

## FREQUENTLY ASKED QUESTIONS

# INTERNATIONAL CLASSIFICATION OF DISEASES, 10TH EDITION (ICD-10) REMEDIATION PROJECT

**Q: What is the current status of ICD-10?**

**A:** The U.S. Department of Health and Human Services (HHS) has issued its final rule that the ICD-9-CM code sets be replaced with ICD-10 code sets, effective October 1, 2013.

**Q: What is a coding system and why is it used in health care?**

**A:** In health care, coding systems are used to differentiate diagnoses and procedures in virtually all treatment settings. Diagnostic and procedural codes are connected to nearly every system and business process in health plans and provider organizations, including reimbursement and claim processes.

**Q: What is the ICD-10 coding system?**

**A:** The International Classification of Diseases, 10th Edition, Clinical Modification/Procedure Coding System (ICD-10-CM/PCS), is a diagnosis coding system of diseases and signs, symptoms, abnormal findings, complaints, social circumstances and external causes of injury or diseases and a procedure coding system for inpatient procedures.

The ICD codes provide a standardized approach to categorize disease and patient conditions and surgical, diagnostic and therapeutic procedures in the inpatient setting. Today, much of the data collection, analysis and reporting in the U.S. health care system relies on the current administrative coding system known as ICD-9-CM. Use of ICD-9 permeates the U.S. health care delivery and payment systems; it is referenced in provider reimbursement contracts, used for billing and claims processing, and serves as the basis for trend analysis and reporting.

In the United States, the Centers for Disease Control and Prevention (CDC) has developed a U.S.-specific set of codes known as ICD-10-CM, which covers diagnoses in all health care treatment settings. The ICD-10-PCS, which was developed by the Centers for Medicare and Medicaid Services (CMS) for use in the United States, defines procedures for hospital claims in inpatient hospital settings only. Current Procedural Terminology (CPT) codes and Healthcare Common Procedure Coding System (HCPCS) codes will continue to be used in the outpatient setting and for physician claim forms. Hospital claims for inpatient procedures is the only setting to use ICD-10-PCS codes.

**Q: What code set does ICD-10-CM define?**

**A:** ICD-10-CM defines the code set used to report inpatient and outpatient *diagnoses*.

**Q: What code set does ICD-10-PCS define?**

**A:** ICD-10-PCS (Procedure Coding System) defines the code set used to report inpatient *procedures*.

**Q: Why are there two code sets, ICD-10-CM and ICD-10-PCS, when there was only one for ICD-9-CM?**

**A:** In ICD-9-CM, the methodology for assigning a diagnosis code is the same process as assigning a procedure code. **ICD-10-CM and ICD-10-PCS use different methodologies for assigning codes.**

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### **Q: Where are ICD codes used?**

**A:** ICD classifications are used to assign codes to diagnoses in virtually all health care settings, including inpatient and outpatient settings and physician offices. ICD codes allow comparison of collection, classification, processing, and presentation of morbidity and mortality statistics in the United States and internationally. **ICD procedure codes are used only on inpatient hospital claims to capture inpatient procedures.** Entities that will use the updated ICD-10 codes include hospital and professional billing, registries, clinical and hospital departments, clinical decision support systems, and patient financial services.

### **Q: Why move from ICD-9 to ICD-10?**

**A:** The impetus to replace ICD-9 with ICD-10 is the need to accurately describe the new procedures and diagnoses reflected in modern medical practice. The ICD-9 code set has been in use since 1979 and offers the ability to describe approximately 13,000 diagnoses and 3,000 procedure codes. However, the total number of codes is insufficient to continue to respond to the demand for updated codes which require additional specificity for newly identified disease entities and other medical advances. In addition, the ICD-9-CM code set is simply running out of space for new codes. Without room for expansion, new codes cannot be created to accurately represent new diagnoses and procedures. This impacts everyone who relies on coded data, from payers and providers to researchers at all levels in private and public organizations.

ICD-10 will provide room for expansion, and the codes are much more precise in identifying diagnoses and procedures. Compared to ICD-9, the updated ICD-10 code sets allow more specific and precise descriptions of a patient's diagnosis and classification of inpatient hospital procedures. ICD-10 will accommodate newly developed diagnoses and procedures, innovations in technology and treatment, performance-based payment systems, coordination of patient care, and more accurate billing.

