ICD-10: A Regulatory Compliance Overview

A Payers Perspective and Approach

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ICD-10: Fundamentals
What do we know and what is the context of our efforts?

- The federally mandated HIPAA-AS standard covered electronic transactions and medical code sets are changing.

- On January 16, 2009, the DHHS announced the final rules for electronic transactions (version 5010) and the new medical code set standards (ICD-10).

- Compliance dates are January 1, 2012 for the new electronic transactions and October 1, 2013 for the new ICD-10 medical code set standards.

- A transition period for implementing the new electronic transaction standard begins on January 1, 2011 and ends on December 31, 2011; there is no transition period for the new ICD-10 medical code set standards.

- The implementation of 5010 is a pre-requisite to the implementation of the new medical code set standards.

- The implementation of 5010 and ICD-10 are intended to improve patient care quality, enhance claim processing, improve data reporting and promote increased interoperability across industry stakeholders.

- Significant impacts to provider billing and payment processing will be realized across the health care industry if stakeholders fail to collaborate, coordinate and communicate throughout these periods.

ICD-10: What is changing?

- The ICD-10 CM (Clinical Modifications) and ICD-10 PCS (Procedure Coding Structure) are new medical code sets under HIPAA-AS and represents a fundamental overhaul to the current ICD-9 coding system.

- ICD codes are used to codify medical diagnosis and procedures; calculate and adjudicate coverage; compile medical statistics; assess quality of care and helps manage clinical quality outcomes for patients.

- The current ICD-9 codes sets are outdated & do not reflect advances in medical technologies nor are they descriptive enough.

- The new ICD-10 CM and PCS code sets will provide:

  - Greater flexibility to enable future capabilities.

  - Will contain more descriptive and robust categories for precise coding.

  - Will enable streamlined reimbursement processes.

  - Will provide richer medical data with higher degrees of details and quality for further analysis; helps to enrich clinical care profiles and patient outcomes.

  - Maximizes the value of clinical data & the business value of interoperability of e-Health initiatives and the EHR.

ICD-10: What is changing?

- ICD-10 CM are the new medical code sets under HIPAA-AS for diagnosis reporting and <u>replaces</u> ICD-9CM:

ICD-9 CM	ICD-10 CM
3 to 5 characters	3 to 7 characters
13K codes • 1st character must be alpha E, V or numeric • Positions 2 through 5 must be numeric	68K codes • 1st character must be alpha • Positions 2 and 3 must be numeric • Positions 4-7 can be alpha or numeric
Lacks detail	Very specific
Lacks laterality	Enables laterality
Limited space for adding new codes	Flexibility for adding new codes
Non-specific codification issues: • Difficult to analyze data • Difficult to support research	Improved accuracy and richness of codification.
Not interoperable with other industrialized nations who have adopted ICD-10.	Interoperable with the global health care community and has been adopted in 99 countries.

ICD-10: What is changing?

- ICD-10 PCS <u>replaces</u> CPT-4 and HCPCS for inpatient hospital procedure coding <u>ONLY</u> (identifies procedures for all institutional services):

ICD-9 PCS	ICD-10 PCS
3 to 4 digits	7 alphanumeric characters
3K codes	87K codes
Based on obsolete technology	Based on current medical terminology, technology and devices.
Lacks detail	Very specific
Lacks laterality	Enables laterality
Limited space for adding new codes	Flexibility for adding new codes
Generic terms for body parts	Detailed terms for body parts
Lacks descriptive methodology and approach for medical procedures	Provides a descriptive methodology and approach for medical procedures
Limits DRG assignment	Allows DRG definitions to better recognize new technologies and devices
Lacks precision to define medical procedures	Precisely defines medical procedures

ICD-10: Implementation Date
### *When is this going to happen?*

OCTOBER 1, 2013

Remember, the implementation of ICD-10 is *"Service Date"* driven for outpatient services and *"Discharge Date"* driven for inpatient services!!

So, how does this impact you?
Do you need to co-exist between ICD-9 and ICD-10
after the mandated compliance date?

ICD-10: Implementation Challenges

Health Care Industry Electronic Infrastructure
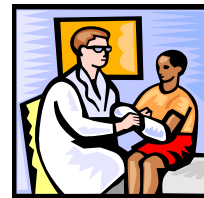
ICD-10: High Level Challenges

Are these really critical success factors?

- <u>Increase understanding and awareness</u> of the technical and business process changes needed to comply with the new medical code set standards (Key Point: look beyond your organizational boundaries and recognize that there is a major learning hurdle that needs to be aggressively addressed with internal and external business partners).

