

FOR IMMEDIATE RELEASE
Thursday, Jan. 15, 2009

Contact: CMS Office of Public Affairs

HHS Issues Final Icd-10 Code Sets and Updated Electronic Transaction Standards Rules

The U.S. Department of Health and Human Services (HHS) today released two final rules that will facilitate the United States' ongoing transition to an electronic health care environment through adoption of a new generation of diagnosis and procedure codes and updated standards for electronic health care and pharmacy transactions.

The first final rule replaces the ICD-9-CM code sets now used to report health care diagnoses and procedures with greatly expanded ICD-10 code sets, with a compliance date of Oct. 1, 2013. The second final rule adopts an updated X12 standard, Version 5010, for certain electronic health care transactions, an updated version of the National Council for Prescription Drug Programs (NCPDP) standard, Version D.0, for electronic pharmacy-related transactions, and a standard for Medicaid pharmacy subrogation transactions. Version 5010 includes updated standards for claims, remittance advice, eligibility inquiries, referral authorization, and other administrative transactions. Version 5010 also accommodates the use of the ICD-10 code sets, which are not supported by Version 4010/4010A1, the current X12 standard.

“These regulations will move the nation toward a more efficient, quality-focused health care system by helping accelerate the widespread adoption of health information technology,” HHS Secretary Mike Leavitt said. “The greatly expanded ICD-10 code sets will fully support quality reporting, pay-for-performance, bio-surveillance, and other critical activities. The updated X12 transaction standards, Version 5010, provide the framework needed to support the ICD-10 codes.”

Adoption of the ICD-10 code sets is expected to:

- Support Medicare's value-based purchasing initiative and antifraud and abuse activities by accurately defining services and providing specific diagnosis and treatment information;
- Provide the precision needed for a number of emerging uses such as pay-for-performance and biosurveillance. Biosurveillance is the automated monitoring of information sources that may help in detecting an emerging epidemic, whether naturally occurring or as the result of bioterrorism;
- Support comprehensive reporting of quality data;

- Ensure more accurate payments for new procedures, fewer rejected claims, improved disease management, and harmonization of disease monitoring and reporting worldwide; and
- Allow the United States to compare its data with international data to track the incidence and spread of disease and treatment outcomes because the United States is one of the few developed countries not using ICD-10.

ICD-10 will also improve claims processing and payment, and, through the use of health care technology that utilizes ICD-10, assist health care practitioners in making treatment decisions by more precisely matching diagnoses and procedures to the appropriate code. For example:

- Pressure ulcers are a common condition in elderly Medicare beneficiaries with chronic illnesses. Under the current ICD-9-CM system, health care practitioners can identify the severity or location of a pressure ulcer but the coding system cannot link those elements if the patient has more than one ulcer. Under a single ICD-10 code, a patient's medical history will identify the severity and location of each pressure ulcer;
 - ICD-9 has only one code for angioplasty, the widely used procedure for widening a narrowed or obstructed blood vessel. ICD-10 provides 1,170 coded descriptions, with a granularity that pinpoints the location of the blockage and the device used for each patient;
 - ICD-9 codes do not provide sufficient detail to distinguish whether a condition occurred on a patient's left or right side. ICD-10 will improve care by providing that basic type of information; and
 - ICD-9 includes separate codes for medication errors and other external causes of injury, which are reported separately from the actual condition. Under ICD-10, information about medication errors and external causes of injury will be embedded in the code for the condition. Therefore a single, more informative code will provide a ready source of information to help medical professionals prevent medical errors and improve quality of care.

ICD-9-CM, Volumes 1 and 2, and Volume 3, was developed nearly 30 years ago. In 2000, under authority provided by HIPAA, HHS adopted the ICD-9-CM code sets as the official standard medical data code sets for use in the health care administrative transactions to report diagnoses and inpatient hospital procedures. HIPAA "covered entities," which include health plans, health care clearinghouses, and health care providers who transmit any electronic health information in connection with a transaction for which a standard has been adopted by HHS, are required to use the ICD-9-CM code sets.

ICD-9-CM is widely viewed as outdated because of the limited ability to accommodate new procedures and diagnoses within the established hierarchy of the coding system. ICD-9-CM contains only 17,000 codes, and Volume 3, which contains the hospital

inpatient procedure codes, has been running out of available space for several years, resulting in placement of procedure codes outside of the clinical hierarchy where they appropriately belong. By contrast, the ICD-10-CM and ICD-10-PCS code sets contain more than 155,000 codes and can accommodate a host of new diagnoses and procedures. The additional codes will facilitate the implementation of electronic health records (EHRs) because they will allow for the provision of more detail that will, in turn, enhance EHR utility for providers and patients. This granularity will also help to improve efficiencies by helping to more precisely identify specific health conditions and provide a richer set of information about the patient for research and treatment.

“HHS received more than 3,000 comments on the ICD-10 proposed rule, and support for transition to the ICD-10-CM and ICD-10-PCS code sets is strong throughout the health care industry,” said Kerry Weems, acting administrator of the Centers for Medicare & Medicaid Services (CMS). “A number of commenters asked for a delay in the compliance dates for both ICD-10 and Version 5010, citing implementation costs, the need to train health care personnel, and to assure ample time for testing between trading partners. HHS recognized these concerns and the final rules delay the implementation

dates between the proposed and final rules by 21 months for the 5010 standards, and by 24 months for the ICD-10 codes. We look forward to working with all parties to ensure a smooth conversion to the updated transaction standards and ICD-10 code set.”

In addition to updating the current standards with Version 5010 for some health care transactions and Version D.0 for pharmacy transactions, the second final rule adopts a standard for the Medicaid pharmacy subrogation transaction, NCPDP Version 3.0. Subrogation is the process by which state Medicaid agencies recoup funds for payments they have made for pharmacy services for Medicaid recipients, in cases where another third party payer has primary financial responsibility.

The transaction standards final rule sets compliance dates of Jan. 1, 2012, for Version 5010, Version D.0 and Version 3.0 (except that small health plans have an additional year and must be compliant with Version 3.0 on Jan. 1, 2013). These dates provide covered entities nearly three years from publication of the final rule to achieve compliance, a timeframe many commenters suggested is needed.

For the ICD-10 code sets, the final rule sets the compliance date at Oct. 1, 2013, providing nearly five years from the date of publication for the industry to implement the new code sets. The Oct. 1 compliance date also corresponds with the effective date for annual changes to Medicare payment systems.

The ICD-10 code sets final rule concurrently adopts the International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) for diagnosis coding, and the International Classification of Diseases, Tenth Revision, Procedure Coding System (ICD-10-PCS) for inpatient hospital procedure coding. The new codes replace the International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-

CM) Volumes 1 and 2, and the International Classification of Diseases, Ninth Revision, Clinical Modification (CM) Volume 3 for diagnosis and procedure codes, respectively.

Both regulations are on display today at the Federal Register and may be viewed at <http://www.archives.gov/federal-register/public-inspection/index.html>.

Click on View the Regular Filing Documents.

Both regulations will be published on Jan. 16, 2009, and may be viewed that day and thereafter at <http://www.gpoaccess.gov/fr/browse.html>. Click “Go” next to where 2009 appears in the year selection box for “Back Issues (HTML Only).”

A fact sheet describing both rules may be viewed at http://www.cms.hhs.gov/apps/media/fact_sheets.asp.

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