Frequently Asked Questions about ICD-10

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, 2014.

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 information technology 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 World Health Organization (WHO) publishes the International Classification of Diseases (ICD) code set, which defines diseases, signs, symptoms, abnormal findings, complaints, social circumstances and external causes of injury or disease.

The International Classification of Diseases 10th Edition (ICD-10) 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.

The ICD-10-PCS 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.

- The Transition to ICD-10 is not optional.
- Will you be ready by the October 1, 2014, compliance date?

The ICD-10 is copyrighted by the WHO. A U.S. adaptation of the code set was authorized by the WHO to the National Center for Health Statistics (NCHS) as part of the Centers for Disease Control and Prevention (CDC), the federal agency responsible for the United States' use of ICD-10. NCHS developed ICD-10-CM, a clinical modification of the classification for morbidity reporting purposes, to replace ICD-9-CM codes, Volumes 1 and 2.

Q: What code set does ICD-10-CM define?
A: ICD-10-CM (Clinical Modification - diagnoses) defines the code sets used to report inpatient and outpatient *diagnoses*.

Q: What code set does ICD-10-PCS define?
A: ICD-10-PCS (Procedure Coding System - inpatient procedures) defines the code sets used to report inpatient hospital *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.**

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 offices, 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 diagnoses and procedures 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 that 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, with approximately 68,000 CM Codes and 72,000 PCS Codes, 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: Is transitioning to ICD-10 an option?
A: No. All HIPAA-covered entities are federally mandated to make the transition by October 1, 2014.

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 October 1, 2014. **Claims for services provided on or after October 1, 2014, must use updated ICD-10 codes or they may be ineligible for reimbursement (claims submitted for services provided before October 1, 2014, must use the ICD-9 codes, even if they are submitted after the October 1, 2014, deadline).** *(Continued on next page)*

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

Q: What is the key benefit of this mandated transition?

A: ICD-10 is vital to the transformation of our nation's health care system. As medical science evolves, so will ICD-10. Its robust coding infrastructure contains valuable information to help providers increase case management and care coordination effectiveness.

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 1, 2014, deadline. Covered entities include 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 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 may also reduce the rate of denials, rejected or pended payments.

Also affected by the ICD-10 code set update are those allied to health care, including 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 and their business associates."

These include:

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.

Payers: 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.

Vendors: A public or private entity that transforms health care transactions from one form to another. This includes clearinghouses, billing and practice-management providers, hardware and software vendors and others, such as health care administrative and oversight agencies and health care research institutions.

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. *(Continued on next page)*

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. 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 DCH planning to test ICD-10 Codes with providers and others prior to the October 1, 2014, compliance date?

A: Yes. DCH will begin testing with Trading Partners in 4th Quarter, 2013, and with Providers in 1st Quarter, 2014.

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.

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 (HHS) estimates the total cost associated with upgrading a state's Medicaid Management Information Systems (MMIS) to be between $200 million and $400 million; the average outlay for a state 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 the states' 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. *(Continued on next page)*

To download CMS training segments, visit:
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. 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
- 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 Georgia complete an MMIS ICD-10 Readiness Survey Assessment?
A: Yes. Georgia originally completed 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
- 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 *(Continued on next page)*

- CMS ICD 10 Vendor Conference Executive Summary
- CMS ICD 10 Vendor Conference Video

For more information about ICD-10, please visit the DCH website: www.dch.georgia.gov/icd-10.