ICD-10: One Year Later

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TODAY’S PRESENTER

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TRAINING OBJECTIVES

• Background on ICD-10
• Benefits of the new system
• Code structure
• Impacts of the transition
• Documentation challenges
• Post-implementation status
• ICD-10 code updates for 2017
BACKGROUND

• ICD-9 first used in US in 1979
• Final rule for adoption of ICD-10 published by CMS in 2009
• Implementation date of 10/1/2015
  ▪ Following two delays
• US was the last industrialized nation to implement ICD-10
TWO ICD-10 VERSIONS

• **ICD-10-CM**
  - Clinical modification
  - Diagnosis classification
  - For all healthcare settings
  - Format of code set similar to ICD-9-CM

• **ICD-10-PCS**
  - Procedure classification system
  - For inpatient hospital only
  - Much more specific and substantially different from ICD-9-CM procedure coding
DID ICD-10-PCS REPLACE CPT?

- ICD-10-PCS is used to report hospital inpatient procedures only
- The Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) continue to be used to report services and procedures in outpatient and office settings
WHY THE DELAY IN US?

- More difficult transition
- US is the only country using ICD-10-PCS to report procedures
- Also the only country that uses ICD-10 codes for reimbursement
OTHER REASONS FOR DELAY

Concerns regarding:

• Loss of revenue
• Costs of implementation and training
• Decline in coder productivity
• Increased provider documentation requirements
• Fear of something new/unfamiliar
• ICD-10 testing to maintain credentials
WHO NEEDED TO TRANSITION?

• Entities covered by HIPAA that submit standard claims
  ▪ Medicare, Medicaid, commercial insurance
  ▪ Medical, dental, chiropractic, hospital, SNF, etc.

• Support vendors
  ▪ Billing software and EHR
  ▪ Clearinghouse, collection agency

• Many liability and workers’ compensation carriers have also adopted
BENEFITS OF I-10

- Many chapters and topics remained the same or are similar in I-10
- More space to add new codes
- Improve speed of coding
- Improve pay for performance
- Improve claim adjudication/reimbursement accuracy
- Less documentation for payers
- Reduce fraud
USES OF CODED DATA

• Tracking public health and risks
  ▪ Morbidity and mortality
  ▪ Disease trends

• Measuring quality, safety, efficacy of care

• Conducting research, epidemiological studies, clinical trials
  ▪ Outcome measurement

• Setting health policy
USES OF CODED DATA

• Monitoring resource utilization
  ▪ Cost and resource management

• Operational and strategic planning
  ▪ Using diagnosis for evaluation of patients

• Improving clinical, financial, and administrative performance
  ▪ Patient population and care
  ▪ Efficiency and access
CODE SET DIFFERENCES
ICD-9-CM codes are very different than ICD-10-CM/PCS code sets:

• 19 times as many procedure codes in ICD-10-PCS than in ICD-9-CM volume 3
• 5 times as many diagnosis codes in ICD-10-CM than in ICD-9-CM
• ICD-10 has alphanumeric categories instead of numeric ones
• The order of some chapters changed, a few titles were renamed, and some conditions are now grouped differently in I-10
## Code Set Differences

<table>
<thead>
<tr>
<th>ICD-9-CM</th>
<th>ICD-10-CM/PCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diagnosis codes: 14,025 (Volumes 1 and 2)</td>
<td>Diagnosis codes: 69,823</td>
</tr>
<tr>
<td>Procedure codes: 3,824 (Volume 3)</td>
<td>Procedure codes: 71,924</td>
</tr>
</tbody>
</table>
# ICD-10-CM Code Structure

<table>
<thead>
<tr>
<th>ICD-9-CM</th>
<th>ICD-10-CM</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 3-5 digits</td>
<td>• 3-7 characters</td>
</tr>
<tr>
<td>• 1\textsuperscript{st} digit was numeric or alpha (E and V)</td>
<td>• 1\textsuperscript{st} character is alpha</td>
</tr>
<tr>
<td></td>
<td>▪ All letters except U</td>
</tr>
<tr>
<td></td>
<td>▪ Watch for: 0 vs O, 1 vs I, 2 vs Z, 5 vs S</td>
</tr>
<tr>
<td>• Digits 2-5 were numeric</td>
<td>• Characters 2-7 can be alpha or numeric</td>
</tr>
<tr>
<td>• Decimal placed after the first 3 digits</td>
<td>• Decimal placed after the first 3 characters</td>
</tr>
<tr>
<td>• Alpha characters were not case sensitive</td>
<td>• Alpha characters are not case sensitive</td>
</tr>
<tr>
<td></td>
<td>▪ Use of placeholder “X”</td>
</tr>
</tbody>
</table>
ICD-10-CM CODE STRUCTURE

