



## **Preparing for the Conversion from ICD-9 to ICD-10: What You Need to Be Doing Today**

Currently in the United States, ICD-9 is the code set used to report diagnoses and inpatient procedures. “ICD-9” stands for International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM). ICD-9-CM is based on the official version of the World Health Organization’s (WHO) ninth revision of the International Classification of Diseases. ICD-9 is designed for the classification of patient morbidity (sickness) and mortality (death) information for statistical purposes. There are three volumes of ICD-9-CM. Volumes 1 and 2 contain codes for reporting diagnoses and symptoms. Volume 3 contains codes for reporting surgical and nonsurgical procedures in the inpatient setting. ICD-9 was named as the standard code set for reporting diagnoses and inpatient procedures under the Health Insurance Portability and Accountability Act (HIPAA) and was implemented in 2003.

On January 16, 2009, the Department of Health and Human Services (HHS) published a regulation requiring the replacement of the ICD-9 code set with ICD-10 as of October 1, 2013. All encounters and discharges on or after October 1, 2013 must use the ICD-10 codes. The regulation does not allow for use of the ICD-10 codes prior to the compliance date.

Initially, the proposed rule called for a compliance date of October 1, 2011. The American Medical Association (AMA), along with over 100 physician state and specialty societies, expressed their deep concerns in comments to HHS on the aggressive deadline to complete this complex transition in such a short amount of time. The additional two years granted by HHS will provide much needed time to complete the work necessary for this conversion.

The implementation of ICD-10 will require significant changes to clinical and administrative systems that capture and report diagnosis codes. In addition to the changes for ICD-10, practices will need system changes for updating the HIPAA transactions from version 4010 to 5010. Implementation of the version 5010 transactions and ICD-10 will overlap. Understanding the changes required for both conversions and the impact on your practice will prepare you for the transition to ICD-10.

## **What is ICD-10?**

“ICD-10” is the abbreviated term used to refer to the International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) and the International Classification of Diseases, Tenth Revision, Procedure Coding System (ICD-10-PCS).

- ICD-10-CM is the diagnosis code set and is the updated version of ICD-9-CM Volumes 1 and 2.
- ICD-10-PCS is the code set of inpatient procedure codes and is the updated version of ICD-9-CM Volume 3.

The regulation to implement ICD-10 names ICD-10-CM for reporting diagnoses in all clinical situations and ICD-10-PCS for inpatient procedures only. The Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) will continue to be the code sets for reporting ambulatory procedures.

ICD-10, like ICD-9, was developed by the WHO. Some countries that have already adopted ICD-10 made modifications to the WHO version. The U.S. has made modifications to the ICD-10 diagnosis code set, which has been named ICD-10-CM. The National Center for Health Statistics (NCHS) under the Centers for Disease Control and Prevention (CDC) is responsible for the development and maintenance of ICD-10-CM. Additional information on ICD-10-CM can be found on the NCHS website at: [www.cdc.gov/nchs/about/otheract/icd9/abticd10.htm](http://www.cdc.gov/nchs/about/otheract/icd9/abticd10.htm). The U.S. created ICD-10-PCS, since a procedure code set was not developed by the WHO. The Centers for Medicare & Medicaid Services (CMS) is responsible for the development and maintenance of the ICD-10-PCS code set. More information on ICD-10-PCS is available at: [www.cms.hhs.gov/ICD10/01\\_Overview.asp#TopOfPage](http://www.cms.hhs.gov/ICD10/01_Overview.asp#TopOfPage).

There are structural differences between ICD-9 and ICD-10 that will make converting to the updated code set complex. ICD-9-CM diagnosis codes are 3-5 digits in length. The letters V and E are the only alpha characters used in ICD-9-CM. In ICD-10-CM, the codes are 3-7 alpha numeric characters in length. The expanded characters of the ICD-10-CM codes provide greater specificity to identify disease etiology, anatomic site, and severity. The additional characters in the ICD-10-PCS codes allow for identifying the body system, root operation, body part, approach, and device involved in the procedure. There are also a

greater number of ICD-10 codes compared to ICD-9. The number of ICD-9 diagnosis codes expands from 14,000 to 68,000 in ICD-10-CM. The ICD-9 procedure codes increase from 4,000 to 87,000 in ICD-10-PCS.

