

# Migrating to ICD-10-CM/PCS: Implications for Quality & Reimbursement

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# Agenda

- **Update on ICD-10 Final Rule**
- **Overview of the system changes**
- **Impact of coding system change**
- **Clinical Examples**
- **Conclusion**



# Update on ICD-10 Final Rule

# What are ICD-10 and the Version 5010?

The Centers for Medicare & Medicaid Services (CMS) is driving the industry to upgrade core HIPAA transactions (5010) as well as diagnosis and procedure coding standards (ICD-10)

What	Change	When
Version 5010	Upgrade of formats for transactions between payers and providers (837, 287, etc.)	<b>January 1, 2012</b>  CMS Compliance Date
ICD-10	Upgrade of diagnoses and procedures used on clinical transactions (claims, etc.)	<b>October 1, 2013</b>  CMS Compliance Date

# Compliance Timeline

<b>January 1, 2010</b>	<b>Payers and providers should begin internal testing of Version 5010 standards for electronic claims</b>
<b>December 31, 2010</b>	<b>Internal testing of Version 5010 must be complete to achieve Level I Version 5010 compliance</b>
<b>January 1, 2011</b>	<b>Payers and providers should begin external testing of Version 5010 for electronic claims CMS begins accepting Version 5010 claims Version 4010 claims continue to be accepted</b>
<b>December 31, 2011</b>	<b>External testing of Version 5010 must be complete to achieve Level II compliance</b>
<b>January 1, 2010</b>	<b>All electronic claims must use Version 5010 Version 4010 claims are no longer accepted</b>
<b>October 1, 2013</b>	<b>Claims for services provided on or after this date must use ICD-10 codes for medical diagnoses and inpatient procedures</b>

# HIPAA Electronic Transaction Standards – Final Regulation

- Version 4010/4010A cannot accommodate ICD-10-CM/PCS
- Version 5010 must be implemented before ICD-10-CM/PCS and anticipates the use of ICD-10-CM/PCS
- Facilitates “Present on Admission” (POA) reporting by allowing the POA indicator to be associated with each individual diagnosis code

# ICD-10-CM/PCS Final Regulation

- **Final Rule published in the *Federal Register* on January 16, 2009**
  - **Compliance date of October 1, 2013**
  - **The ICD-9-CM Coordination and Maintenance Committee (to be re-named the “ICD-10 Coordination and Maintenance Committee”) is the public forum that will be used to discuss updates to the ICD-10 code sets**

# ICD-10-CM/PCS Final Regulation

- **ICD-9-CM diagnosis code set will be replaced with ICD-10-CM (including the official coding guidelines) for coding:**
  - Diseases
  - Injuries
  - Impairments
  - Other health problems and their manifestations
  - Causes of injury, disease, impairment or other problems
- **ICD-10-CM will be used in all healthcare settings**

