

# ***ICD-10 Update***

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January 21, 2010  
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# How We Got Here

- ICD-9 is a standard medical code set used by all physicians, hospitals and other healthcare entities to identify medical diagnoses for purposes of claims reimbursement and quality data reporting.
- In 1979, the US developed its own version of ICD-9 (ICD-9-CM) that expanded the number of diagnosis codes and added procedure codes for hospitals.
- In 2000, ICD-9-CM was adopted under HIPAA as a code set for diagnoses and inpatient hospital procedures, and is now required for use by all covered health care entities on HIPAA transactions.

# Why Move to ICD-10-CM and ICD-10-PCS Now?

## ICD-9-CM code set is outdated:

- 30 years old
- ICD-9-CM codes cannot reflect current medical technologies
- Many code chapters are full, resulting in code placement in non-related chapters
- Current codes are often not descriptive enough

## ICD-10-CM and ICD-10-PCS address these shortcomings:

- More codes, great specificity
- Greater flexibility to add new codes
- Reflects current use of medical technology

# Benefits of Conversion to ICD-10-CM and ICD-10-PCS

- Greater capacity/flexibility to add new codes now and in the future
- Reflects current medical technology/procedures
- Descriptive, robust categories for precise coding; streamlined reimbursement processes, and richer quality data for analysis
- Maximizes the value of clinical data and the benefits of an interoperable EHR system
- Capacity to support E-health initiatives now and in the future

# Impact of Conversion

## Training

- Need to identify appropriate staff and specific training needs and resources (e.g., billers, coders, code users, IT staff, claims processors, case managers, providers, etc.)

## Productivity Losses

- Short-term losses due to need for staff training; initial longer time for coders to become familiar with more robust code sets; potential for initial improperly coded and/or returned claims.

## System Changes

- Providers, payers, software vendors and government agencies
- Covered entities must evaluate all of their business operations and consider making revisions to payment mechanisms (e.g., DRGs), coverage policies and contracts

# CMS' Dual Role in ICD-10/5010 Implementation

## Internal

- As HIPAA covered entity, CMS must ensure that its business processes, systems, policies and those of its contractors, providers, health plans, etc. are compliant with HIPAA
- Ensure that state Medicaid programs, as covered entities, are compliant with HIPAA
- Maintain and update the ICD-9 procedure codes, will do the same for ICD-10 (CDC is responsible for diagnosis codes.)

# CMS' Dual Role in ICD-10/5010 Implementation

## External

- Establish and maintain liaison with all external industry segments
- Share “lessons learned” to inform industry efforts to achieve ICD-10/5010 compliance by respective deadlines
- Raise awareness, extend collaboration to achieve industry-wide compliance
- Provide audience appropriate educational materials/resources