The change in the character length requires system upgrades to expand data fields for the longer codes. The need to expand the data fields is why the Accredited Standards Committee (ASC) X12 (a standards setting body named in HIPAA) administrative transactions named in HIPAA must be upgraded from version 4010 to 5010. The upgrade to the version 5010 transactions must be completed before implementing the ICD-10 code sets. The compliance date for implementing the 5010 transactions is January 1, 2012.

### **Why Convert to ICD-10 Now?**

There are many who believe that the ICD-9 code sets have become too outdated and are no longer workable for treatment, reporting, and payment processes today. ICD-9 has been used widely in the U.S. since 1978. The WHO endorsed ICD-10 in 1990 and many countries have adopted versions of it.

The age of the ICD-9 code sets means that it does not accurately reflect all advances in medical technology and knowledge. The ICD-9 diagnosis codes are divided into chapters based on body systems. During the years of maintaining and expanding the codes within chapters, the more complex body systems have run out of codes. The lack of codes within the proper chapter has resulted in new codes being assigned in chapters of other body systems. For example, new cardiac disease codes may be assigned to the chapter for diseases of the eye. The rearranging of codes makes finding the correct code more complicated.

Another driver for replacing ICD-9 is the increased specificity of ICD-10. The belief is that the more specific data will provide better data for identifying diagnosis trends, public health needs, epidemic outbreaks, and bioterrorism events. The more precise codes are supported by some as providing potential benefits through fewer rejected claims, improved benchmarking data, improved quality and care management, and improved public health reporting.

## **How You Can Prepare Now for ICD-10**

Practices need to have the ICD-10 codes implemented and report them in all transactions for encounters or discharges on and after October 1, 2013. Meeting this compliance date requires you to begin work now analyzing your systems and identifying the necessary changes. ICD-10 implementation work will overlap with the implementation work for the version 5010 HIPAA transactions.

The following tasks will assist you in identifying the internal work you need to complete and the work you need to do with the external entities to prepare for ICD-10.

### **1. Identify your current systems and work processes, either electronic or manual, in which you use ICD-9.**

The implementation of ICD-10 affects more than your administrative transactions.

Understanding the current systems in which you use ICD-9 will direct you in the processes and systems you will need to update to ICD-10. Among the systems and work processes you should review for possible modification or upgrade to ICD-10:

- **Clinical documentation** – The increased specificity of the ICD-10 codes requires more detailed clinical documentation in order to code the diagnosis to the highest level of specificity.
- **Encounter forms or “superbills”** – Current encounter forms or superbills listing your practice’s frequently used ICD-9 codes need to be updated for ICD-10. The increased specificity of ICD-10 will make these forms more complex and lengthy.
- **Practice management system** – Your practice management system needs to be upgraded to accommodate the data format of the ICD-10 codes.
- **Electronic health record or electronic medical record system** – Your electronic health record or electronic medical record system needs to be upgraded to accommodate the ICD-10 codes.

- **Quality Reporting** – Any quality reporting you currently do needs to be updated to ICD-10. You need to consider how these reports are generated and if it involves a system or work process that needs to be updated.
- **Public Health Reporting** – Any public health reporting you currently do needs to use ICD-10 codes after the compliance date. You need to review how these reports are generated and if it involves a system or work process that needs to be updated.
- **Contracts** – Any contracts you have with payers need to be reviewed to determine the impact of moving to ICD-10.

To make sure that you identify all systems and work processes that will be impacted by ICD-10, follow a patient through your office from the time they check in until you receive payment from the payer.

## **2. Talk to your current practice management system vendor.**

Changes to your practice management system to accommodate the ICD-10 codes are potentially a large expense. Depending on your contract with your vendor, the system upgrades may be included in your ongoing maintenance. The system upgrades may be completed by your vendor when they install the upgrades for the version 5010 HIPAA transactions. Some vendors may charge for the upgrades. Review your contract to determine if regulatory updates are included in your maintenance. This review should be done as soon as possible.

When you talk to your vendor, be sure to ask the following questions:

- Can my current system accommodate the data format changes for the ICD-10 codes?
- Will you be upgrading my current system to accommodate the ICD-10 codes?
- Will there be a charge for the upgrade?
- When will the upgrades be available for installation?
- When will the upgrades to my system be completed?