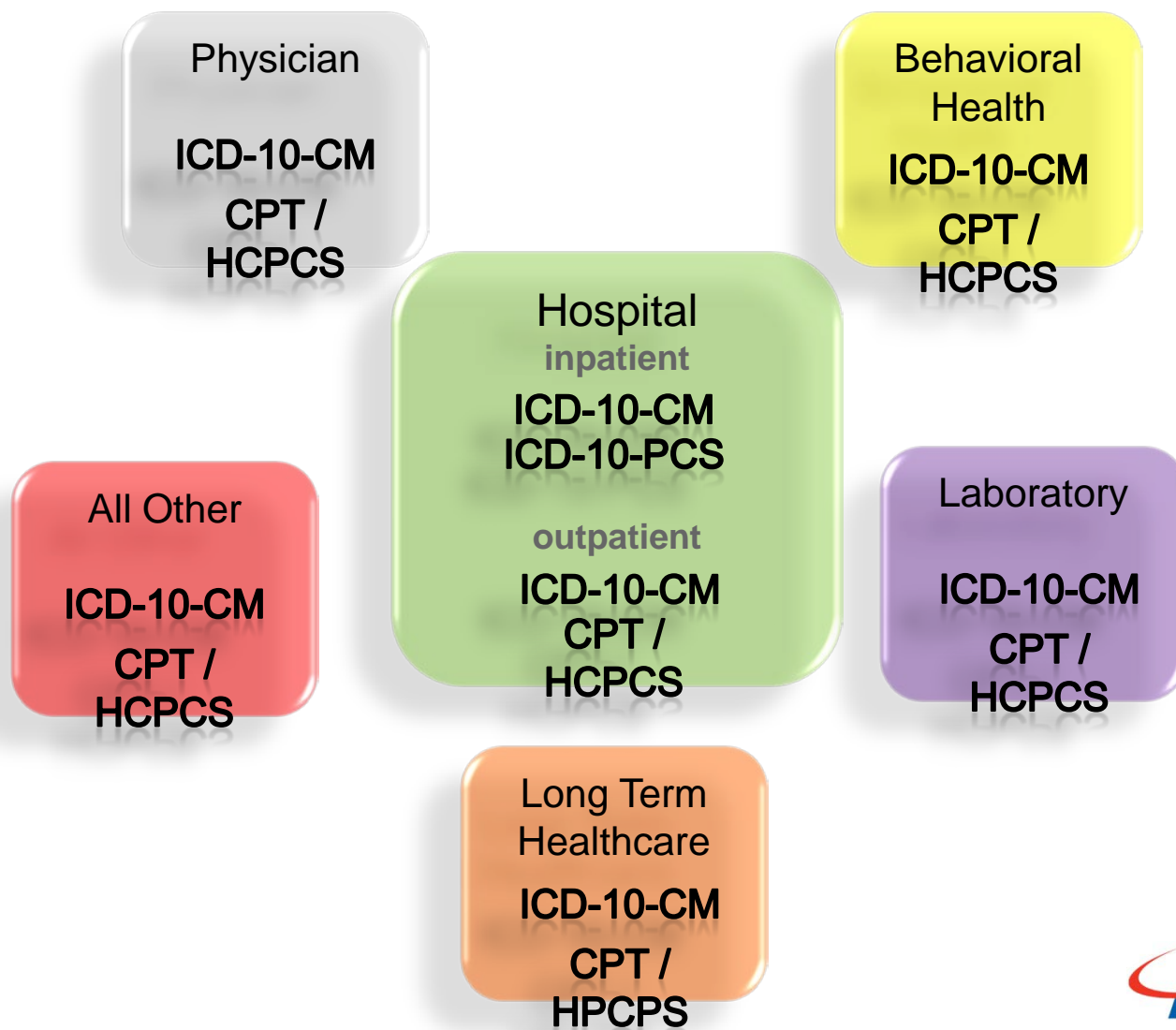
# ICD-10-CM/PCS Final Regulation

- **ICD-9-CM procedure code set will be replaced with ICD-10-PCS (including the official coding guidelines) for coding:**
  - Procedures or other actions taken for diseases, injuries and impairments on hospital inpatients reported by hospitals regarding prevention, diagnosis, treatment and management
- **ICD-10-PCS will be used for facility reporting of hospital inpatient services**

# No Impact on Use of CPT® and HCPCS Level II Codes

- **CPT® and HCPCS Level II will continue to be used for:**
  - Reporting physician and other professional services
  - Procedures performed in hospital outpatient departments and other outpatient facilities

# ICD-10-CM/PCS Final Regulation



# Overview of the System Changes

# What are ICD-10-CM and ICD-10-PCS?

- ICD-10-CM
  - US clinical modification of the World Health Organization's ICD-10
  - Diagnostic coding system (no procedure codes)
- ICD-10-PCS
  - Developed under contract by CMS specifically to replace the ICD-9-CM procedural coding system

# ICD-10-CM/PCS

## Significant Improvements

- Enhanced system flexibility
- Better reflection of current medical terminology
- Expanded detail relevant to ambulatory and managed care encounters
- Incorporation of recommended revisions to ICD-9-CM that could not be accommodated
- HIPAA criteria for code set standards and NCVHS criteria for procedural coding system are met

# Challenges of converting a more precise system

- 2010 **ICD-9-CM** codes
  - 14,315 diagnosis codes
  - 3,824 procedure codes
- 2010 **ICD-10** codes
  - 69,099 ICD-10-CM diagnosis codes
  - 71,957 ICD-10-PCS procedure codes

# What Are The Current Uses Of Coded Data?

- The healthcare industry's current dependence on coded data makes a smooth transition to ICD-10-CM/PCS critical
  - Payment system design
  - Code based reimbursement methodologies
  - Clinical decision making
  - Measurement of quality, safety (medical error), and efficacy of care
  - Health policy
  - Design and planning of healthcare delivery systems

# What Are The Current Uses Of Coded Data?

- Research, epidemiological studies and clinical trials
- Measuring and monitoring resource utilization
- Improving clinical, financial and administrative performance
- Identifying fraudulent or abusive practices
- Managing care and disease processes
- Tracking public health issues and risk
- Providing data to consumers regarding costs and outcomes of care
- Accreditation (e.g., TJC and NCQA)

