions of the Final Regulation**

Use of ICD-10-CM and ICD-10-PCS by Covered Entities. HHS is adopting ICD-10-CM and ICD-10-PCS as medical data code sets under HIPAA, replacing the ICD-9-CM Volumes 1 and 2 code sets for reporting diagnoses and Volume 3 code set for reporting procedures, including the official coding guidelines, when conducting standard transactions. Because ICD-10-PCS codes are used only by

hospitals for inpatient procedures, the ICD-10-PCS codes would not be used in outpatient transactions, or by physicians.

ICD-10 Mappings and Crosswalks. Many have asked for tools to link or crosswalk old ICD-9-CM codes with replacement ICD-10 codes. These mappings and crosswalks are important in order to compare or convert ICD-9-CM coded data into ICD-10-CM and ICD-10-PCS for multiple uses including research, public health and other analyses. The Centers for Disease Control and Prevention (CDC) and the Centers for Medicare & Medicaid Services (CMS) have created bi-directional mappings between ICD-9-CM diagnosis codes and ICD-10-CM, as well as between ICD-9-CM procedure codes and ICD-10-PCS. The mapping for diagnosis codes is available at <http://www.cdc.gov/nchs/about/otheract/icd9/icd10cm.htm>; the procedure codes mapping is available at [http://www.cms.hhs.gov/ICD10/02\\_ICD-10-PCS.asp](http://www.cms.hhs.gov/ICD10/02_ICD-10-PCS.asp).

CMS also has developed a reimbursement mapping tool that can be used to update payment systems that assign an ICD-10-CM code that best matches the previously used ICD-9-CM code. This reimbursement mapping will allow non-government payers to determine more quickly how they want to classify a particular ICD-10 code within their payment system.

In addition, CMS will use mappings to convert the Medicare-Severity Diagnosis Related Groups (MS-DRGs) from ICD-9-CM to ICD-10-CM and ICD-10-PCS. CMS is expected to convert all MS-DRGs to ICD-10 by October 2009, and will share those results with payers and providers at a future ICD-9-CM Coordination and Maintenance Committee meeting. The adoption of the final ICD-10 version of MS-DRGs will be subject to rulemaking.

Code Maintenance. The ICD-9-CM Coordination and Maintenance Committee will be renamed the ICD-10 Coordination and Maintenance Committee once ICD-10 is implemented. The new Committee is expected to follow the same procedures used by the current Committee for consideration of new codes and revisions to existing codes. In addition, the Committee will discuss issues such as mappings to the prior coding system and the need to continue updating these mappings for a minimum of three years after the ICD-10-CM and ICD-10-PCS final compliance date.

The ICD-9-CM Coordination and Maintenance Committee has jurisdiction over any action impacting the code sets. Therefore, consideration of a moratorium on updates to the ICD-9-CM, ICD-10-CM and ICD-10-PCS code sets in anticipation of adoption of ICD-10-CM and ICD-10-PCS will be addressed by the Committee at a future public meeting.

### **Compliance Dates**

Full compliance is expected for claims received for encounters and discharges occurring on or after October 1, 2013 (FY 2014). HHS expects that this date will

allow the field ample time to accomplish system changes and testing. HHS believes it is in the health care field's best interest to have a single compliance date for ICD-10-CM and ICD-10-PCS to ensure the accuracy and timeliness of claims and transaction processing. The date is consistent with the long-standing practice for inpatient facilities to use the version of ICD codes in effect at the date of discharge.

**Timeline for Implementing HIPAA Transaction Standard  
Versions 5010/D.0 and ICD-10**

<b>Version 5010/D.0</b>	<b>ICD-10</b>
<b>01/09:</b> Publish final rule	<b>01/09:</b> Publish final rule
<b>01/09:</b> Begin Level 1 testing period activities (gap analysis, design, development, internal testing) for Versions 5010 and D.0	
<b>01/10:</b> Begin internal testing for Versions 5010 and D.0	
<b>12/10:</b> Achieve Level 1 compliance (Covered Entities have completed internal testing and can send and receive compliant transactions) for Versions 5010 and D.0	
<b>01/11:</b> Begin Level 2 testing period activities (external testing with trading partners and move into production; dual processing mode) for Versions 5010 and D.0	<b>01/11:</b> Begin initial compliance activities (gap analysis, design, development, internal testing)
<b>01/12:</b> Achieve Level 2 compliance; <b>Compliance date for all covered entities. This is also the compliance date for Version 3.0 for all covered entities except small health plans*</b>	
	<b>10/13: Compliance Date for all covered entities</b>

Note: Level 1 and Level 2 compliance requirements only apply to Version 5010, NCPDP Telecommunication Standard Version D.0, and NCPDP Medicaid Subrogation Standard Version 3.0.