- A <u>gap analysis</u> between current state and future state is the key driver behind the identification of the work that needs to be done. (Key Point: identify where and how you use medical diagnosis and procedure codes today; don't simply stop at your technology capabilities; this is a business problem with limited technology "silver bullets").

- <u>Engagement of external vendors and electronic trading partners</u> (Key Point: ensure compliance interpretations, cross-walks, reimbursement mappings and business process changes are consistent and sustainable from the clinical to the administrative settings of health care).

- The <u>testing and integration</u> of internal business systems capabilities, business process changes and interfaces with electronic trading partners will require a high degree of communication, collaboration and coordination. (Key Point: end-to-end systems capability and business process testing will be a major challenge to the entire health care industry; early planning is essential; ICD-10 test data will be problematic).

- <u>Implementation & a dual-use transition period</u> will require coordination between covered entities, external vendors and electronic trading partners (Key Point: ensure you reach out beyond your internal business systems capabilities and engage your business partners early and often in your ICD-10 efforts).

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A Payers Perspective and Approach
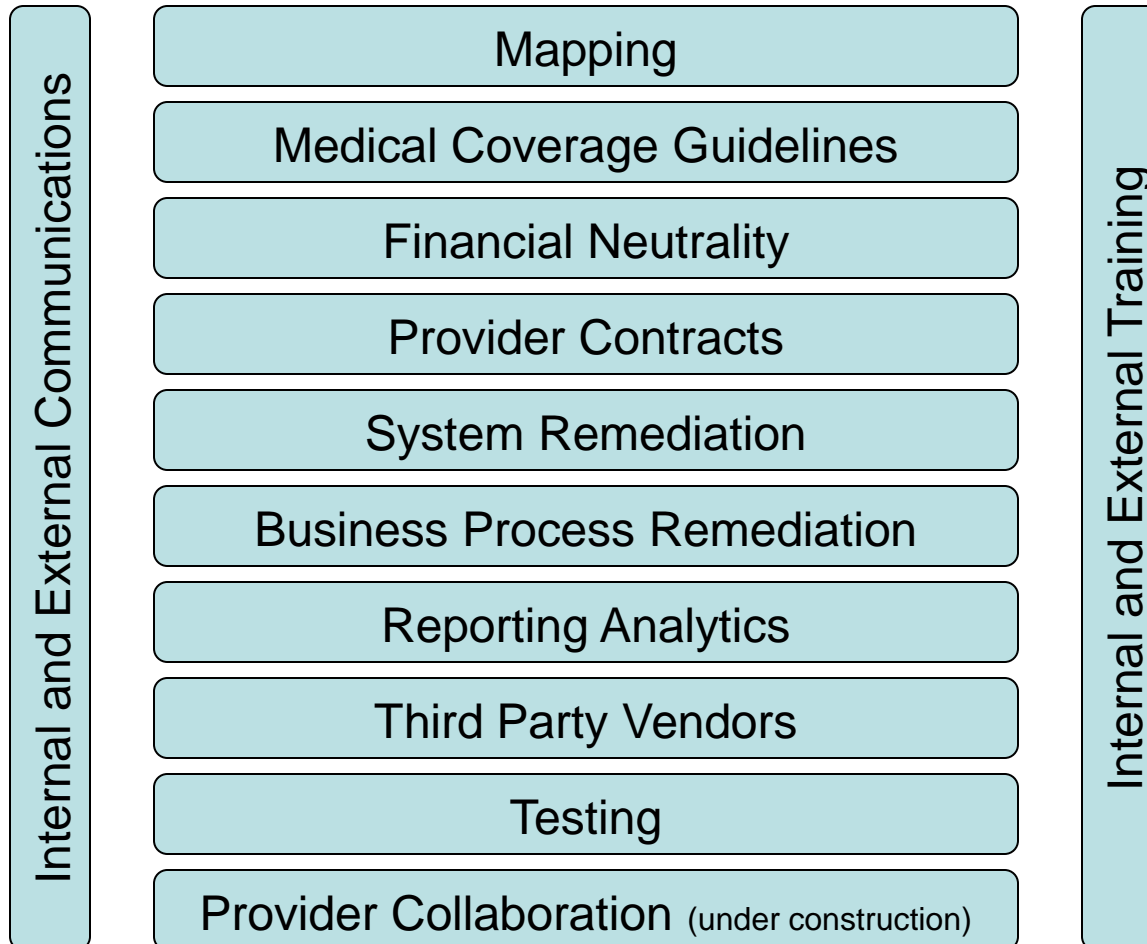
ICD-10: Overall Approach

How is BCBSF addressing the ICD-10 challenge?

- BCBSF has established an ICD-10 enterprise-wide program with a formal governance structure and Program Management Office (PMO).