# Major changes from ICD-9 to ICD-10

- Not just the usual annual update
- ICD-10 markedly different from ICD-9
- **Requires changes to almost all clinical and administrative systems**
- **Requires changes to business processes**
- Changes to reimbursement and coverage
- Will enable significant improvements in care management, public health reporting, research, and quality measurement

# Diagnosis Code Comparisons

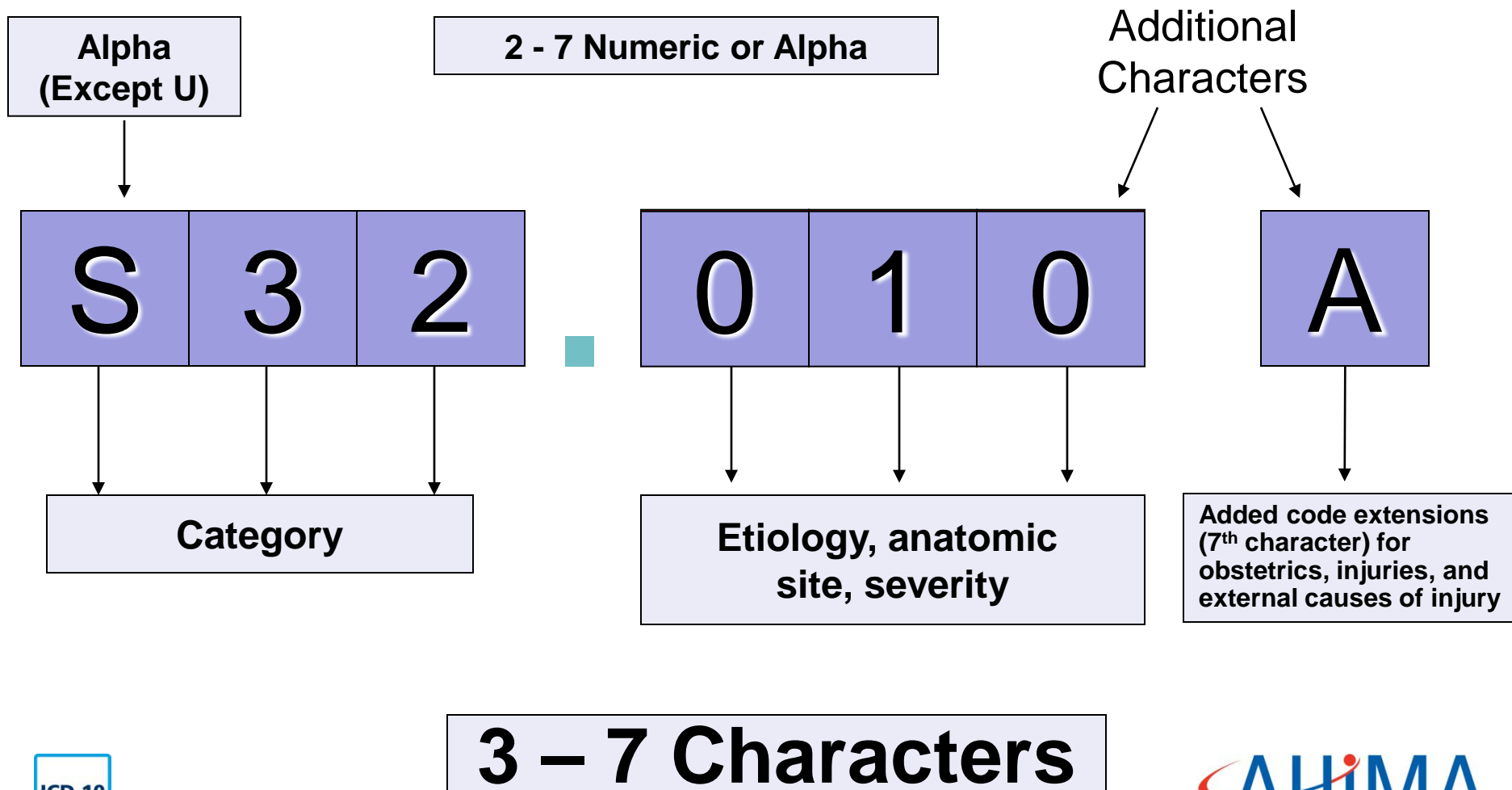
## ICD-9-CM

- 3 Characters – 486
- 4 Characters – 428.0
- 5 Characters – 427.31

## ICD-10-CM

- 3 Characters – C37
- 4 Characters – A18.4
- 5 Characters – B58.81
- 6 Characters – I69.042
- 7 Characters – S35.411A