Medicaid agencies—as well as other payers, providers and agencies—will be able to use the enhanced information for various functions, including improved care management of beneficiaries; increased efficiency through identification of specific health conditions, diagnoses and procedures; better data for fraud and abuse monitoring; links to electronic health records; strategic planning for member, provider and benefit service improvements; and quality assurance of clinical and administrative processes.

### **Q: When must the ICD-10 codes be implemented?**

**A:** The federal government expects all payers and providers to adopt ICD-10 for services provided on or after Oct. 1, 2013. Claims for services provided on or after Oct. 1, 2013, must use updated ICD-10 codes or they may be ineligible for reimbursement (**claims submitted for services provided before Oct. 1, 2013 must use the ICD-9 codes, even if they are submitted after the October 1 deadline**).

CMS anticipates the transition to ICD-10 to be a “multi-year, wide-ranging” process that will include training staff, aligning business process, and coordinating with Medicare and Medicaid vendors and partners.

### **Q: Who will be affected by ICD-10 implementation?**

**A:** All entities covered under the Health Insurance Portability and Accountability Act (HIPAA) of 1996 must implement the new code sets by the October 2013 deadline, including health plans, payers, providers, clearinghouses, health care information system vendors, billing agents and other services. The new codes must be supported by medical documentation. Because the updated codes are much more specific, providers will be required to spend more time preparing supporting medical documents in order to use the more specific ICD-10 codes. However, use of unspecified codes will be allowed to capture less specific information. As plans and providers become accustomed to the new code sets, the more specific ICD-10 also may reduce the rate of denials, rejected or pending payments.

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Also affected by the ICD-10 code set update are coding professionals; non-physician clinicians/ancillary department personnel; quality management personnel; utilization management personnel; data quality/data security personnel; researchers/data analysts/epidemiologists; software vendors; information systems personnel; billing/accounting personnel; compliance officers; auditors; fraud investigators; and government agency personnel.

**HIPAA law** applies directly to **three** “covered entities.”

These include:

**Health Care Providers:** Any provider of medical or other health services or supplies who transmits any health information in electronic form in connection with a transaction for which standard requirements have been adopted.

**Health Plans:** Any individual or group plan that provides or pays the cost of health care. The new codes will mean new coverage policies, new medical review edits and new reimbursement schedules.

**Health Care Clearinghouses:** A public or private entity that transforms health care transactions from one form to another.

### **Q: What is the implication for states?**

**A:** The transition to ICD-10 will affect every system, process and transaction that contains or uses a patient diagnosis or procedure code. **Direct effects to state Medicaid plans include coverage and payment determinations; medical review policies; plan structures; statistical reporting; actuarial projections; fraud and abuse monitoring; and quality measurements.**

Medicaid programs, for example, frequently implement health policy by flagging or restricting diagnostic codes or by restricting procedure codes to certain diagnosis codes — payment may be denied for emergency services for certain diagnoses that are not considered emergent. Medicaid also requires prior authorization for certain diagnosis codes; uses these codes to define whether a service qualifies for improved federal match, such as for family planning; and uses them to determine whether a service — such as mental health — is covered. Medicaid providers and health plans will purchase or upgrade computer hardware and software to handle the new ICD-10 codes, which are seven characters long rather than five for ICD-9-CM diagnoses and four for procedures and contain alphanumeric variables. In addition, there will be costs to train coders and program administrative and systems staff, and possible reductions in productivity while coders and other users become familiar with the updated ICD-10 codes.

### **Q: Is financial support available for states to make the transition to ICD-10?**

**A:** The federal government is paying 90 percent of the costs associated with implementing enhancements to state Medicaid Management Information Systems (MMIS). **States must submit advance planning documents (APDs) to their regional representatives to determine activities that are eligible for the 90 percent federal financial participation (FFP), and to be approved for funding if appropriate conditions are met. The 90 percent match is available for system and coding changes made within the MMIS.**

Other non-systems-related activities conducted by the Medicaid agency in preparation for ICD-10 may be eligible for 75 percent and 50 percent funding matches, such as training and education, depending on the activity as described in their APDs. Training costs for staff directly engaged in MMIS operation are matched at 75 percent FFP. Training costs for other staff — including the state project management team assigned for design, development and implementation (DDI) of ICD-10 code sets and work related to Medicaid policy and procedures — are matched at 50 percent.