If your existing system is unable to accommodate the ICD-10 codes or your vendor is not upgrading the system for ICD-10, you will likely need to purchase a new system. This possibility

is why it is important for you to talk to your vendor now. If you need to make a purchase, you need plenty of time to research different systems and determine what will be best for your practice. You must also budget for the costs of a new system.

It is important to know when the system upgrades will be completed and when the vendor anticipates installing the upgrades in your practice. The installation must occur long before the compliance deadline and, ideally, early enough for testing transactions with your trading partners, i.e. payers, clearinghouses, and billing service, to make certain everything will run smoothly after the deadline, and to have an adequate time for staff training. More information on testing is provided below.

**3. Talk to your clearinghouses or billing service, if you use either one, and payers.**

Similar to your system vendor, you need to know the implementation plans of your clearinghouses, billing service, and payers. The following are questions to ask your clearinghouses and billing service.

- Will you be upgrading your systems to accommodate the ICD-10 codes?
- When will your upgrades be completed?
- When can I send claims and other transactions with ICD-10 codes to you so you can test that they will be accepted?

Ask the following questions of your payers:

- Will you be upgrading your systems to accommodate the ICD-10 codes?
- When will your upgrades be completed?
- Will I need to re-negotiate my provider contract or electronic data interchange (EDI) agreement based on the move to the ICD-10 codes?
- When can I send transactions with ICD-10 codes to you so you can test that they will be accepted?

Based on the responses to these questions, you will know if your clearinghouses and billing service can continue to support your practice. If they will be implementing ICD-10, you will have an idea of their timeframe for completing their work. You will also be aware of the timeframes of your payers' work. The information will assist you with planning your budget needs, a timeframe for implementation, and a timeframe for testing.

It is important that you contact all of your clearinghouses, payers, and billing service, regardless of how many there may be. Contacting these organizations with which you conduct transactions is the best action you can take to ensure that the transition to ICD-10 is smooth and your transactions will continue to be processed after the compliance deadline without payment interruptions. It is recommended you begin querying your biggest payers first.

#### **4. Talk to your payers about possible changes to your contracts as a result of implementing ICD-10.**

Because of the increased specificity of the ICD-10 codes, payers may modify the terms of their contracts for billing. Payers may require the code with the highest specificity be reported. They may alter their payment schedules and reimburse differently for higher vs. lesser specific codes. It will be important for you to understand your payers' payment schedules and to bill using the appropriate ICD-10 codes. In addition to reimbursement, the move to the more detailed ICD-10 codes may impact payers' medical review, auditing, and coverage.

The following are questions to ask your payers:

- Do you plan to renegotiate your contracts based on the implementation of ICD-10?
- If “yes”, are you going to renegotiate the contracts when they are up for renewal or prior to that date?
- What impact will ICD-10 have on your payment schedule, medical review, auditing, and coverage?

It is best to learn early of any changes by your payers so you can analyze how the changes will impact the processing of your claims.

## 5. Identify potential changes to existing practice work flow and business processes.

You can identify potential changes to your existing work flow and business process using the observations you initially completed to identify the workflows affected by the implementation of ICD-10. The following are areas where you will need to consider changes to your existing processes:

- **Clinical documentation** – You may need to permanently change your documentation practices to capture greater details of the patient visit in order to code to the highest level of specificity.
- **Encounter forms or “superbills”** – Changing your current encounter forms or superbills to list the appropriate ICD-10 codes that will be frequently used by your practice will take some time. Anticipate making updates to the form once you begin using the ICD-10 codes and becoming more familiar with which ones you will use the most. You may also want to consider implementing code selection software.
- **Quality Reporting** – You need to review how your quality reports are generated. Any forms that include diagnosis codes will need to be updated to the ICD-10 codes.
- **Public Health Reporting** – You need to review how you report public health requirements. Any forms that include diagnosis codes will need to be updated to the ICD-10 codes.