# ICD-10-CM Structure – Format



# How Does ICD-10-CM Differ From ICD-9-CM?

- Alphanumeric (alpha characters are not case-sensitive)
- Some chapters restructured
- Certain diseases reclassified to reflect current medical knowledge
- New features added
- Specificity and detail significantly expanded

# ICD-10-CM New Features



- Combination codes for conditions and common symptoms or manifestations
- Combination codes for poisonings and external causes
- Added laterality
- Expanded codes (injury, diabetes, alcohol/substance abuse, postoperative complications)
- Injuries grouped by anatomical site rather than injury category

# ICD-10-PCS – Structure

## ICD-9-CM

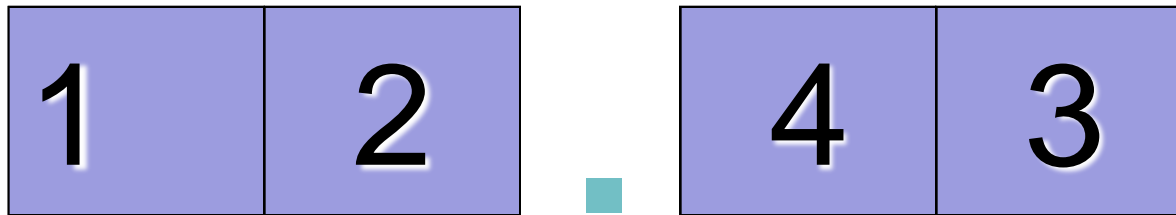
- ICD-9-CM has 3-4 characters
- All characters are numeric
- All codes have at least 3 characters

## ICD-10-PCS

- ICD-10-PCS has 7 characters
- Each can be either alpha or numeric
- Numbers 0-9; letters A-H, J-N, P-Z
- Alpha characters are not case-sensitive
- Each code **must** have 7 characters

# ICD-10-PCS - Structure

## ICD-9-CM



## ICD-10-PCS



# Impact of Coding System Change

# Impact of Coding System Change

Electronic Health Record

Computer-assisted coding

Skilled coder

Standard terminologies



Measuring quality & safety

Payment systems

Processing claims

Research

Policy

Resource utilization

Improving performance

Others

Detailed Clinical Documentation

# Impact – Inpatient Hospitals

- **Required to use ICD-10-CM and ICD-10-PCS**
- **Potentially have the most system changes**
- **Advantage in added detail:**
  - to identify severity
  - reduced billing paperwork
- **Will NOT experience an immediate change to CMS payment systems**

# Impact

- Increased detail in ICD-10 will allow improved coding specificity
  - YET – depends on:
    - Coders . . . Having a greater knowledge of anatomy & physiology that currently needed to code in ICD-9-CM
    - Increased quality of medical documentation

# Impact

- While detailed medical record documentation would result in higher coding specificity and higher data quality . .
  - Non-specific codes are still available when detailed documentation is unavailable

# Impact – Inpatient Coders

- The final rule implementing ICD-10-CM/PCS identifies the need for 50 hours of training for inpatient coders to learn the ICD-10-CM/PCS systems
- These 50 hours presumes that coding professionals already possess the required knowledge in:
  - Biomedical sciences (A&P, pathophysiology, pharmacology, and medical terminology) that will be needed to correctly apply ICD-10 codes

# Impact – Inpatient Coders

- The challenge for inpatient coders is to:
  - Ensure they have sufficient foundational knowledge of the biomedical sciences
  - Learn how to correctly apply both ICD-10-CM and ICD-10-PCS codes
  - Understand how to use the general equivalence maps (GEMS) between ICD-9-CM and ICD-10

# Impact – Inpatient Coders

Training leading up to October 1, 2013

- Now through 2011 the focus is on the foundational knowledge of the biomedical sciences and understanding the differences between ICD-9-CM and ICD-10-CM/PCS
- Late 2011 through 2012, the focus is in a more in-depth understanding of the fundamentals of ICD-10-CM/PCS
- Late 2012 through 2013, the focus is on becoming an expert in applying ICD-10-CM/PCS codes

# Impact – Coders

- **Productivity losses**

- 50% at first
- Improved productivity occurring in the long-term, due to increased specificity of codes