- Category
- Etiology, Anatomic Site, Severity
- Extension
## ICD-10-PCS CODE STRUCTURE

<table>
<thead>
<tr>
<th>ICD-9-CM</th>
<th>ICD-10-PCS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 3-4 characters</td>
<td>• 7 characters</td>
</tr>
<tr>
<td>• All characters were numeric</td>
<td>• Each can be either alpha or numeric</td>
</tr>
<tr>
<td>• All codes had at least 3 characters</td>
<td>• Numbers 0-9</td>
</tr>
<tr>
<td></td>
<td>• Letters A-H, J-N, P-Z</td>
</tr>
</tbody>
</table>
ICD-10-PCS CODE STRUCTURE

7 characters for medical and surgical procedures have the following meaning:

- Character 1 = Section (e.g. 0- medical and surgical)
- Character 2 = Body System (e.g. gastrointestinal)
- Character 3 = Root Operation (e.g. excision)
- Character 4 = Body Part (e.g. duodenum)
- Character 5 = Approach (e.g. open)
- Character 6 = Device (e.g. synthetic substitute)
- Character 7 = Qualifier: may have a specific meaning for a limited range of values (e.g. 6 identifies site as bifurcation)
  - Z indicates no qualifier
ICD-10-PCS CODE STRUCTURE

• Crucial first 3 characters of a code (section, body system, and root operation) are stored in the ICD-10-PCS manual for reference

• For example, a code beginning in 027 would be a medical/surgical procedure on the heart and great vessels, dilation (expanding an orifice or the lumen of a tubular body part)
FIRST YEAR OF ICD-10

Practices experienced the following:

• Revisions to charge documents
• Revisions to EHR templates/smart sets
• Increased documentation time
• Additional training time for staff
FIRST YEAR OF ICD-10

• Increased admin and education costs
• Payer challenges
  ▪ Delays in insurance processing
  ▪ Increase in insurance claims processing errors
• Disruptions in claims payment
• Delays in coding productivity
• Increased keying time and errors
IMPACT – IMPLEMENTATION COST

• Pre-implementation cost impact estimates*
  ▪ Small practice from $56,000 - $226,000
  ▪ Medium practice from $213,000 - $824,000
  ▪ Large practice from $2 million - $8 million
• Included areas of training, assessment, software upgrades, productivity, testing, and payment
• Recommended line of credit
• What was the actual cost?

*Nachimson Advisors
IMPACT – PATIENT VISIT WORKFLOW

- Referring Dr’s orders/requests needed specific ICD-10 code
- Prior authorizations needed ICD-10
- Changes to payer medical necessity guidelines
- Diagnosis problem lists
- Modification to EHRs
IMPACT - PAYER REIMBURSEMENT

- Reimbursement amounts - Based on CPT not diagnosis code
  - Coverage may be a factor
- Rejection of miscellaneous codes
- Contracts may not obligate payer to process timely or resolve ICD-10 issues
- Verify contract requirements related to coding
- Utilization management or records requests may change
LOSS OF CODER PRODUCTIVITY

• 50% decline of coder productivity in Canada after ICD-10 implementation
• What would happen in US was an unknown factor
• Estimates ranged from 20%-75% decline
• Actual percentage post-implementation is difficult to calculate
WHY THE DECLINE?

• Codes are unfamiliar
• Alphanumeric codes take longer to enter
• Greater specificity needed to code
• Queries required for missing provider documentation
• More time spent on non-coding tasks - the more productivity declines
ICD-10-PCS PRODUCTIVITY

• Wild card for productivity was PCS
• We could not learn from other countries’ implementation problems
• Vastly different coding system than ICD-9 procedure codes
• Eliminated unspecified codes and eponyms
• Codes require 7 characters every time
  ▪ No placeholders like ICD-10-CM
ICD-10-PCS PRODUCTIVITY

• Expanded knowledge of clinical procedures
• Choosing incorrect root operation = wrong code, MS-DRG, and incorrect payment
• Need to know intent of procedure (root operation), approach, very specific body part and whether it was a diagnostic procedure
• Digging for details takes time
CLINICAL DOCUMENTATION

• Code assignment requires greater detail in provider documentation
• Consider documentation improvements or CDI program
• Strong documentation of diagnosis for ICD-9 improves ICD-10
• Coding support staff may need additional education to capture differences in record
Laterality
- Documentation needs to reflect the side (i.e. right, left or bilateral) on which the injury, symptom, etc. has occurred
- Approximately 5,000 codes in ICD-10-CM have a right and left distinction

Location / specific anatomy
- Many ICD-10-CM codes are very specific in terms of anatomy and documentation must reflect this
Stage of care

Many injuries must have documentation that indicates what stage of the patient's care the services were rendered to add the appropriate seventh character in ICD-10-CM.