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Program management costs are not reimbursable at enhanced FFP rates unless they are directly related to claims processing or information retrieval.

**Q: What are the anticipated total costs for the MMIS remediation?**

**A:** The U.S. Department of Health and Human Services estimates that the total cost associated with upgrading state Medicaid Management Information Systems (MMIS) to be between \$200 million and \$400 million; the average outlay for states is estimated to be around \$6 million. Total costs to the health care system—training, productivity losses and systems changes—are estimated to be between \$400 million to \$1.1 billion, according to the Rand Corporation. Rand projects that the overall savings to the health care system far outweigh the costs associated with making the transition to the new data set.

**Q: Is technical assistance available to help states implement the ICD-10 coding system?**

**A:** To facilitate state effective implementation of ICD-10, CMS has developed an ICD-10 training package for state Medicaid agencies. Twelve (12) training segments address federal requirements and other aspects of ICD-10 implementation. The training segments include:

- What Is ICD-10?
- Regulatory Requirements
- Benefits of Using ICD-10
- Further Movement Along the MITA Roadmap – Use of Clinical Data and Interoperability
- Effective Implementation of ICD-10
- Potential Programmatic and Technical Problems
- Impact on MITA Business Processes
- Forming the Implementation Team
- The Implementation Team that Gets It Right
- Where Are You In This Process and Timeline?
- Partner and Vendor Considerations
- Post Compliance Date Actions and Education and Training Processes

**To download CMS training segments, visit:**

[www.cms.gov/MedicaidInfoTechArch/07\\_ICD-10TrainingSegments.asp](http://www.cms.gov/MedicaidInfoTechArch/07_ICD-10TrainingSegments.asp)

An ICD-10 Medicaid page is also located at the CMS ICD-10 website, [www.cms.gov/ICD10](http://www.cms.gov/ICD10). This website includes not only CMS information and resources on the ICD-10 transition for payers, providers and vendors, but also links to CMS-sponsored outreach and education calls and external partner websites.

**Q: How can states prepare for the transition to the ICD-10 code sets?**

**A:** States can prepare for the transition to ICD-10 by:

- Assessing state budgetary demands
- Completing and submitting to CMS an APD for ICD-10 project funding
- Building organizational awareness and commitment
- Identifying key stakeholders (Medicaid, state employees health insurance programs)
- Evaluating interfaces where codes are exchanged
- Identifying all systems that use or hold diagnosis codes
- Identifying all processes and policies that use diagnosis codes

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- Identifying all contractors that rely on diagnosis codes
- Determining and encouraging provider readiness
- Networking with other states for best practices and to leverage work already completed
- Identifying issues affected in claims processing
- Prioritizing remediation efforts

**Q: Did GA complete an MMIS ICD-10 Readiness Survey Assessment?**

**A:** Yes, GA did complete an ICD-10 Readiness Survey Assessment in April 2010. The survey is also updated periodically to reflect recent progress.

**Q: Will training be required for this implementation?**

**A:** Yes, depending upon the functional area position or role, the ICD-10 level of training/education will vary from informational to intensive training.

**Q: Where can states obtain additional information?**

**A:** CMS ICD-10 / 5010 Links

- [The ICD-10 final rule is available at edocket.access.gpo.gov/2009/pdf/E9-743.pdf](http://edocket.access.gpo.gov/2009/pdf/E9-743.pdf)
- [Centers for Disease Control and Prevention \(CDC\) ICD-10-CM \(USA - modification\)](#)
- [Centers for Medicare & Medicaid Services \(CMS\) ICD-10 Overview](#)
- [CMS Transaction and Code Sets Overview](#)
- [ICD-10 and 5010 Regulations](#)
- [CMS ICD-10 Implementation Planning](#)
- [World Health Organization \(WHO\) ICD Page](#)
- [CMS ICD 10 Vendor Conference Executive Summary](#)
- [CMS ICD 10 Vendor Conference Video](#)