# CMS Impact Analysis Findings

# Impact Analysis Components

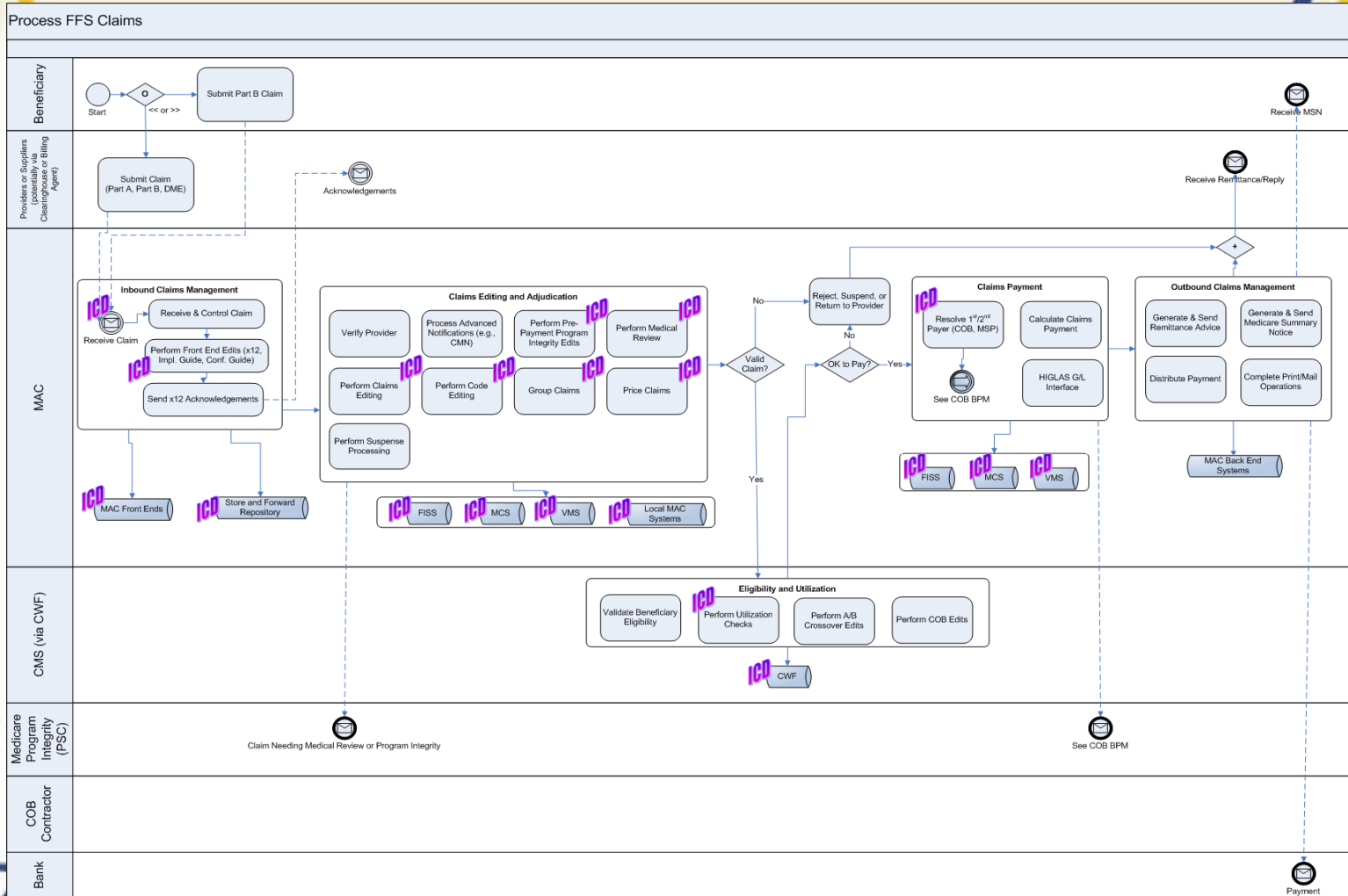
- Business Process Models
- System Interaction Diagrams
- Risk Assessment
- Work Effort Assessment
- Opportunity Assessment