## 6. Identify staff training needs.

Training is a critical step for ensuring that staff is knowledgeable about the ICD-10 code set and prepared for using the new codes appropriately. Different staff within your practice may require different training based on their involvement with the diagnosis codes. Training should focus on learning the ICD-10 code set and any work flow changes. Clinical staff will need to learn about ICD-10 to understand how their documentation will impact the ability to code and bill. Your coding staff will need the most training to learn how to use the new code set and correctly capture the diagnosis using ICD-10.



Questions to ask include:

- On which ICD-10 code sets do we need to receive training? ICD-10-CM (diagnoses), ICD-10-PCS (inpatient procedures), or both?
- Who should be trained on the ICD-10 code set?
- How long will it take to train the staff?
- What training format will work best for our staff? (e.g., classroom training, web-based training, written materials, or hiring a consultant)
- Can we have one staff member receive training and then have that person train the rest of our staff (“Train the Trainer”)?
- Where can we obtain the training?
- What is the cost of the training?
- Will there be “downtime” during the training?
- What resources do we need to support the staff after training?
- When should the training be completed?

#### **7. Test with your trading partners, e.g., payers and clearinghouses.**

Your trading partners are the organizations with which you exchange various transactions. The final step before going “live” with the ICD-10 codes will be to complete testing with your trading partners. The testing will involve sending ICD-10 codes in test transactions through the channels you use today, such as to the clearinghouses or payers. Sending test transactions, like claims, with the ICD-10 codes is an opportunity to see if they will be sent successfully by your system and received successfully by your trading partner’s system. Since the use of the ICD-10 codes is not allowed until October 1, 2013, all testing will be done in a testing environment, not a live production environment.

The following are questions you will likely have about testing:

- Which transactions should I test with the ICD-10 codes?
- Which trading partners should I test with?
- When should I begin testing?

You should test each of the transactions you use that require ICD-10 codes. Ideally, you should test with all of your trading partners involved in transactions using the ICD-10 codes. You, however, likely have dozens, if not hundreds, of trading partners and it is impractical to test with them all. Therefore, you should test with the trading partners that make up the largest volume or largest revenue of your transactions involving ICD-10.

Begin contacting the trading partners with whom you wish to test as soon as you have a date for your practice management system installation. Begin to schedule times for sending test transactions. Be sure to budget for the additional time and expense for conducting the testing. Once testing is complete, it is important that you review the results of the testing so you know what worked and what potential changes you still need to make.

Testing with your trading partners is the best opportunity you have to make certain that the ICD-10 codes will be received and interpreted properly after the compliance deadline. A smooth transition to the ICD-10 code sets will also ensure that there are no delays in transaction processing and claims payment.

**8. Budget for implementation costs, including expenses for system changes, practice business process changes, resource materials, and training.**

Costs are likely to be the primary concern practices will have with the implementation of the ICD-10 codes. Although it may be difficult to budget for every expense, the tasks outlined above will help you think about where the expenses will occur and what they might be.

## **Conclusion**

A regulation has been passed that requires the replacement of ICD-9 with ICD-10 beginning October 1, 2013. Practices are facing a staggering number of technology requirements, including upgrading administrative transactions, e-prescribing, and health information technology adoption, to name a few. The replacement of ICD-9 with ICD-10 is another significant change for the health care community. Since there are considerable changes needed to move to ICD-10, practices cannot wait to begin the

necessary work. Begin now by analyzing your internal systems, talking to your vendor, talking to your trading partners, analyzing work flow, implementing work flow changes, identifying training needs, and planning your budget. The advanced planning will prepare you for transitioning to the ICD-10 codes and meeting the October 1, 2013 compliance deadline.

More detailed information and resources are available on the AMA Web site, [www.ama-assn.org](http://www.ama-assn.org).

### **Sidebar**

The following steps will prepare you for implementing the ICD-10 codes:

1. Identify your current systems and work processes, either electronic or manual, in which you use ICD-9.
2. Talk to your current practice management system vendor.
3. Talk to your clearinghouses or billing service, if you use either one, and payers.
4. Talk to your payers about possible changes to your contracts as a result of implementing ICD-10.
5. Identify potential changes to existing practice work flow and business processes.
6. Identify staff training needs.
7. Test with your trading partners, e.g., payers and clearinghouses.
8. Budget for implementation costs, including expenses for system changes, resource materials, consultants, and training.