

Preparing for **ICD-10**

What Your Practice Needs to Know



Executive Summary

The healthcare industry is set to undergo an important change on October 1, 2014, when the mandatory adoption of the ICD-10 codes go into effect. The new code set, which increases the number of medical reporting codes from fewer than 14,000 to nearly 70,000, will greatly increase the industry's ability to more specifically report diagnoses and medical procedures. However, the code set's increased complexity, along with the requirement for more detailed physician documentation, presents a challenge for many healthcare providers. ICD-10 requires an effective software system that allows providers to navigate the new and more expansive code set with ease. It is important that providers assess whether their current EMR is capable of supporting the transition or if they need to select a more qualified EMR vendor.



WHAT IS ICD-10?

On October 1, 2014, healthcare providers will experience a significant change in medical diagnosis and procedure coding with the mandatory implementation of the ICD-10 system. ICD-10 stands for International Classification of Diseases and Related Health Problems, 10th Edition. It is the most recent version of a medical diagnostic coding system that codes for diseases, signs and symptoms, complaints, abnormal findings, social circumstances and external causes of diseases or injuries. ICD-10 was first implemented in 1993 by the World Health Organization (WHO) to replace the previous version, ICD-9, which was developed in the 1970s.

The new coding system is set to replace ICD-9 this year. Currently, ICD-10 is being used for diagnosis coding in nearly every country except the United States. ***Switching from ICD-9 to ICD-10 is not optional***, as the transition is required for all medical practitioners that are covered by the Health Insurance Portability Accountability Act (HIPAA). All practitioners covered by HIPAA must comply with the act's provisions that require medical providers to adopt national standards for electronic healthcare transactions.

The term "ICD-10" more specifically refers to ICD-10-CM, the diagnostic coding system's clinical modification. Another designation, ICD-10-PCS, refers to the procedural coding system developed to report inpatient hospital procedures, and will be used by hospitals and payers. While the basic term "ICD-10" is exclusive to the diagnostic coding system, mentions of the upcoming ICD-10 changeover typically reference the concept of change in both systems.



HOW ICD-10 WILL WORK

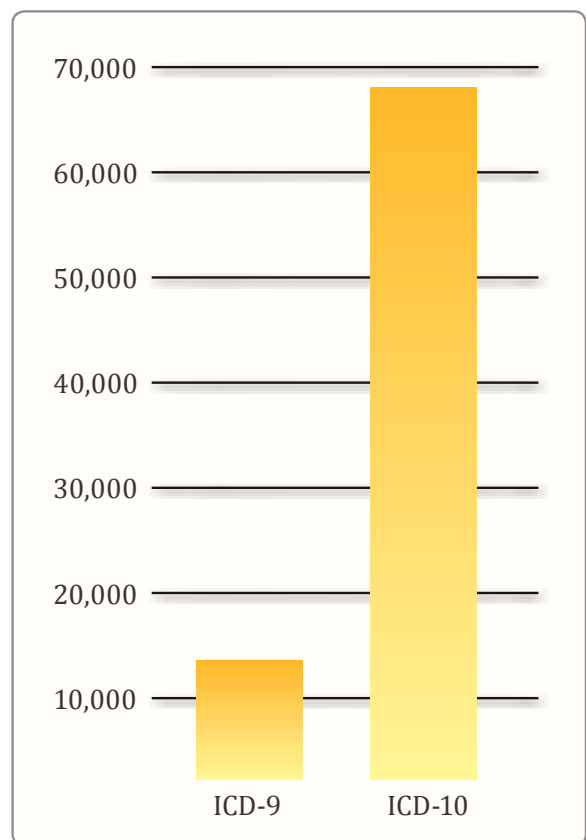
The switch from ICD-9-CM to ICD-10-CM has been prompted by several factors. Most significantly, the current system, which is more than 30 years old, no longer has room for new diagnoses. Currently, each diagnosis is assigned a three-digit category, and each category may contain up to 10 subcategories. Most of these subcategories have already been assigned, and with new medical discoveries happening at a rapid pace, it leaves no room for new diagnoses in the database.