# CMS Impact Analysis Findings

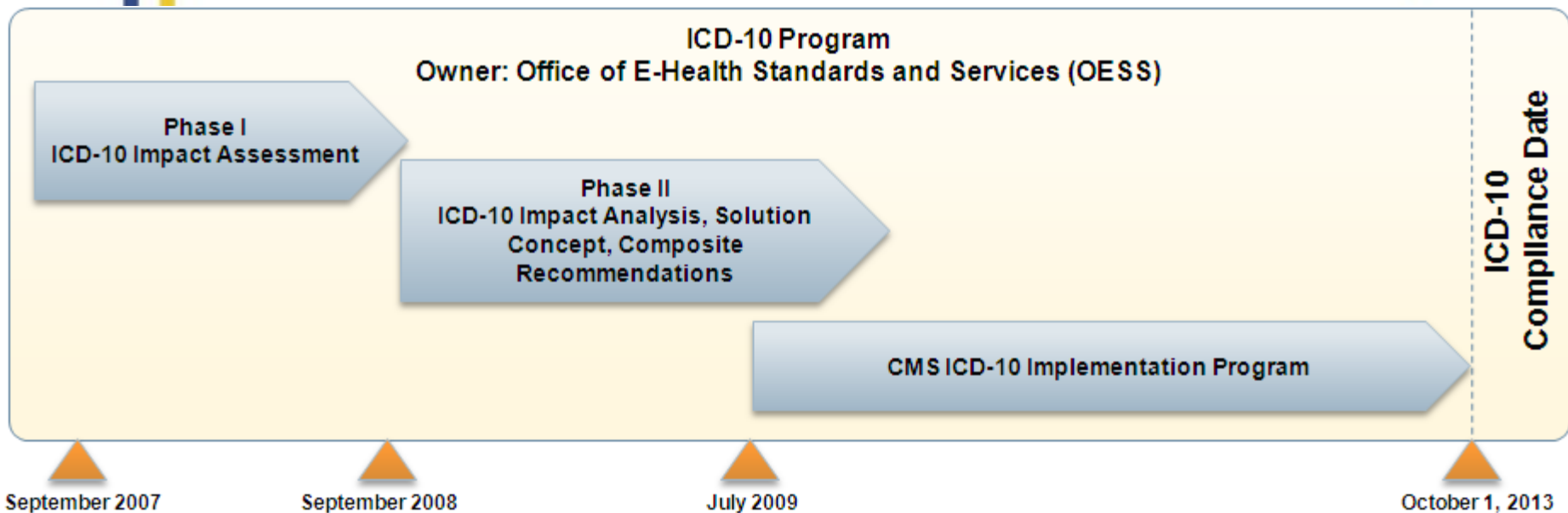
Business Areas	Associated Functional Areas
<b>Medicare FFS Claims</b> <i>Very High Impact</i>	<ul style="list-style-type: none"> <li>▪ Payment Policy</li> <li>▪ NCD/LCD</li> <li>▪ FFS Claims Processing                             <ul style="list-style-type: none"> <li>▪ Including MAC operations (e.g., provider call centers)</li> </ul> </li> <li>▪ MSP and COB</li> <li>▪ Manage Claim Repositories</li> <li>▪ Provider Cost Reporting</li> <li>▪ Appeals</li> </ul>
<b>Risk Adjustment</b> <i>Very High Impact</i>	<ul style="list-style-type: none"> <li>▪ Risk Adjustment</li> </ul>
<b>Quality</b> <i>High Impact</i>	<ul style="list-style-type: none"> <li>▪ Quality Assessment Tools</li> <li>▪ Quality Measures and Payment Initiatives</li> <li>▪ Quality Improvement Activities and ESRD Networks</li> <li>▪ CAHPS and HEDIS</li> </ul>
<b>Medicare Integrity</b> <i>High Impact</i>	<ul style="list-style-type: none"> <li>▪ Medicare Integrity including Medical Review, PERM, CERT and Benefit Integrity (RAC, PSC, Medi-Medi, etc).</li> </ul>
<b>Research, Evaluations, and Demonstrations</b> <i>Moderate Impact</i>	<ul style="list-style-type: none"> <li>▪ Research, Demonstrations, and Evaluation</li> </ul>
<b>Medicaid</b> <i>Moderate Impact</i>	<ul style="list-style-type: none"> <li>▪ Medicaid Operations * Impact to State not included in this scope of work.</li> <li>▪ Medicaid Integrity</li> <li>▪ Medicaid Policy</li> </ul>
<b>1-800-MEDICARE Call Center</b> <i>Low Impact</i>	<ul style="list-style-type: none"> <li>▪ Call Center Inquiry</li> </ul>



# Claims Processing Business Process Model



# CMS ICD-10 Program Timeline



# ***CMS ICD-10 Program Management***

# CMS ICD-10 Implementation Program Management

- **Office of E-Health Standards and Services (OESS)**
  - Houses the Program Management Office (PMO) for ICD-10 CMS implementation, in partnership with other Centers/Offices
  - Convenes ICD-10 Steering Committee to address cross-cutting issues
  - Responsible for overseeing agency's ICD-10 coordinated budget across components
- **ICD-10 Program Management Office (PMO)**

Develop a comprehensive ICD-10 project plan, with inclusion of pertinent 5010 milestones

  - Develop and direct ICD-10 implementation plan and reporting activities
  - Assist CMS components with ICD-10 project plans and schedules
  - Roll up project plans into master plan and schedule
  - Formulation and management of CMS ICD-10 budget
  - Conduct external ICD-10 outreach and education
  - Monitor industry ICD-10 compliance
  - Ensure coordination between ICD-10 and 5010 implementation<sup>4</sup> projects