- Our ICD-10 Program is formally chartered under an ICD-10 Steering Committee that includes the following membership:
    - Senior Level Executive Sponsor
    - Officer Level representatives from key functional areas across the enterprise
    - Program Director
    - Overall Enterprise-wide Business Lead
    - Lead Technical Architect
    - Enterprise Project Manager

- Our ICD-10 Program has established three primary objectives:
    1. Meet the ICD-10 compliance requirements *(Functionally Compliant).*
    2. Mitigate any medical cost impacts that may result from the implementation of ICD-10 *(Financial Neutrality).*
    3. Achieve administrative efficiencies *(Operationally Efficient).*

ICD-10: Overall Approach

How is BCBSF addressing the ICD-10 challenge?

Our ICD-10 Program is comprised of the following 12* major elements:

Internal and External Communications

| Mapping |
| Medical Coverage Guidelines |
| Financial Neutrality |
| Provider Contracts |
| System Remediation |
| Business Process Remediation |
| Reporting Analytics |
| Third Party Vendors |
| Testing |
| Provider Collaboration (under construction) |

Internal and External Training

ICD-10: Key Milestones and Timelines
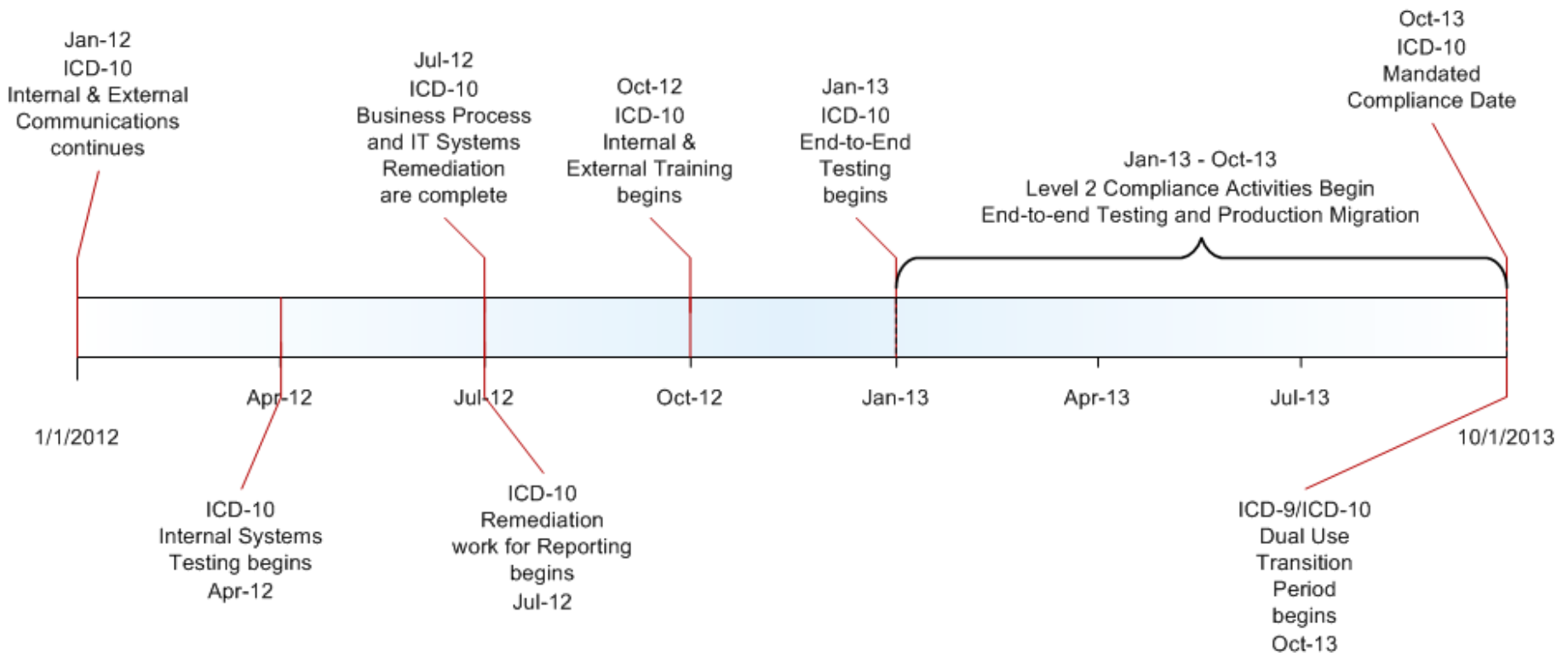
How is BCBSF addressing the ICD-10 challenge?