- **Coders leaving the field**

- Retiring
- Turning to other job alternatives

- **Quality issues**

- 6 month learning curve
- More audits needed
- Ultimately expect that coding errors will decrease to a level below ICD-9-CM

# Impact – Coders

- Prepare for loss of productivity by:
  - Eliminating coding backlogs prior to implementation
  - Use outsource personnel for coding to assist with workload during initial implementation period
  - Prioritize medical records to be coded
  - Provide additional training to improve confidence levels and minimize slow downs
  - Continue to work on efforts to improve clarity of medical record documentation
  - Use electronic tools to support the code assignment process

# Impact – Documentation Improvement

- Conduct a gap analysis of health record documentation
- Evaluate random samples of various types of records to determine adequacy of documentation
- Prioritize a list of diagnoses/procedures requiring more granularity of documentation
- Identify target segments of medical staff for focused education
- Medical staff needs to be aware that the documentation requirements for ICD-10 are greater than that under ICD-9

# Complete and Accurate Documentation

## Example: Angioplasty

ICD-9-CM Angioplasty – 39.50

ICD-10-PCS – Angioplasty Codes – 854  
choices

Specifying body part, approach, and device

Examples: Right Femoral Angioplasty

047K04Z Dilation of right femoral artery,  
open with drug-eluting  
intraluminal device

047K0DZ Dilation of right femoral artery,  
open with intraluminal device

047K34Z Dilation of right femoral artery,  
percutaneous, with drug-eluting  
intraluminal device

047K3DZ Dilation of right femoral artery,  
percutaneous with intraluminal  
device



➤ **Angioplasty documentation will need to include:**

- Body part
- Approach
- Device (and if drug eluting)

➤ Is the clinical documentation lacking the necessary information?

- This may be an area that requires medical staff education
- Documentation may already be present in the health record

# Complete and Accurate Documentation

## Example: Debridement for Pressure Ulcer

ICD-9-CM – Pressure Ulcer codes

9 location codes (707.00-707.09)

Show broad location, but not depth (stage)

ICD-10-CM Pressure Ulcer Codes

125 codes

Show more specific location as well as depth

L89.131 Pressure ulcer of right lower back,  
stage I

L89.132 Pressure ulcer of right lower back,  
stage II

L89.143 Pressure ulcer of left lower back,  
stage III

L89.149 Pressure ulcer of left lower back,  
unspecified stage

L89.152 Pressure ulcer of sacral region,  
stage II

ICD-10-PCS concept - *per draft ICD-10-PCS Alphabetic Index*

➤ **Debridement** (excisional) is indexed “*See Excision*”

➤ **Debridement** (non-excisional) is indexed “*See Extraction*”

➤ **Excision** is defined as “Cutting out or off, without replacement, a portion of a body part”

➤ **Extraction** is defined as “Pulling or stripping out or off all or a portion of a body part by the use of force

**Documentation of these procedures will require more precise language to differentiate between excisional and non-excisional**

# Impact of Coding System Change

- Data trending challenges
  - Maintenance of crosswalks among coding systems for longitudinal data analysis
  - Potential for faulty decisions due to distorted, inaccurate, or misinterpreted data

# Impact – Other Healthcare Providers

- **Non-inpatient facilities including physician offices will only use ICD-10-CM, NOT ICD-10-PCS**
- **CPT<sup>®</sup> will continue to be used by Part B providers to describe procedures**

# Impact - Provider

## Documentation of diagnoses and procedures

- Codes must be supported by medical documentation
- ICD-10-CM/PCS codes are more specific
- Requires more documentation to support codes
- Possible 15% increase in documentation time
- Revenue impact of specificity
  - Denials
  - Additional documentation

# Impact - Provider

## Documentation

- Imprecise documentation can be captured in ICD-10 codes
- Work toward better documentation to:
  - Avoid misinterpretation by third parties (auditors, payers, attorneys, etc.)
  - Justify medical necessity
  - Provide a more accurate clinical picture of quality of care provided