ICD-10-CM will increase the number of available diagnostic codes more than fivefold, from about 13,600 three- to five-digit numeric codes to 69,000 three- to seven-digit alphanumeric codes. Much of this code increase is due to lateral growth — a code in ICD-9-CM may simply identify a condition of a body part (an ovary, for example), while ICD-10-CM allows for much more specific identification (right ovary, left ovary, unspecified ovary, etc.). This will allow for improved analysis of disease patterns and treatment outcomes, and will also help to streamline claims submissions, as simplified codes make it easier for patients to understand their claims.

Adopting ICD-10 is also critical when it comes to ensuring that the U.S. medical

system is compatible with the rest of the world, allowing for better clarity in the communication between different nations when describing diseases, morbidity and mortality.

In many important ways, ICD-10-CM will function similarly to ICD-9-CM. The codes will be organized in a similar way, and all guidelines, rules and conventions will see few changes. However, providers will also notice that significant coding improvements



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have been made. For example, a single code will now be able to report both a disease and its current manifestation; rather than simply reporting “fracture,” the new system will include codes that differentiate between initial fractures, follow-up visits with the fracture in malunion/nonunion and more. This eliminates the need to combine several different medical codes, as is the case under ICD-9-CM, which can often lead to confusion.

ICD-10 AND THE IMPACT ON ELECTRONIC MEDICAL RECORDS

The use of ICD-10-CM in medical record systems will be required by October 1, 2014. Although this transition is mandatory, it will require careful preparation.

The first step will be to review your computer hardware, networks and EMR software to determine whether or not it meets industry standards.

ICD-10 contains more than 70,000 codes that are much more detailed than ICD-9 codes, along with new terminology and expanded concepts

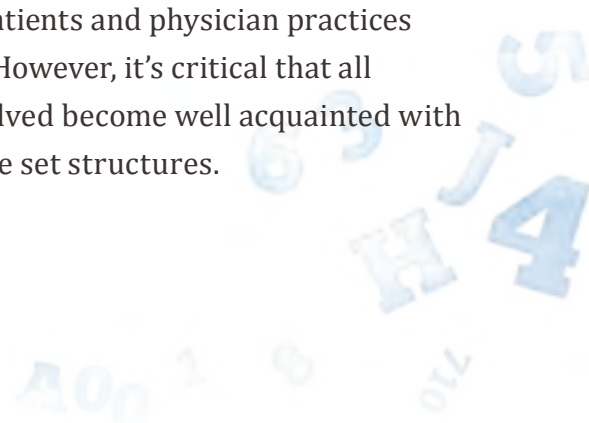
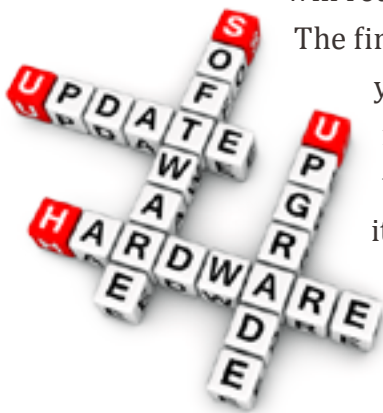
for injuries, laterality and other related factors.

While this expanded database offers a greater level of flexibility to add new codes, as well as increased specificity when it comes to

diagnoses and medical procedures, ICD-10 will require more complex information and EMR software needs to meet the new standards. In addition, most healthcare providers will need to simultaneously run ICD-9 and ICD-10 during the transition period, which will depend heavily on the use of reliable EMR software. Your software should be continually updated as you approach the ICD-10 implementation date, and it should have the flexibility to support a wide variety of vendor requirements and timelines.

If your EMR software won't be able to support the switch, it may be necessary to upgrade or replace it with more sophisticated software designed to help your company navigate the switch through comprehensive training. Your organization should not run the risk of leaving its installation and testing until the last minute, as there is a high chance you may run into some unforeseen issues that need to be addressed. In addition, if you do choose to upgrade or replace your EMR software, it's important to allow enough time for all of your physicians and coding staff members to learn and adapt to the new system.

The switch from ICD-9 to ICD-10 will affect hospitals, patients and physician practices differently. However, it's critical that all parties involved become well acquainted with the new code set structures.



First, it is important to understand that the structure of the diagnosis and procedure codes will be slightly different.

