



HIPAA ICD-10 Update

Massachusetts Health Data Consortium

May, 2010

Overview of Compliance Requirements

Implementation Scope

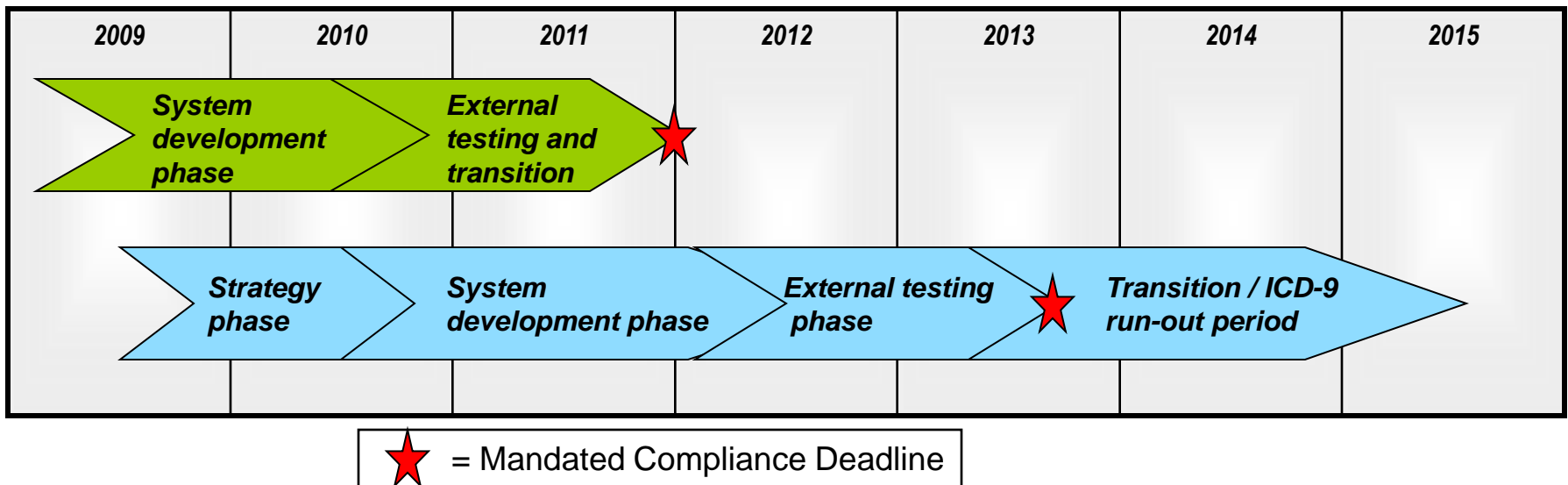
Industry Readiness

Implementation Strategies

Open Discussion

Overview of Compliance Requirements

- 5010 is an upgrade to HIPAA electronic transaction format standards
 - Prerequisite for ICD-10
 - Full compliance by 1/1/2012
- ICD-10 is a new code set standard replacing current ICD-9 diagnosis and surgical procedure codes
 - Compliance beginning with service/discharge dates on or after 10/01/2013
 - Expands available diagnosis codes from 14,000 to 68,000 and available procedure codes from 11,000 to 87,000



What is the case for change?



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ICD-9 is outdated

- 30 years old and cannot reflect advances in medical technology
- Running out of available codes
- U.S. is only one of a few industrialized nations NOT using ICD-10
- Increased granularity of codes is beneficial to the entire industry

Benefits to adoption according to the Rand Report

- More accurate payment for new procedures
- Improved disease management
 - Better identification of those who should receive disease management
 - Tailoring disease management more precisely to those who need it
 - More timely Intervention for emergent diseases
- Fewer miscoded, returned, and improper claims
- Better understanding of health conditions and healthcare outcomes
- Harmonization of disease monitoring and reporting world-wide



What are the key differences in ICD-10?