# CMS ICD-10 Implementation

## Key Outreach Activities

### Industry Awareness, Outreach and Education

- Goal: To ensure that every affected entity successfully transitions to Version 5010 and ICD-10 by deadlines
  - Objectives:
    - Create national awareness; targeted educational products; leverage existing partnerships; monitor and assess outreach results.
    - OESS contractor (Ketchum) will develop and implement a communication plan for ICD-10 and 5010
    - Focus on small, hard-to-reach and rural providers
    - Build upon existing CMS resources and materials to ensure accuracy and consistency
    - Outreach to Medicare FFS providers/contractors and States will continue to be conducted by the appropriate CMS component
    - Identify “non-traditional” external industry partners (for example, worker’s compensation programs, actuaries, life insurance companies, etc.)

# CMS ICD-10 Implementation

## Key Outreach Findings

### Ketchum informational interviews designed to assess:

- Familiarity with ICD-10/V. 5010
- Response to transition
- Messages, logos and tag lines
- Preferred ways of getting information
- **12 Focus groups**
  - Physicians, medical practice managers, other local providers
  - Baltimore, Birmingham, Chicago, Sacramento
- **45 In-Depth interviews**
  - Vendors (software developers, billing services)
  - Payers (HMOs, insurance companies, state BCBS)
  - Large providers (pharmacy chains, hospital and health care systems)

# CMS ICD-10 Implementation

## Key Outreach Findings

- Knowledge of ICD-10 is **low in small organizations**
  - Understanding of V.5010 is **extremely low**
- Knowledge is **noticeably higher among larger** provider, payer and vendor organizations
  - Many **have already begun to plan** for the transition

# CMS ICD-10 Implementation

## Key Outreach Findings

- **Small HCPs are taking a “wait-and-see” attitude**
  - “We haven’t been told about this, and we’ll react when we hear about it”
- They **expect CMS, vendors, large providers and payers** to inform them about the transition and what to do

# CMS ICD-10 Implementation

## Key Outreach Findings

### Audiences want to know:

1. Key dates
2. What they need to do
3. Where they can find information
4. That information is coming from CMS as a trusted source

# CMS ICD-10 Implementation

## Key Monitoring Activities

### Industry Compliance Monitoring

- Previous HIPAA experience demonstrated need to have compliance monitoring that is specific and consistent to gauge accurate picture of industry readiness and flag problems early on.
- OESS contractor (Gartner) has established a baseline to monitor national health care industry segment readiness and work with CMS components to obtain readiness data for Medicare FFS, health plans, etc.

# Industry Readiness Monitoring

## Gartner Environmental Scan Objectives

- Establish a repeatable process and a framework to perform periodic environmental scan
- Develop detailed project plan for environmental scan
- Conduct first environmental scan to assess progress of industry planning and implementation activities

# Industry Readiness Monitoring

## Gartner Levels of Compliance and Readiness

- Level I: Orientation and Project Organization
- Level II: Assessment/Gap Analysis
- Level III: Analysis and Planning
- Level IV: Tools Installation/Applications Development
- Level V: Regulatory Compliance Testing
- Level VI: Production System Rollout

# Industry Readiness Monitoring

- **Gartner segmented the market**

- Gartner selected participants from major Healthcare segments and used interviews and primary research, to measure and monitoring progress for the sample within each segment and developing a clear understanding of their plans and challenges
- These included providers (large, medium and small/rural hospitals)
- Physicians (large, medium and small practices),
- Dentists
- Pharmacies (chain and independent)
- Payers (including private plans) and pharmacy benefit managers
- Integrated Delivery Networks, Clearinghouses and vendors

# Industry Monitoring Findings

- **HIPPA Modifications is one among many competing priorities for the healthcare industry.**
- **The Health Plan community is making progress on Version 5010, but efforts are still focused internally, and not being shared with trading partners.**
- **Many organizations have achieved high to medium compliance through Level IV (tools installation/applications development) on Version 5010, D.0 and 3.0**

*“HIPAA 5010 is primarily a version control exercise and will have minimal business impact.”*

*“Lack of control over trading partner compliance is considered the biggest compliance barrier.”*

*“We are dependent on vendors to comply with ICD-10 , but they did not publish their product roadmaps and or dates for compliance.”*

# Industry Readiness Findings

## Provider Community is currently less prepared for Version 5010

“We are dependent on vendors to provide the software.”