CODE STRUCTURE	
ICD-9-CM	ICD-10-CM
Example of the formats of the ICD-9 and ICD-10 diagnosis codes	
382.9 Acute otitis media	H66.011 Acute suppurative otitis media with spontaneous rupture of ear drum, right ear
<p>ICD-9-CM used 3-5 digits.</p> <p>ICD-9-CM used all numeric characters for diagnosis codes in chapters 1–17 of the draft manual, adding an alpha first digit for codes in any supplemental chapters.</p>	<p>All ICD-10-CM codes will be 3-7 digits long.</p> <p>Using ICD-10-CM, the first digit of all diagnosis codes will be alpha (A–Z), the second and third digits will be numeric and all subsequent digits will be either alpha or numeric.</p>

This new system will need to be accommodated by all other interfaces and databases. Any noncompliant codes used to describe transactions or services after October 1 will be rejected.

While the new code structures may be more complicated, ICD-10's larger code database will provide:

- ① Increase coding accuracy.
- ② Reduce coding errors and provide much better data analysis for research and the tracking and trending of diseases.
- ③ Facilitate accurate health data exchange with these other countries that have been using ICD-10 for years.



While some health care practitioners have expressed concerns about the new coding system, many others have spoken out about its benefits. In an article published by the National Association for Healthcare Quality, Nelly Leon-Chisen, Director of Coding and Classification at the American Medical Association (AMA), advocates ICD-10's new coding system: "Clear and accurate diagnosis and procedure code reporting provide valuable information about patient care. Administrative claims data are often used to make decisions, not only about reimbursement, but also for value-based purchasing to evaluate the quality of the care and to conduct bio-surveillance and public health records (Leon-Chisen, "Introducing a Clinically Richer Coding System")."

The ICD-10 manual is still organized using an alphabetic index and tabular listing, just as ICD-9 was. However, one concept completely new in ICD-10 diagnosis coding is the use of a "placeholder," which is the character "X." This is designed to take the place of a fourth, fifth or sixth character in a code that requires a seventh character. A code is considered complete if it contains one or more placeholders, which can be replaced at a later

time to expand the code database.

While the prospect of dealing with nearly 70,000 codes instead of 14,000 may seem overwhelming, in reality it is quite unlikely that any practice will ever have to work with all of these codes. To help your organization adjust to the new system, it may be helpful to use General Equivalence Mappings (GEMs) to focus on the scope of changes that will demand most of your attention. GEMs were developed to assist with the conversion of ICD-9-CM codes to ICD-10 codes — or vice versa — when transferring large data sets. They are sometimes referred to as "crosswalks" because they provide information that links codes from one system to codes in another. By using GEMs or a similar mapping feature, you can link your current codes to ICD-10 codes to get an idea of the differences in coding structure, documentation requirements, training and education.

Due to the significant number of changes that will accompany the switch to ICD-10, it's crucial that your practice adopts the right tools to help with the integration process. The most effective software options will help all of your employees adjust to the new system



by offering comprehensive staff training, information about ICD-10 integration and assistance with the revenue cycle management (RCM) transition.

CONCERNS FOR MEDICAL PRACTITIONERS

Most medical practitioners will encounter similar challenges and benefits after integrating ICD-10. The primary concerns for the majority of providers will be related to:

- 1 Costs associated with implementation.
 - 2 Delayed or lost payments during initial period.
 - 3 Increased documentation requirements.
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The fact that all practices must be ready to adopt the new coding system, having made all technological updates and improvements, while also providing staff and physician training by the cutoff date of October 1, may seem overwhelming, but it is possible to tackle this transition by breaking down the requirements and addressing them one at a time.

The increased need for documentation is perhaps the most significant issue providers will need to address during the transition, as it will require a substantial ongoing effort. The nature of ICD-10 diagnosis codes, in

addition to the procedural coding system (PCS), will demand increased physician documentation. In other words, physicians will need to spend more time on patient documentation and patients will need to spend more time filling out their own paperwork. These factors will influence patient scheduling, likely resulting in physicians seeing fewer patients each day. Improved teamwork between the clinical staff and the coding staff will be critical, as a lack of communication will inevitably lead to coding or documentation errors that can prevent your practice from being reimbursed for care.