ICD-10-CM

- Expanded length
- Different format
- Restructured classification
- Some diseases restructured to reflect current knowledge
- More detail and specificity

ICD-10 PCS

- Alpha-numeric
- Intelligent schema – each code character has same meaning within and across procedure sections

ICD-10 Diagnosis Code Snapshot



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Comparison of ICD-9-CM and ICD-10-CM

ICD-9-CM diagnosis codes	ICD-10-CM diagnosis codes
3 – 5 characters in length	3 – 7 characters in length
Approx. 13,000 codes	Approx. 68,000 available codes
1 st digit may be alpha or numeric; Digits 2 – 5 are numeric	1 st digit is alpha; 2 nd and 3 rd digits are numeric; digits 4 – 7 can be either
Limited space for adding new codes	Flexibility for adding new codes
Lacks detail	Very specific
Lacks laterality	Has laterality
Difficult to analyze data due to non-specific codes	Specificity improves coding accuracy and richness of data for analysis
Codes are non-specific and do not adequately define diagnoses needed for medical research	Detail improves accuracy of data used for medical research
Does not support interoperability because it is not used internationally	Supports data exchange between US and other countries

ICD-10 Procedure Code Snapshot



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Comparison of ICD-9-CM and ICD-10-PCS

ICD-9-CM procedure codes	ICD-10-PCS procedure codes
3 – 4 digits (all numeric)	7 “digits” (each digit can be alpha or numeric)
Approx. 11,000 codes	Approx. 87,000 available codes
All numeric Decimal point after the second digit	Each digit can be alpha (not case sensitive) or numeric Numbers 0-9 are used Letters O and I are not used to avoid confusion with numbers 0 and 1 No decimal point
Limited space for adding new codes	Flexibility for adding new codes (e.g. new technology and devices)
Lacks detail	Very specific
Lacks laterality	Lacks laterality
Lacks consistent identification of the procedure approach	Code categories: Section, Body System, Operation, Body Part, Approach, Device, Qualifier

Industry Readiness



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“Checking under the hood periodically can head off problems before they become costly.”

www.familycar.com



How are things going?

According to survey conducted by Gartner on behalf of CMS in late 2009:

- Participant organizations are focused on implementing HIPAA 5010 transactions and are still in the planning stages for ICD-10
- Many competing and uncoordinated initiatives such as HITECH (Health Information Technology for Economic and Clinical Health) Act—EHR implementations
- A smooth implementation of HIPAA 5010 will be an early indicator of the success of ICD-10
- Key risks include:
 - Majority of impact of ICD-10 is on Business rather than IT.
 - Healthcare Industry will have a learning curve in terms of the usage of ICD-10 codes.
 - ICD-9 is used in almost all major IT Systems within Healthcare making it difficult to contain the changes imposed by ICD-10.
 - Lack of experience with Code set Implementations: ICD-9 was implemented 30 years ago; IT systems and business rules have evolved and have become more complex

Industry Planning for Implementation of HIPAA Modifications: Versions 5010, D.0, 3.0 and the ICD-10 Code Sets. Centers for Medicare & Medicaid Services. February, 2010

What has the industry been up to so far?



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Workgroup for Electronic Data Interchange (WEDI)

- Co-sponsored with NCHICA (NC regional SNIP) the development of an implementation timeline
- Conducted ICD-10 Forum (July, 2009); published white paper of recommendations/best practices related to:
 - Crosswalk use and challenges
 - Testing and preparation
 - Clinical uses of code sets
- Workgroups to address ICD-10 implementation topics

CMS

- Together with 3M, launched a DRG Conversion Project (September, 2009) to convert MS-DRG's 26.0 to ICD-10-CM and ICD-10-PCS
- Partnered with CDC, AHA and AHIMA to develop a General Equivalence Mapping (GEM) which provide all possible ICD-10 matches for a given ICD-9 code or vice versa
- Proposed development of industry-standard crosswalks to select one code to map for a given ICD-9 or ICD-10 code during transition period
 - 95% clear mappings
 - Remainder either have multiple mapping options or no direct map
- GEM's to be maintained for a minimum of 3 years after 10/1/2013

National Quality Forum (NQF)