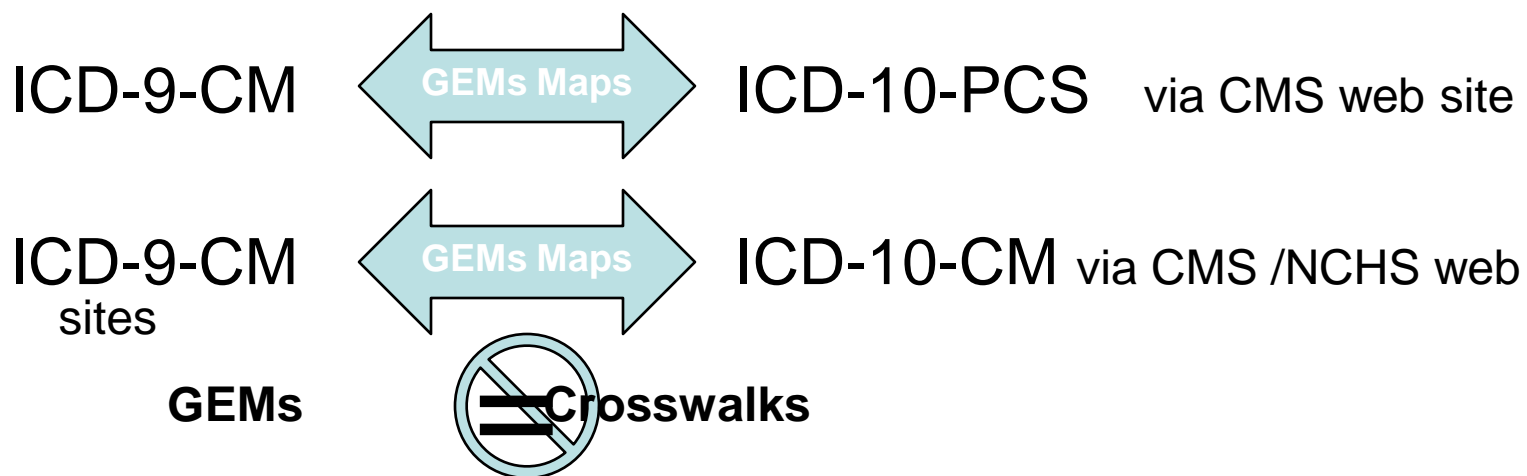
# Impact - Provider

## Coverage and Payment

- New coding system will mean new coverage policies, new medical review edits, new reimbursement schedules
- Changes will be made to accommodate increase specificity
- May need to discuss changes with patients
- Difficult to measure what the changes will mean to overall reimbursement

# Mapping between Old & New Systems

- General equivalence maps (GEMs) between ICD-9-CM and ICD-10-CM/PCS have been developed



# Mapping between Old & New Systems

- Reimbursement map added to CMS web site in 2009
  - Intended for use by payers
  - Temporary mechanism
  - Allows claims processing by legacy systems
- Maps should **NOT** be used for coding medical records

# Impact - Reimbursement

- The ICD-10 version of MS-DRGs posted on the CMS website replicates the ICD-9 version (subject to change between now and 2013)
  - The posted version of ICD-10 version of MS-DRGs is unlikely to cause a significant redistribution of payments across hospitals
  - Once sufficient data in ICD-10-CM/PCS becomes available, CMS will likely use the increased specificity to enhance MS-DRGs
  - If hospital are losing money in current MS-DRGs and lack higher specificity/documentation, they will continue to lose money under ICD-10-CM/PCS

# Impact - Reimbursement

- More accurate and fair reimbursement
- Better justification of medical necessity
- Fewer erroneous and rejected claims
- Reduced opportunities for fraud and improved fraud detection capabilities
- Increased sensitivity when making refinements in applications such as grouping and reimbursement methodologies

# Impact - Reimbursement

- Diagnoses/procedures will go to different DRGs based on the specificity of the codes, changes to the classification, and changes to the official coding guidelines
- Provides an opportunity to determine which types of procedures are the most cost-effective for specific conditions
- There should be less need for additional information to make payment decisions
  - Revenue impacts of specificity
- Denials vs. additional documentation

# Impact - Scope of Implementation

- 5010/ICD-10 implementation is potentially so invasive that it could touch nearly all payer processes and the entire provider revenue cycle
- It is crucial to develop a strategic and tactical plan

# Who will be impacted by the transition to ICD-10?

- Hospitals
- Physician Practices
- Alternate Site Providers
- Payers
- Employers
- Clearinghouses
- Research
- Vendors
- Consumers

# ICD-10 Implementation Plan

## AHIMA's ICD-10 Preparation

Year	2009/ 2010	2011	2012	2013
Phase I	<b>Impact Assessment</b>			
Phase II		<b>Preparing for Implementation</b>		
Phase III				<b>Go Live Preparation</b>
Phase IV				<b>Post – Implementation</b>

