

ICD-10: The Wave (or Tsunami) of the Future

For many people, simply hearing the words “ICD-10” is enough to cause headaches, indigestion and a sudden compulsion to find a new career. It is the looming healthcare change that many professionals hope will go away completely or be delayed until they can retire. However, the repeated affirmations by the Department of Health and Human Services (HHS) and the Centers for Medicare and Medicaid Services (CMS) strongly suggest the ICD-10 transition will continue as scheduled.

Most industry experts recommend that plans for implementing ICD-10 should already be underway for medical practices, both large and small. However, providers are limited in what they can prepare since so much of ICD-10 depends on having the right technology in place to accommodate the new code set. In addition to ICD-10, providers are faced with implementing other major (and costly) healthcare initiatives such as, HIPAA 5010, EHRs and other healthcare reforms such as the HITECH Act. At the end of the day, healthcare providers are asking whether it is even possible to implement ICD-10 by the mandated compliance date.

Phase 1: Implementation of HIPAA 5010

Compliance Date: January 1, 2012

In order for claims to be submitted with ICD-10, the electronic health transaction format must change from the current HIPAA standards (ASC X12 4010A1) to the new version (ASC X12 5010). CMS already started its internal testing, which is to be completed by December 31, 2010. On January 1, 2011, CMS is scheduled to start external testing with its partners.

The 5010 conversion affects all HIPAA covered entities: providers, clearinghouses, health plans and billing services. The 5010 transaction set will allow either ICD-9 or ICD-10 claims to be processed. It also increases the number of diagnoses allowed on a claim, along with other changes to the Medicare Physician Fee Schedule.

What You Need to Do Now

Providers are rapidly running out of time to start converting to 5010. According to a recent survey by HIMSS, only 12 percent of providers have formally begun the 5010 conversion (See <http://www.icd10watch.com/blog/icd-10-deadline-achievable>). By January 2011, contact your practice management (PM) system, clearinghouses, payers and other software vendors to see when they plan to upgrade your system to 5010.

Make sure the vendor allows plenty of time for the upgrade before the January 1, 2012, compliance date.

In addition, ask whether your current vendor contract or license includes HIPAA regulation updates. If it does not, you will need to know how much an upgrade will cost and any training involved with the upgrade. If you are planning to change PM systems in the near future, it is advisable to negotiate the 5010 conversion with the new PM system.

Note: CMS offers a provider action checklist for converting to HIPAA 5010 at: <http://www.cms.gov/Versions5010andD0/Downloads/w5010PvdrActionChklist.pdf>

Phase 2: ICD-10 Implementation

Compliance Date: October 1, 2012

As of October 1, 2013, all software vendors, physicians, payers and clearinghouses must submit or process encounters using the ICD-10 code set. Outpatient Part B claims submitted with ICD-9 codes will be denied if the date of service is October 1, 2013 or later. On hospital claims, the discharge date drives code selection. If the discharge date is after October 1, any procedures performed *before* October 1 must be submitted using ICD-10 codes rather than ICD-9 codes.

There is no grace period or reduced fee schedule for providers that do not submit claims with ICD-10 information after October 1, 2013. In addition, claims submitted with a mix of ICD-9 and ICD-10 codes will be denied. Since the average cost of reworking a denied claim is \$25, filing claims incorrectly can become very expensive, very quickly.

What You Need to Do Now

With a little over three years to go, practices need to organize an ICD-10 implementation team, if they have not already done so. The implementation team should include at least one representative from each department in the practice: providers, coders, billers, compliance officer, office manager, IT specialist, trainers and so forth. Every employee will be affected by ICD-10, and therefore input from every type of employee should be taken into account. **Note:** Several organizations such as the AAPC and AHIMA offer free ICD-10 implementation plans to help practices get started (See the links under Resources).

Budget

One of the first tasks of the implementation team should be to allocate a budget for converting to ICD-10. Table 1 lists the estimated costs of implementing ICD-10 based on information from the Nachimson Advisors study (See: <http://www.aaos.org/news/aaosnow/feb09/reimbursement1.asp>).

Table 1: Estimated Costs to Implement ICD-10

Number of	3	% of Budget	10	% of Budget	100	% of Budget
Physicians						
Business Processes	\$6,900	8 %	\$12,000	4 %	\$48,000	1 %
IT Changes	\$7,500	9 %	\$15,000	5 %	\$15,000	4 %
Training and Education	\$2,405	3 %	\$4,745	2 %	\$46,280	1 %
Superbills	\$2,985	4 %	\$9,950	3 %	\$99,500	4 %
Increased Documentation	\$44,000	53 %	\$178,500	63 %	\$1.785m	66 %
Cash Flow	\$19,500	23 %	\$65,000	23 %	\$650,000	24 %
Disruption						
Total Estimated Costs	\$83,290	100 %	\$285,195	100 %	\$2.7m	100 %

At this juncture, the estimates in Table 1 are the industry's best guess at what ICD-10 is going to cost. Providers need to be flexible and expect the unexpected.

The more financial cushion you build in into the budget at the beginning, the less financial strain your practice will endure overall.