- Published white paper (3/19/10) relative to code set maintenance and related issues during transition
- Clarifies use of SNOMED vs ICD-10 code sets
 - SNOMED is a very granular set of codified clinical terminology that is frequently used internally with electronic health record systems.
 - In comparison, ICD-10 would be the output terminology used for billing.
- Recommendations include:
 - Institute code set freeze effective 10/1/2011 to enable the industry to study and prepare for the transition.
 - Create and make publicly available a dual-coded (ICD-9 and ICD-10) test database to assist in assessment of business operations changes related to claims payment and financial/trend management
 - Convene panel of experts to resolve mapping issues, particularly for ICD-10 codes with no clear ICD-9 equivalent; make underlying mapping inventory publicly available and web-based

ICD-10 Implementation Scope



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“ICD-10 is not your father’s Oldsmobile!”

What's the challenge?



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Numerous application impacts

- Field size and format
- Edits and rules, tables and databases
- Reports, particularly those reliant upon historical data

+ Significant impact to business processes

- Billing / claims administration
- Provider contracting
- Disease and utilization management
- Underwriting and actuarial
- Medical policy

= Cost and complexity

What are some key planning considerations?



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To gain a quick estimate of the impacts and the assessment scope it may be easier to identify where in the organization you do not use ICD-9 today

Transition period crosswalk approach - map and wrap or full remediation?

Handling cross-compliance date situations such as:

- Duplicate claims checking (date of service not always the same)
- Eligibility sent prior for services planned after the compliance date
- Authorizations for services planned after the compliance date
- Longer term episodes of care
- Longitudinal studies
- Chronic conditions
- Interim billing

Changes to paper claim forms may be necessary (but are not mandated yet)

- Payers likely to adopt ICD-10 on all incoming claims
- During runoff, both ICD-9 and ICD-10 codes must be supported
- Potential for problems with Optical Character Recognition (OCR) applications

What best practices have been identified so far?



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Leverage best practices and lessons learned from initial implementation of HIPAA Transactions and Code Sets and the National Provider Identifier

Plan for a lengthy transition period - could take up to 2016 to be completed

- Plan for a post-transition team to make sure everything is going well and information is accurate
- May need to review processes after transition as well as coordinate additional training for staff.
- Trend analysis for business functions requiring historical data spanning the implementation date
- Consider adoption of a gradual migration process for reimbursement as historical ICD-10 data is accumulated.

Plan to educate all constituents, including patients / members

- Patients may experience changes in medical policy, coverage or billing practices
- Personal Health Record (PHR) data will change

For example, change in terminology between current procedural terms such as Cesarean Sections, appendectomy, tracheotomy and a variety of common medical terms has changed dramatically under ICD-10 PCS. This will require considerable retraining of coders and may impact what the patient or others see in ICD-10 based reporting.

Implementation Strategies



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“The long and winding road...”

According to Deloitte Consulting White Paper, “ICD-10 - Turning Regulatory Compliance into Strategic Advantage” ...

- Industry lessons-learned from HIPAA and NPI have shown that organizations often underestimate the complexity of compliance-only solutions, which ultimately bear very large costs but yield very little strategic value.
- “Compliance-only” approach likely to deliver negative ROI on their ICD-10 remediation investments and will not gain operational and strategic advantage in the marketplace.

“The Deloitte Center for Health Solutions encourages those payors and providers who are seeking long-term viability to consider ICD-10’s impact to their overall strategic plan before choosing an adoption strategy. While ICD-10 might at first appear to be solely a tactical remediation effort, we view ICD-10 as a potential platform for future strategic innovation.”

Discussion - ICD-10 Planning Considerations



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- What are the ICD-10 information needs of payers and providers in our market and how will we address them?
- What implementation strategy are payers and providers in Massachusetts adopting for ICD-10?
- What are topics of common interest on which we could collaborate?
- What implementation risks do we need to begin planning for?
- What synergies and conflicts are there with Electronic Health Record and National Healthcare Reform mandates?

Helpful Links



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CMS: <http://www.cms.hhs.gov/ICD10>

CDC: <http://www.cdc.gov/nchs/about/major/dvs/icd10des.htm>

AHA: <http://www.ahacentraloffice.org/ICD-10>

AHIMA: <http://www.ahima.org/icd10>

WEDI: <http://www.wedi.org/>