Sequela (Late Effects)

A sequela is the complications or conditions that arise as a direct result of a condition.
- Such as scar formation (residual) after a severe burn (cause).
- Clear documentation is the key; the condition that caused the sequela and the sequela itself need to be documented.
DOCUMENTATION CHALLENGES

- **Specific type of condition**
  - Documentation needs to reflect the specificity of a diagnosis

- **Caused by or Contributing factors**
  - ICD-10-CM includes even more combination diagnoses
  - Coder cannot assume a relationship; the documentation must make the connection

- **Remission status**
  - Neoplasm and Behavioral Health conditions may include code selections for remission status
Personal history of a condition

- Often an impression may contain the term “history of”
  - A common scenario would be for a patient with a history of cancer
- Coding guidelines define a personal history of cancer:
  - “When a primary malignancy has been previously excised or eradicated from its site and there is no further treatment directed to that site and there is no evidence of any existing primary malignancy.”
UNSPECIFIED CODE RISKS

• In ICD-9-CM, often ended with .89 or .9
  ▪ Included: NOC, NEC, or NOS in description

• ICD-10-CM, not so much, can end with any number
  ▪ Includes: NOC, NEC, NOS

• Payers may not favor unspecified codes
  ▪ Payers may request additional documentation
  ▪ Payers may deny due to other available codes
  ▪ Payers may need appeals to initiate review

• Review the use of unspecified codes to identify potential risk areas
DIAGNOSIS CODING PROCESS

Process for determining correct diagnosis code is the same as ICD-9-CM

• Look up diagnostic term in Alphabetic Index, then

• Verify code number in Tabular List

• Confirm the number of characters needed for a valid code
WHAT IS A VALID CODE?

• ICD-10-CM diagnosis codes must be coded to the full number of characters required for that code to be considered valid
  ▪ When 7th character applies, codes missing 7th character are invalid

• ICD-10-PCS procedure codes all require 7 characters to be valid
  ▪ For facility reporting of hospital inpatient services

• Complete list of ICD-10-CM valid codes and code titles is found on the CMS ICD-10 website
  ▪ Zipped file is called icd10cm_codes_2016.txt
VALID VS INVALID CODES

• Coding, billing and claims editing programs may have flags to identify invalid codes
• Code books may identify invalid codes in the Tabular List using a variety of formats including:
  ▪ Color coding
  ▪ Symbols
  ▪ Hyphens
CMS GRACE PERIOD

- CMS 12 month “grace period” expires on Oct. 1, 2016
- Neither quality penalties nor contractor claim denials will occur relative to physician or other practitioner claims under Medicare Part B so long as a valid ICD-10 code is used from the right family
  - Does not apply to inpatient hospital services
- However, a valid ICD-10 code was required on all claims effective Oct. 1, 2015
- At least one major commercial payer stated that it expected full provider compliance with ICD-10 in 2016
On October 29, 2015, CMS reported that fee-for-service claims were processing “normally”

- Total claims submitted: 4.6 million per day
- Total claims rejected due to invalid ICD-10 codes: 0.09% of total claims submitted
- Per CMS: a recent survey found that providers made the switch from ICD-9 to ICD-10 with essentially no adverse effects on coding accuracy
CMS: 4 LESSONS LEARNED FROM IMPLEMENTATION

• Lesson 1: Be customer focused
  ▪ Listened and learned about issues small physician practices faced including: resources and technical assistance needs, and concerns over claims payment and cash flow
  ▪ In response, released provider training videos and offered unprecedented level of external testing

• Lesson 2: Be highly collaborative
  ▪ Collaborated with AMA, AHA, AHIMA, state medical societies, providers, billing agencies, equipment suppliers, and variety of stakeholders
  ▪ Helped address concerns and get resources to providers
CMS: 4 LESSONS LEARNED FROM IMPLEMENTATION

• Lesson 3: Be responsible and accountable
  ▪ CMS named an ICD-10 Ombudsman
  ▪ Committed to a 3-business-day turnaround for every question or concern that came in from a provider
  ▪ 1st month of implementation, received approx. 1,000 inquiries and responded to 100% within 3 business days

• Lesson 4: Be driven by metrics
  ▪ CMS team created a scorecard and heat map to locate and track issues as they occurred
  ▪ Launched an ICD-10 Coordination Center (ICC) to handle any issues as they arose
WHAT’S NEXT FOR ICD-10?

