An Overview of ICD-10

A Guide for the Small Rural Hospital Improvement Grant Program

May 2013

For questions, concerns, clarification, or technical assistance, please contact:

600 East Superior Street, Suite 404
Duluth, Minnesota 55802
Phone: 218-727-9390
Fax: 218-727-9392
www.ruralcenter.org

NATIONAL RURAL HEALTH RESOURCE CENTER

TABLE OF CONTENTS

INTRODUCTION

The 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10) is a medical classification list by the World Health Organization (WHO). ICD-10 is the medical classification system that is utilized by the majority of the world and has codes for diseases, symptoms, social circumstances, abnormal findings, complaints and external causes of injury or illness. ICD-10 is an updated version of ICD-9 code sets. The United States began using ICD-9 code sets ICD-9 code sets will be replaced by the ICD-10 code sets.

Currently, the United States is the only industrialized nation that does not use ICD-10 based classification. ICD-10 codes are completely different than ICD-9 codes. ICD-9 codes are mostly numeric and contain three to five digits whereas ICD-10 codes are alphanumeric and have three to seven characters. ICD-9 was developed in the 1970s, and a lot of changes have taken place in medicine in the past 40 years. ICD-10 has been available since 1994 and the United States is drastically behind the curve in implementation. ICD-10 codes will be updated annually. ICD-9 does not allow for meaningful comparative research whereas ICD-10 does by allowing physicians to record the true specificity of each patient's condition. For example, a patient in Colorado has simple pneumonia and a patient in Wisconsin has simple pneumonia for the fourth time due to particular bacteria is coded the same way under ICD-9. It is hard to treat both patients with the same drug and compare outcomes when in fact, the scenarios are quite different.

Is the switch from ICD-9 to ICD-10 mandatory?

The simple answer is, yes. On October 1, 2014, the ICD-9 code sets used to report medical diagnoses and inpatient procedures will be replaced by ICD-10 code sets. Claims with ICD-9 codes for services provided on or after the compliance deadline cannot be paid. This transition is required for everyone covered by the Health Insurance Portability Accountability Act (HIPAA), not just those who submit Medicare or Medicaid claims (Centers for Medicare and Medicaid Services n.d.). However, it is important to note that ICD-10 does not affect current procedural terminology (CPT) coding for outpatient procedures.

Note that the transition from ICD-9 to ICD-10 will change how health care organizations do business. It is important to include the following steps for your organization during the transition:

- Identify how ICD-10 will affect your organization.
- Develop a plan for implementing ICD-10.
- Create a timeline of activities for implementation.
- Work with your software vendors to accommodate ICD-10. View the CMS Vendor Resources for more information.
- Be prepared to test transactions and processes that use ICD-10 (Centers for Medicare and Medicaid Services 2013).

Two Parts to ICD-10: ICD-10-CM and ICD-10-PCS ICD-10-CM is a clinical modification of the WHO's ICD-10. It includes detail that is needed for morbidity classification and diagnostics and includes more than 68,000 diagnosis codes. ICD-10-CM is for use in all U.S. health care settings (Centers for Medicare and Medicaid Services 2012).

ICD-10-CM Official Code Set

1. ICD-10-PCS was developed to capture procedure codes and is more specific than ICD-9-CM and is for use in U.S. inpatient hospital settings only. ICD-10-PCS has more than 87,000 procedure codes and is much more specific and substantially different from ICD-9-CM procedure coding (Centers for Medicare and Medicaid Services 2012). When used together, ICD-10-CM and ICD-10 PCS have excellent specificity for clinical detail and therefore can provide higher quality information for clinical decision-making and outcomes research.

ICD-10-PCS Official Code Set

What is the value of switching from ICD-9 to ICD-10?

There are several reasons for the switch from ICD-9 to ICD-10:

- ICD-9 codes are over 30 years old and provide limited data about a patient's medical conditions and hospital inpatient procedures. Many of the terms are outdated or obsolete.
- ICD-10 can accommodate new diagnoses and procedures as well as performance-based payment systems and more accurate billing.
- The U.S. will be aligned with coding systems worldwide.
- There will be better coding accuracy with ICD-10.
- Reduced submission of medical record documentation will occur with ICD-10.
- The use of ICD-10 will reduce erroneous and rejected or denied claims.
- ICD-10 will provide the potential for improved efficiency and lower health care costs.
- The transition from ICD-9 to ICD-10 will provide better information for clinical decision-making and research (Centers for Medicare and Medicaid Services 2013).

How do we prepare for the transition?

According to the Centers for Medicare and Medicaid Services, the following action steps need to be taken now if providers have not yet started the transition to ICD-10:

1. Develop a transition team or an ICD-10 project coordinator to lead the transition. This could possibly include a physician or leadership 'champion'.
2. Secure a budget that will account for software upgrades and license costs, hardware procurement, staff training costs, revision of forms, work flow changes during and after implementation and risk mitigation.
3. Identify a timeline and tasks that need to be completed as well as crucial milestones with estimated start and end dates.
4. Review where and how ICD-9 codes are currently used and make sure you have accounted for the use of ICD-9 in authorizations/pre-certifications, physician orders,

medical records, encounter forms, practice management and billing systems and coding manuals.