It will likely be necessary to assess, using a comprehensive gap analysis, whether or not your current coding and billing staff has the skill set required to use ICD-10. Only 24 percent of the current ICD-9 codes have a direct correlation with ICD-10 codes, so mastering the new codes will require a great deal of learning and professional development. Combined with the fact that the new coding system is much more specific, it's likely that a hospital

ONLY
24%

of the current ICD-9 codes have a direct correlation with ICD-10 codes

or clinic's coding staff will need additional training in anatomy or biology to fully understand the terms being used. If these employees do not understand the new terminology, your practice runs the risk of coding and billing improperly and not being reimbursed for the care you've provided.

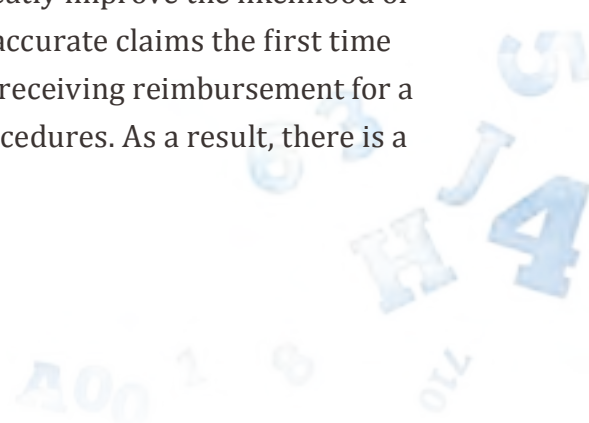


Because ICD-10 codes are much more specific than ICD-9 codes, the change will have an effect on payers who are seeking to modify the terms of their contracts, reimbursements or payment schedules. This, in turn, will impact business offices that will likely have to make changes to workflow and other administrative processes. Medical procedures requiring preauthorization could require additional diagnosis documentation that provides greater detail and specificity regarding the patient's condition. For this reason, it is important to assess if the documentation your practice is currently keeping will sufficiently support the level of specificity required for ICD-10.

The changeover will have other impacts on payers, most of them beneficial as a result of greater code specificity. This will improve coding accuracy, which will make it easier to

detect fraud. In addition, this level of detail will help payers gain a better understanding of the prevalence of chronic conditions and its providers' practice patterns, and will also assist efforts to medically manage diseases and change medical policies. However, payers might experience problems during the initial implementation phase, such as a greater help line call volume. It is also likely that payers will be double-billed by some providers as a result of those providers running dual billing systems (ICD-9 and ICD-10) during the transition phase.

While healthcare providers and payers may both experience some temporary billing issues during the ICD-10 switchover, it's expected that the new system's increased accuracy will lead to more accurate payments, fewer rejected claims and greater billing efficiency. Manish Nachnani, a leading Health IT System Analyst, explains some of these benefits in an article published by Healthcare Reform Magazine: "ICD-10 will solve the problems caused due to lack of detailed information contained in the diagnosis and procedure code assignment...ICD's improved precision in documentation of clinical care will greatly improve the likelihood of submitting accurate claims the first time around and receiving reimbursement for a range of procedures. As a result, there is a



reduction in adverse impacts to the provider revenue cycle” (Nachnani, “ICD-10 Benefits for Healthcare Providers”).

ICD-10 READINESS

When your organization is ready to implement the ICD-10 coding system, there are several things to keep in mind. Training your clinical staff to use the new code set will require training time for coding staff, administrative staff and providers.

Of course, the training times and costs will vary depending on the types of training materials and resources available to your practice. Training can be simplified by choosing an EMR that offers access to various training options, including self-guided training videos and webinars. Throughout this process, it will be very important to maintain focus on the timelines for implementation.

To begin the process, consider appointing a leader in your office who has become familiar with the ICD-10 codes that you will be using most often to create a blueprint for the program’s implementation. This blueprint might involve a transition team and identify changes that need to be made, resources that are already available, resources that are

needed and a metric for measuring success. It will also assess the training needs of anyone who will be involved in using the EMR and perform an audit of the current level of physician documentation.



CONCLUSION

The ICD-10 code set will be a major change in the healthcare industry. When it comes to ICD-10, preparation is key. This mandatory change will require every medical practice to have an effective software system that will allow them to navigate this important change with ease. Your EMR software should be sophisticated enough to handle this change and should offer comprehensive training, information about integration and support to your medical practice during the transition. The right EMR will be an invaluable tool for your medical practice as you adopt mandatory ICD-10 codes and move forward in the ever-changing healthcare landscape.