• 4 years since the last regular annual update to the ICD-9-CM and ICD-10 code sets

• Between 2012-2014, both code sets received only limited updates to capture new technologies and diseases

• Last year, those limited updates were for ICD-10 only

• Partial code freeze ends on Oct 1, 2016
2017 ICD-10-CM UPDATES

- 1943 new codes
- 422 revised code titles
- 305 deleted codes
- Many changes to injury coding and fractures
  - 885 new codes, 237 revised codes, and 123 deleted codes
- Added new codes requested by special interest groups
  - Example: ACOG requested new codes to capture multiple gestational pregnancy with co-existing ectopic and uterine pregnancies
- Added laterality to existing codes
  - Example: diabetic retinopathy codes
- Added codes for conditions missing completely from I-10
  - Example: pulsatile tinnitus
2017 ICD-10-PCS UPDATES

• 71,974 codes in 2016
• 75,625 codes in 2017
• 3,827 new codes
  ▪ Majority of new codes are in the cardiovascular system section
• 491 revised code titles
• 12 deleted codes
• Complete list of new and revised codes available on CMS.gov website
TRACK AND IMPROVE YOUR ICD-10 PROGRESS

• To help improve the use of ICD-10 codes, CMS offers the **Next Steps Toolkit**

• The toolkit can help to:
  - Identify key metrics to track for accurate ICD-10 assessment
  - Manage the revenue cycle
STEPS TO ANALYZE ICD-10 PROGRESS

• **Assess your progress:**
  - Track key performance indicators (KPIs)
  - CMS provides a fact sheet focused on KPIs that may be helpful

• **Address your findings:**
  - Identify opportunities for improvement
  - Improve accuracy of clinical documentation and code selection
  - Check for any systems issues
  - Resolve system problems with payers

• **Maintain your progress:**
  - ICD-10 updates take place annually on October 1
  - Keep all your systems and coding tools updated
  - Review the General Coding Guidelines on a regular basis
ICD-10 OFFICIAL GUIDELINES

• Separate official guidelines are available for:
  ▪ Diagnosis codes:
    ➢ 2016 ICD-10-CM
    ➢ 2017 ICD-10-CM (effective Oct. 1, 2016)
  ▪ Hospital inpatient procedures:
    ➢ 2016 ICD-10-PCS
    ➢ 2017 ICD-10-PCS (effective Oct. 1, 2016)
• Adherence to the official coding guidelines in all health care settings is required under HIPAA
KEEP UP TO DATE ON ICD-10

• Visit the CMS ICD-10-website for the latest news and official resources, including the:
  ▪ Next Steps Toolkit
  ▪ ICD-10 Quick Start Guide
  ▪ Contact list for provider Medicare and Medicaid questions

• Sign up for CMS ICD-10 Email Updates and follow CMS on Twitter
AUTHORITATIVE REFERENCES

• CMS.gov ICD-10

• CMS ICD-10 Implementation Planning

• CDC ICD-10-CM/PCS Transition
  http://www.cdc.gov/nchs/icd/icd10cm_pcs_background.htm

• AHIMA ICD-10 Planning
  http://ahima.org/ICD10/default.aspx

• AHIMA Frequently Asked Questions about ICD-10-CM/PCS
  http://www.ahima.org/icd10training

• AMA ICD-10 Code Set Resources
AUTHORITATIVE REFERENCES

- Medscape ICD-10 Guide for Small and Medium Practices
- HCPro Third Horseman of the ICD-10 Apocalypse: Productivity
- ICD-10 Post-Implementation: Coding Basics Revisited 12/8/2015
  https://www.youtube.com/watch?v=Mv2BiBccEcU&feature=youtu.be
- How Providers Should Address Post-Implementation ICD-10 Challenges
  https://www.advisory.com/daily-briefing/2015/11/06/how-providers-should-address-post-implementation-icd-10-challenges
- CMS and AMA Announce Efforts to Help Providers Get Ready for ICD-10
  Frequently Asked Questions
- AAPC Blog: Prepare for Thousands of ICD-10 Code Changes
  https://www.aapc.com/blog/34105-prepare-for-thousands-of-icd-10-code-changes/
- CMS ICD-10 Industry Email Updates
  https://www.cms.gov/Medicare/Coding/ICD10/CMS_ICD-10_Industry_Email_Updates.html
THANK-YOU!

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