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- The current ICD-9 codes sets are outdated & do not reflect advances in medical technologies nor are they descriptive enough.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

<table>
<thead>
<tr>
<th>ICD-9 CM</th>
<th>ICD-10 CM</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 to 5 characters</td>
<td>3 to 7 characters</td>
</tr>
</tbody>
</table>
| 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 replaces CPT-4 and HCPCS for inpatient hospital procedure coding **ONLY** (identifies procedures for all institutional services):

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

- Increase understanding and awareness 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 gap analysis 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”).

- Engagement of external vendors and electronic trading partners (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 testing and integration 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).

- Implementation & a dual-use transition period 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).
ICD-10: A Regulatory Compliance Overview

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:

- Mapping
- Medical Coverage Guidelines
- Financial Neutrality
- Provider Contracts
- System Remediation
- Business Process Remediation
- Reporting Analytics
- Third Party Vendors
- Testing
- Provider Collaboration (under construction)
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
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.fha.org/
Questions & Discussion

Thanks