Documentation Costs

As noted in Table 1, the greatest expense with transitioning to ICD-10 comes from increases in documentation costs. The increased documentation is a direct result of the new code structure. ICD-10 codes include several new features that did not exist in

ICD-9. For example, ICD-10 codes may include information, such as:

- Laterality (Right, left or bilateral)
- Initial or subsequent encounter
- Blood alcohol level

- Blood type
- Intraoperative or post-procedural postoperative complications
- Combination codes for conditions with commonly related symptoms or manifestations
- Combination codes for poisonings and associated external causes

The additional documentation represents a permanent increase in day-to-day documentation, and not just an initial adjustment to the new ICD-10 code set. As a result, physicians will immediately feel the effects of ICD-10 on their daily workflow and may see a reduction in overall patient visits.

Note: Poor documentation is a leading cause for denials by payers. With ICD-10, the risk of claims being denied because of poor documentation only increases.

Business Processes

Early ICD-10 planning should focus on how ICD-10 will affect both internal and external business processes. For internal processes, you must have a good feel for the various workflows within the office and how those workflows are achieved. For example, you must understand what tools are used (superbills, EHR templates, Tablet PCs, desktops, software) and who uses those tools (physicians, coders, billers, schedulers). For external processes, you must evaluate any relationships or activities that connect the practice with the outside world (payers, laboratories, pharmacies, practice management systems, clearinghouses).

The implementation team should identify any areas of risk that might affect the crossover to ICD-10, such as: the practice management system is outdated or cannot meet the needs of the practice, the practice plans to adopt an EHR in the next two to three years, employee retirement or turnover, hardware upgrades, software upgrades and more.

Training and Education

Affordable (and overpriced) ICD-10 training is already available in the medical community. Members of the implementation team should start educating themselves on ICD-10 in the near future. However, comprehensive ICD-10 training for providers and staff should begin no earlier than January 1, 2013; otherwise individuals run the risk of forgetting what they have learned.

Everyone in the practice will need some level of ICD-10 training, but the majority of the training and education budget should be directed towards providers, coders and billers.

Note: Certified coders will be required to recertify in order to keep their coding credentials up-to-date. Recertification requirements vary from one coding organization to another.

Superbills and EHR Templates

Superbills and EHR templates provide the basic platform for daily use of ICD-10 codes, and

therefore play an important role in accomplishing a smooth transition to ICD-10. Tools like the General Equivalency Mappings (GEM) by CMS help practices to develop a new form, but a simple conversion of a superbill from ICD-9 to ICD-10 will not be possible. ICD-10 redefined many clinical conditions, expanded existing code definitions and in some cases removed code categories all together. In many cases, there is no one-to-one relationship between an ICD-9 code and an ICD-10 code. As a result, the level of work involved with creating an ICD-10 superbill or template will be significant, and nothing like a standard, annual form revision.

Between additions, revisions and corrections by staff and providers, the average new encounter form takes two to three months to design. Superbill or template redesign should begin no later than June 2013 and be conducted by individuals who have already gone through comprehensive code training on ICD-10.

ICD-10 does not necessarily mean the end of paper encounter forms. However, it does imply more information must be handwritten by the physician, and by default, more work must be done by a coder. The length of most ICD-10 code descriptions is long enough to consume a significant amount of space on a standard letter-sized form.

Printing even a fraction of the most commonly used diagnoses on a superbill will be challenging, and multi-page encounter forms are both impractical and cost prohibitive. Physicians may find it is easier and more accurate to convert to electronic encounter forms or to an EHR, rather than continue using paper forms.

Summary

Between HIPAA 5010 and ICD-10, providers must make several changes in the next few years, and they are under a strict timeline to accomplish these tasks. In the immediate future, providers should be engaged in communicating with payers, billing systems and clearinghouses about the HIPAA 5010 conversion, testing and training plans. For ICD-10, practices should be in the process of forming an implementation team and developing a training plan for the members of that team.

The bulk of the ICD-10 implementation work will take place in the year preceding the October 1, 2013 compliance date.

Resources

AAPC ICD-10 Provider Implementation Benchmarks (<http://www.aapc.com/ICD-10/implementation-training.aspx>)

AHIMA Preparing for ICD-10 (<http://www.ahima.org/icd10/preparing.aspx>)

AHIMA Outpatient Coder Tasks (<http://www.ahima.org/icd10/outptcoders.aspx>)

AHIMA Data Managers Tasks (<http://www.ahima.org/icd10/datamanagers.aspx>)

PSR

Practice Support Resources, Inc.

HIPAA 5010 Timelines for Medicare Providers
(http://www.cms.gov/Versions5010andD0/10_background.asp#TopOfPage)

Is the ICD-10 deadline achievable? (<http://www.icd10watch.com/blog/icd-10-deadline-achievable>)

Switching to ICD-10: The Impact on Physicians
(<http://www.aaos.org/news/aaosnow/feb09/reimbursement1.asp>)

What Will ICD-10 Cost your Organization? (<http://blogs.hcpro.com/icd-10/2009/03/cost-of-icd-10/>)

*This article is written by Allison Singer, CPC, CPMA and posted on codapedia.com a comprehensive and collaborative coding and physician reimbursement site.

Resources related to this topic on website www.practicesupport.com include:

- [Implementing ICD-10](#)
- [ICD-10-CM Mappings](#)