Period January 2010 through December 2011
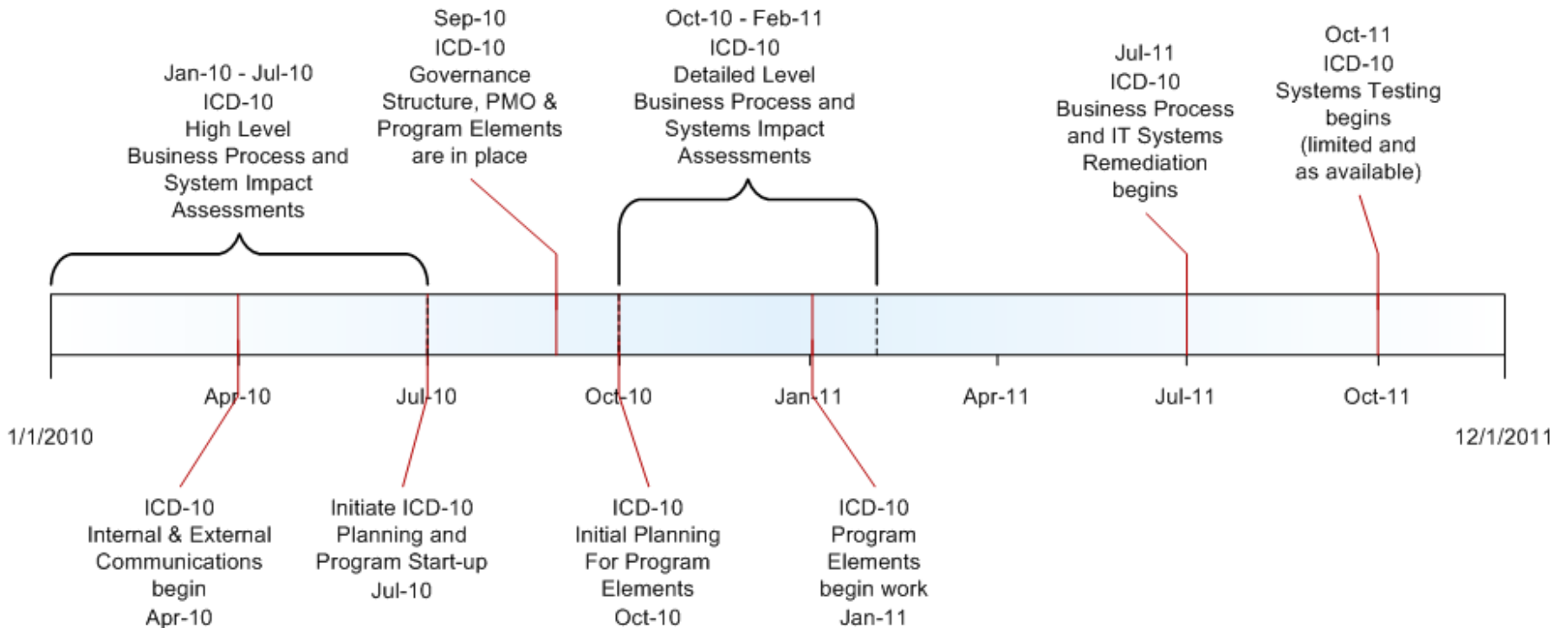
ICD-10: Key Milestones and Timelines
How is BCBSF addressing the ICD-10 challenge?

Period January 2012 through October 1,2013

Jan-12
ICD-10
Internal & External
Communications
continues

Jul-12
ICD-10
Business Process
and IT Systems
Remediation
are complete

Oct-12
ICD-10
Internal &
External Training
begins

Jan-13
ICD-10
End-to-End
Testing
begins

Oct-13
ICD-10
Mandated
Compliance Date

Jan-13 - Oct-13
Level 2 Compliance Activities Begin
End-to-end Testing and Production Migration

1/1/2012

Apr-12

Jul-12

Oct-12

Jan-13

Apr-13

Jul-13

10/1/2013

ICD-10
Internal Systems
Testing begins
Apr-12

ICD-10
Remediation
work for Reporting
begins
Jul-12

ICD-9/ICD-10
Dual Use
Transition
Period
begins
Oct-13

ICD-10: Helpful Resources

Where can we find out more information?

- There are several publically available websites that can help increase general awareness and understanding of the ICD-10 mandate and its' impact to the health care industry.

- Some recommended ones include, but are not limited to, the following:

  http://www.cms.gov/ICD10/

  http://www.wedi.org/

  http://www.ama-assn.org/

  http://www.ahima.org/icd10/

  http://www.cdc.gov/nchs/icd/icd10.htm

  http://www.fmaonline.org/HomePage.aspx

  http://www.fha.org/

Questions & Discussion

Thanks