Checklist: <http://www.ahima.org/icd10/ICD-10PreparationChecklist.mht>

# Sample Yearly Implementation Project Schedule

## 2010

- Complete Impact Assessment
- Gap Analysis
- Organizational Strategy
- Risk Assessment
- Project Budget Estimate
- Project Schedule Estimate

## 2011

- Vendor Contracts
- Financial Plan
- System Update Schedule
- Begin Software Modifications
- Begin Process/Data Modifications

## 2012

- Train Project Team on System Changes
- Complete System Modifications
- Conduct System Testing
- Audit System and Process Results

## 2013

- Comprehensive Training
- Revise System and Processes
- Finalize Go-Live Schedule
- Finalize Budget
- Activate Go-Live Plan

## 2014 +

- Re-process claims
- Issue resolution
- Software maintenance
- Continued education

# Clinical Examples

**This elderly woman is receiving a blood transfusion for severe anemia due to her left breast carcinoma. What are the correct diagnosis codes?**

### **ICD-9-CM**

**285.22** (Anemia in Neoplastic Disease)

**174.9** (Malignant Neoplasm Female Breast)

**DRG – 812**

**Relative Weight: 0.7751**

### **ICD-10-CM**

**C50.912** (Malignant Neoplasm Left Female Breast)

**D63.0** (Anemia in Neoplastic Disease)

**DRG – 599**

**Relative Weight: 0.6102**

This patient is being seen for ongoing management of steroid-induced diabetes mellitus due to prolonged use of corticosteroids, which have been discontinued. The patient uses insulin to treat his diabetes.

### ICD-9-CM

**249.00** (Secondary Diabetes)  
**V58.67** (Long term use, insulin)  
**E932.0** (Adverse effect, steroids)

**DRG – 639**  
**Relative Weight: 0.5547**

### ICD-10-CM

**T38.0x5S** (Adverse effect, steroids)  
**E09.9** (Drug induced Diabetes)  
**Z79.4** (Long term use, insulin)

**DRG – 923**  
**Relative Weight: 0.7071**

**This patient has a gangrenous pressure ulcer of the right hip documented as stage III and a pressure ulcer of the sacrum documented as stage II**

### **ICD-9-CM**

**707.04** (Pressure Ulcer, hip)

**785.4** (Gangrene)

**707.03** (Pressure Ulcer, lower back)

**707.23** (Stage III)

**707.22** (Stage II)

**DRG – 593**

**Relative Weight: 1.0807**

### **ICD-10-CM**

**I96** (Gangrene, NEC)

**L89.213** (Pressure Ulcer, right hip, stage III)

**L89.152** (Pressure Ulcer, sacral region, stage II)

**DRG – 300**

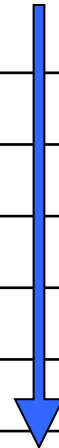
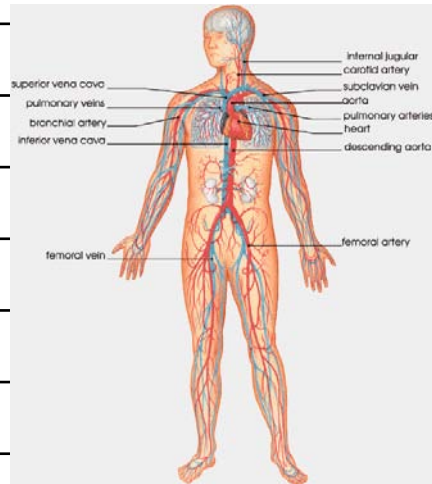
**Relative Weight: 0.9451**

# ICD-9-CM Suture of Artery: One code 39.31



# ICD-10-PCS Repair of Artery: 195 codes

Approach	Body Part
0-Open	Abdominal Aorta
3-Percutaneous	Common Carotid Artery
4-Percutaneous Endoscopic	Radial Artery
	...
	...
	...
	...
	...
	...
	<b>65 Different Arteries</b>



# ICD-10-PCS – Suture of Artery

Patient	ICD-9-CM Code	ICD-10-PCS Code
A patient lacerates the digital artery on the right index finger which requires suture repair	<b>39.31</b> Suture of Artery	<b>03QD0ZZ</b> Repair right hand artery, open approach
A patient is stabbed in the chest lacerating the thoracic aorta requiring an open chest procedure to suture the aorta	<b>39.31</b> Suture of Artery	<b>02QW0ZZ</b> Repair Thoracic Aorta, open approach