“Small to Medium providers are not actively preparing for HIPAA 5010.”

“Rural physicians do not have the IT/business staff to support HIPAA Modifications.”

# Industry Readiness Findings

**Lack of testing with trading partners,  
readiness of business partners to accept or  
send transactions is top barrier to success**

**Feedback indicates next top three barriers in  
order are**

Costs of remediation

Timing of current deadlines

Current economy

# Tools and Resources

- ICD-9 and ICD-10 codes are quite different
- Tools are needed to convert large data bases
- General Equivalence Mappings (GEMs)
  - Designed to aid in converting applications and systems from ICD-9 to ICD-10
  - Bi-directional mappings
  - “Find and replace” codes or lists of codes
- For small projects – quicker and easier to simply use ICD-10-CM/PCS code books
- Still need to learn to code with ICD-10
- GEMs are not a substitute for learning to use ICD-10-CM/PCS

# Tools and Resources

- CMS illustrated use of GEMs by developing ICD-10 version of MS-DRGs
- Began with digestive MS-DRGs
  - Presented at September 24, 2008 C&M meeting
- Completed all MS-DRGs
  - Presented at September 16, 2009 C&M meeting
- C&M website  
[http://www.cms.hhs.gov/ICD9ProviderDiagnosticCodes/03\\_meetings.asp](http://www.cms.hhs.gov/ICD9ProviderDiagnosticCodes/03_meetings.asp)

# Tools and Resources

- “Converting MS-DRGs 26.0 to ICD-10-CM and ICD-10-PCS”
- [http://www.cms.hhs.gov/ICD10/09\\_ICD10\\_MS\\_DRG\\_Conversion\\_Project.asp](http://www.cms.hhs.gov/ICD10/09_ICD10_MS_DRG_Conversion_Project.asp)
- Explains ICD-10 MS-DRG conversion project
  - Why CMS undertook project
    - Exercise to test GEMs
    - Final MS-DRGs subject to formal rulemaking
  - Methodology & staff utilized
  - Lessons learned
  - Automation of some steps
  - Recommendations for others who undertake similar project

# Tools and Resources

- Reimbursement Mappings provide simpler conversion of codes for reimbursement purposes or for use in legacy systems
- Reimbursement mappings and user guides at [http://www.cms.hhs.gov/ICD10/01m\\_2009\\_ICD10PCS.asp](http://www.cms.hhs.gov/ICD10/01m_2009_ICD10PCS.asp)

# Tools and Resources

- ICD-10 General Information
  - Complete ICD-10-CM and PCS code sets including guidelines
  - General Equivalence Mappings (GEMs) between ICD-9-CM and ICD-10 (both ways)
  - User's Guide for GEMs
  - Abbreviated Reimbursement Mappings
  - <http://www.cms.hhs.gov/ICD10/>

# Tools and Resources

## Outreach and education

- CMS has collaboratively developed materials and conducted outreach conference calls with American Hospital Association (AHA), American Health Information Management Association (AHIMA), and Centers for Disease Control and Prevention (CDC) (Cooperating Parties)

[http://www.cms.hhs.gov/ICD10/05\\_Educational\\_Resources.asp](http://www.cms.hhs.gov/ICD10/05_Educational_Resources.asp)

[http://www.cms.hhs.gov/ICD10/07\\_Sponsored\\_Calls.asp](http://www.cms.hhs.gov/ICD10/07_Sponsored_Calls.asp)

# Summary

## **CMS is Making Progress...**

We have a head start on 5010

ICD-10 PMO provides the structure needed for CMS transition

Impact Analysis project has raised CMS awareness, planning activities

Final Recommendations will provide action blueprint

## **...But We Still Have Far to Go**

Need to consider necessary policy /procedural decisions to support our implementation

Need to raise ICD-10 awareness at basic provider level (small practices)

Need to engage vendors and clearinghouses

Need to reinforce compliance date message

Need to maximize industry resources

Need to keep ICD-10 on the radar screen in an environment where HITECH Act and health care reform are critical