5. Outline how ICD-10 will affect clinical documentation requirements and electronic health record templates.
6. Communicate the timeline, plans, and new system changes to your organization. Ensure that staff and leaders understand everything that the ICD-10 transition requires.
7. Be sure your trading partners and contracts with payers and vendors understand the policy revisions, testing timelines and costs related to the transition.
8. Create a testing plan (Centers for Medicare and Medicaid Services 2013).

ICD-10 Training: Which staff needs to be trained and how long will it take?

The American Health Information Management Association (AHIMA) recommends starting training at least six to nine months before the October 1, 2014 deadline, so organizations should begin training at least by January-March 2014. While the training needs will vary by staff role and organization type, it is estimated that outpatient coders will need approximately 16 hours of training and inpatient coders will need approximately 50 hours of training (Centers for Medicare and Medicaid Services 2013).

The following staff may need to be educated on the structure, benefits and changes in the transition to ICD-10:

- Accounting department
- Ancillary department staff
- Auditors
- Billing or financial office professionals
- Clinicians
- Clinical department managers
- Data analysts
- Data quality management staff

- Data security personnel
- Health information management staff
- Hospice personnel
- Information technology and information systems personnel
- Nursing facility personnel
- Outpatient service billing personnel

- Patient access and registration staff
- Quality management staff
- Researchers
- Utilization management staff
- Visiting nurses

(National Rural Health Resource Center 2013)

A coder will need intensive in-depth training. A coder in a physician practice will need to learn ICD-10-CM diagnosis coding only. A coder in a hospital will need to learn both ICD-10-CM diagnosis and ICD-10-PCS inpatient procedure coding.

The Centers for Medicare and Medicaid Services collaborated with Medscape to develop ICD-10 training and resources that can be used at no cost. These resources include ICD-10 guides for small, medium and large practices as well as an ICD-10 transition guide. There are professional associations such as AHIMA and the American Academy of Professional Coders that offer ICD-10 training as well.

RESOURCES

[FAQs: ICD-10 Transition Basics](#)
Centers for Medicare and Medicaid Services
Answers frequently asked questions regarding the transition from ICD-9 to ICD-10.

[ICD-10 Fact Sheet](#)
National Rural Health Resource Center
Provides overview information about ICD-10 and the importance of the transition.

[ICD-10 Coding and Implementation Recorded Webinars](#)
National Rural Health Resource Center
Rural Hospital Performance Improvement Project
Includes three recorded ICD-10 webinars on the topics of: Implementation for Community and Critical Access Hospitals; Implementation Tools and Strategies to Achieve ICD-10 Success; and, Minimizing the Financial Impact of ICD-10 to Budgets, Productivity Forecasts and Reimbursements.

[ICD-10 Timeline for Small Hospitals at a Glance](#)
Centers for Medicare and Medicaid Services
Outlines a timeline for the ICD-10 transition including planning, communications, testing and comprehensive training.

[ICD-10 Implementation Handbook for Small Hospitals](#)
Centers for Medicare and Medicaid Services
The ICD-10 Implementation Handbooks outline suggested steps and processes to make for a smooth transition to ICD-10. Providers, hospitals and payers may use the guides to:

- Ensure the appropriate steps and actions are taken throughout the ICD-10 implementation process.

- Stay on top of deadlines by viewing the timelines within the handbooks.

- Customize transition plans by filling out Excel templates listed in the appendices. The templates will assist with clarifying staff roles, setting internal deadlines and responsibilities, and assessing vendor readiness.

[Small Hospitals ICD-10 Transition Checklist](#)
Centers for Medicare and Medicaid Services
Provides a checklist of ICD-10 tasks, including estimated timeframes for each task. Depending on your organization, many of these tasks can be performed on a compressed timeline or performed at the same time as other tasks.

[Talking to Vendors About the ICD-10 Transition: Tips for Medical Practices](#)
Centers for Medicare and Medicaid Services
Tips for medical practices on how to talk to vendors to ensure that they have fully functional, compliant products and services for the conversion to ICD-10 and to help facilities avoid potential reimbursement issues.

BIBLIOGRAPHY

Centers for Medicare and Medicaid Services. *FAQs: ICD-10 Transition Basics.* April 2013.
http://www.cms.gov/Medicare/Coding/ICD10/Downloads/ICD10FAQs2013.pdf
(accessed May 6, 2013).

—. *ICD-10.* n.d. http://www.cms.gov/Medicare/Coding/ICD10/index.html?redirect=/icd10
(accessed May 6, 2013).

—. *The ICD-10 Transition: An Introduction.* September 2012.
http://www.cms.gov/Medicare/Coding/ICD10/Downloads/ICD10Introduction.pdf
(accessed May 6, 2013).

National Rural Health Resource Center. *ICD-10 Fact Sheet.* January 2013.
http://www.ruralcenter.org/sites/default/files/ship/coordinator-ta-webinars/What%2520Is%2520ICD-10%5B1%5D. (accessed May 6, 2013).