# Conclusion

# “Lessons Learned” from Other Countries

- Begin now – Don’t wait!
- Importance of planning and preparation
- Six-month learning curve
- Vendor readiness is extremely important
- Communication is critical
- Targeted significant ICD-9/ICD-10 comparability issues

# Bottom Line on Preparation

- Maintain coding productivity
- Maintain coding accuracy
- Reduce claims rejections and denials
- Maintain account receivables
- Proper claims payment
- Reduce risk of compliance issues
- Decisions based on improved data

# Strategic Planning and Opportunities

- Successful transition requires careful strategic planning and coordination of resources across the entire hospital
- Begin by examining every application where diagnoses/procedure codes are captured, stored, analyzed or reported
- Engage executive leadership
- Address challenges across a wide-range of functional areas
- Address implications to current and future information systems
- Review current workflow and medical documentation

# ICD-10 Myths and Facts

Myth

The October 1, 2013 compliance date for implementation should be considered flexible

Fact

All HIPAA covered entities **MUST** implement the new code sets with dates of service, or date of discharge for inpatients, that occur on or after October 1, 2013

# ICD-10 Myths and Facts

Myth

Implementation should be undertaken with the assumption that HHS will grant an extension beyond October 1, 2013

Fact

HHS has no plans to extend the compliance date; therefore covered entities should plan to complete the steps required to implement ICD-10-CM/PCS

# ICD-10 Myths and Facts

## Myth

Noncovered entities such as Worker's Comp and auto insurance companies may choose not to implement ICD-10-CM/PCS

## Fact

Because ICD-9-CM will no longer be maintained after ICD-10 implementation, it is in the noncovered entities' best interest to use the new coding system.

# ICD-10 Myths and Facts

Myth

State Medicaid Programs will not be required to update their systems in order to utilize ICD-10-CM/PCS codes

Fact

HIPAA requires the development of one official list of national medical code sets. CSM will work with State Medicaid Programs to ensure on-time implementation of ICD-10-CM/PCS

# ICD-10 Myths and Facts

Myth

The increased number of codes in ICD-10-CM/PCS will make the new coding system impossible to use

Fact

Just as an increase in the number of words in a dictionary doesn't make it more difficult to use, the greater number of ICD-10 codes does not necessarily make it more complex to use

# ICD-10 Myths and Facts

Additional 'Myths and Facts' can be found on the CMS ICD-10 site:

<http://www.cms.gov/ICD10/Downloads/ICD-10MythsandFacts.pdf>

# Resource/Reference List



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**PREPARATION IS THE KEY TO SUCCESS.**  
Plan now for what's next.

**CMS Publishes Final ICD-10-CM and ICD-10-PCS Rule**  
The Centers for Medicare & Medicaid Services has released a final rule for replacing the 30-year-old ICD-9-CM code set with ICD-10-CM and ICD-10-PCS.

**ICD-10 Summit: Beyond Compliance to Strategic Advantage**  
April 16-17, 2009 | Washington, DC  
Don't miss the ICD-10-CM/PCS event of the year! This summit will provide timely information, education, training, and resources for preparedness and implementation.  
[Learn More](#) | [Register Now](#)

**AHIMA Academy for ICD-10-CM/PCS Trainers**  
July 24 - 26, 2009 | Las Vegas, NV  
AHIMA is providing early, expert training for those who are preparing to teach ICD-10-CM/PCS to current and future coding professionals. This training is primarily targeted to educators in 2009.  
[Learn More](#) | [Register Now](#)

**ICD-TEN—Free e-newsletter to help prepare you for implementation!**  
Subscribe to **ICD-TEN**, AHIMA's monthly e-newsletter filled with top emerging news and practical advice on transitioning to ICD-10-CM and ICD-10-PCS.

**AHIMA Education and Training Opportunities**

**AHIMA**  
[www.ahima.org/icd10](http://www.ahima.org/icd10)



# Resource/Reference List

- **National Center for Health Statistics – CDC  
ICD-10-CM**  
<http://www.cdc.gov/nchs/icd/icd10cm.htm>
- **Centers for Medicare and Medicaid Services  
ICD-10-PCS**  
<http://www.cms.hhs.gov/icd10>
- **ICD-10 and HIPAA *Federal Register* Notices**  
[www.access.gpo.gov/su\\_docs/fedreg/a080822c.html](http://www.access.gpo.gov/su_docs/fedreg/a080822c.html)  
[www.access.gpo.gov/su\\_docs/fedreg/a090116c.html](http://www.access.gpo.gov/su_docs/fedreg/a090116c.html)

# QUESTIONS