Given the milestones outlined above, careful coordination of activities in transitioning to both ICD-10 and the HIPAA transaction standard Version 5010 will be required. HHS recommends that health care organizations begin Level 1 testing period activities – including gap analysis, design, development and internal testing for the transaction standard – in January 2009. By January 2010, the field is expected to begin internal system changes on the transaction standard. By December 2010, the field should achieve Level 1 compliance with covered entities having completed internal testing and be able to send and

receive compliant transactions. The field could then begin to design documentation for ICD-10 and be ready to build and internally test system changes by January 2011. The field also could begin Level 2 testing activities of the transaction standard by conducting external testing with trading partners and move into production. It is expected that, by January 1, 2012, all covered entities will be compliant with the HIPAA transaction standard Version 5010. Between January 2011 and October 1, 2013, internal and external testing of ICD-10 should occur, with an ICD-10 anticipated compliance date for all covered entities of October 1, 2013.

## **NEXT STEPS**

### **Preparation**

The ICD-10 code sets provide a standard coding convention that is flexible, incorporates unique codes for all substantially different procedures or health conditions, and allows for new procedures and diagnoses to be easily incorporated as new codes for both existing and future clinical protocols.

Preparing for the transition from ICD-9-CM to ICD-10-CM and ICD-10-PCS will require careful planning and coordination of resources to ensure successful implementation. These changes will have significant budgetary, training and information system implications across clinical, financial and administrative areas.

### **Checklist**

- ✓ Obtain a senior management level “sponsor” for ICD-10 related activities.
- ✓ Create ICD-10 awareness throughout the organization. This includes educating senior management, information system personnel, clinical department managers and medical staff on the upcoming transition to ICD-10.
- ✓ Work with senior management regarding the potential budgetary, administrative and operational implications of making the transition to ICD-10.
- ✓ Conduct a detailed assessment of staff education needs.
- ✓ Identify key players in your organization who should be part of your ICD-10 implementation team.
- ✓ Identify an ICD-10 team leader.

- ✓ Assess the impact of the change to the new coding systems and identify key tasks and objectives. Major tasks may include creating an implementation planning team; identifying and budgeting for required information system changes; and assessing and budgeting clinician and code set user education.
- ✓ Assess the impact of coding change related to strategic goals around electronic health records and other information technology plans on quality and performance.
- ✓ Develop an inventory of existing databases and systems likely to be affected by a transition to ICD-10-CM and ICD-10-PCS. A sample list of hospital applications follows this checklist.
- ✓ Determine which systems use homegrown, proprietary or custom-made software.
- ✓ Consult with your existing software vendors to determine their awareness of ICD-10 and their plans for upgrades.
- ✓ Determine whether your current contractual agreements with vendors will cover a change to ICD-10.
- ✓ Consider ICD-10 readiness in any future system improvements, such as plans for an electronic health record.
- ✓ Start working with your medical staff to improve medical record documentation. There are tangible benefits that can be gained, even with ICD-9-CM.
- ✓ Watch for upcoming AHA educational sessions on ICD-10 by visiting the AHA ICD-10 Resource Center at [http://www.ahacentraloffice.com/ahacentraloffice\\_app/ICD-10/ICD-10.jsp](http://www.ahacentraloffice.com/ahacentraloffice_app/ICD-10/ICD-10.jsp).

### **Sample List of Hospital Applications Affected by the Adoption of ICD-10-CM and ICD-10-PCS**

- Advanced Beneficiary Notice (ABN) Software
- Billing System
- Birth Defect Registries
- Case Management System
- Clinical Data Reporting
- Clinical Department Systems (including Lab, EKG, Radiology, Surgical Scheduling, Physical Therapy, Occupational Therapy, Speech Therapy, etc.)
- Compliance Checking Systems
- Decision Support Systems
- Diagnostic Related Groupings (DRG) GROUPER
- Electronic Processing Systems (to submit claims to clearinghouse)
- Encoder Software
- Hospital Information Systems
- Interface Engines
- Inpatient Rehabilitation Facility-Patient Assessment Instrument (IRFPAI) Data Collection System
- Managed Care (HEDIS) Reporting Systems
- Medical Necessity System
- Medical Record Abstracting System
- Minimum Data Set (MDS) Collection System
- OASIS System
- Outpatient Code Editor (OCE)
- Pay-for-Performance (P4P) Systems
- Pharmacy Systems
- Physician credentialing system
- Present on Admission (POA) reporting
- Quality Reporting Systems
- Research Databases
- State Birth Registration Systems
- State Death Registration Systems
- State Reporting Systems (e.g. California hospitals report all their ICD-9-CM codes to the state of California)
- Test Ordering System
- Utilization Management

### **Further Questions**

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