

FACT SHEET



GEORGIA DEPARTMENT
OF COMMUNITY HEALTH

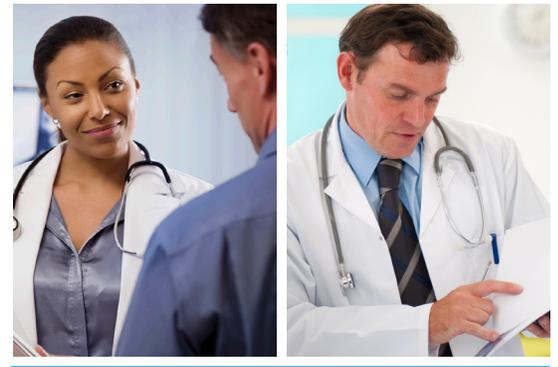
The ICD-10 Remediation Project

ICD-10 Background

In health care, coding systems are used to differentiate diagnoses and procedures in virtually all treatment settings. Diagnostic and procedural codes are connected to nearly every information technology system and business process in health plans and provider organizations, including reimbursement and claim processes.

The World Health Organization's Ninth Edition International Classification of Diseases (ICD-9) is the official system of assigning codes to report diagnoses and procedures in the United States. ICD-9 is the current medical coding system used for diagnosis and inpatient procedures required under the Health Insurance Portability and Accountability Act (HIPAA).

The U.S. Department of Health and Human Services (HHS) issued a final rule on January 16, 2009, adopting ICD-10-CM and ICD-10-PCS to replace ICD-9 (all volumes).



Critical Imperative

- If an ICD-9 code is submitted for a service rendered **on or after October 1, 2014**, the claim will not be processed or paid under federal law.
- ICD-10 codes must be used for all applicable medical claims for services rendered **on or after October 1, 2014**.

For All HIPAA-Covered Entities, Transitioning to ICD-10 is Mandatory

Starting on October 1, 2014, ICD-10-CM diagnoses codes must be used for provider claims in every health care setting and ICD-10-PCS procedure codes must be used for inpatient hospital procedure claims.

The federal government has mandated a transition from the outdated and limited ICD-9 codes to ICD-10 codes for all HIPAA-covered entities, including but not limited to providers, payers, vendors and business associates participating in Medicare and Medicaid service delivery. ICD-10 will affect all entities covered by HIPAA, not just those who submit Medicare or Medicaid claims.

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An Overview of The ICD-10 Remediation Project

The U.S. is the last industrialized nation to make the transition. ICD-10 will have a substantial impact on our national and statewide health care industry. In addition to learning the new codes and their increased specificity requirements, providers' business processes and IT systems will require the necessary accommodation for both ICD-9 and ICD-10 code sets. ICD-10 will have more than 155,000 codes in its first annual release – almost 10 times the number of codes used in ICD-9.

ICD-10 Requires Emphasis on Specificity, Documentation

There are two coding components within ICD-10 as noted below.

- **ICD-10-CM (Clinical Modification)** is for use in all U.S. health care settings. Diagnosis coding under ICD-10-CM uses three to seven alphanumeric digits instead of the three to five digits used with ICD-9-CM. ICD-10-CM contains approximately 68,000 codes. ICD-10-CM replaces ICD-9-CM, volumes 1 and 2.
- **ICD-10-PCS (Procedure Coding System)** is for use in U.S. inpatient hospital settings only. ICD-10-PCS uses seven alphanumeric digits instead of the three or four digits used under ICD-9-CM procedure coding. ICD-10-PCS contains approximately 87,000 codes. ICD-10-PCS replaces ICD-9-CM, volume 3.

Why ICD-10 Matters

- ICD-10 advances health care and the implementation of e-Health initiatives.
- ICD-10 captures advances in medicine and medical technology.
- ICD-10 improves data for quality reporting.
- ICD-10 improves public health research, reporting and surveillance.

Transitioning from ICD-9 to ICD-10 Prerequisite

To accommodate the ICD-10 code structure, the transaction standards used for electronic health care claims Version 4010/4010A were upgraded to Version 5010 in 2012 as a required prerequisite to ICD-10. ICD-10 diagnosis codes must be used for all health care services provided in the U.S. and for all hospital inpatient procedures performed on or after October 1, 2014.

The change to ICD-10 does not affect Current Procedural Terminology (CPT) coding for outpatient procedures or the Healthcare Common Procedure Coding System (HCPCS). Both of these remain in force.

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ICD-10's Impact and Provider Readiness

Since both business processes and information technology systems will need remediation from ICD-9 to ICD-10, every functional area within a provider practice will be affected by ICD-10. From doctor's orders to the nurses' station and from superbills to coding and billing, processes will require updating along with updates made in practice management, Electronic Health Record (EHR) and billing systems. Providers (and their trading partners) are encouraged to develop a road map (or implementation plan) for transitioning to ICD-10.

ICD-10 Road Map

It should include the following:

- **Assessment**

- This office/organizational assessment should include "crosswalking" most frequently used ICD-9 codes to new ICD-10 codes, processes and systems' impact on operations.
- The budgetary and financial risks of non-compliance should be considered relative to claims not paid and cash flow delays incurred.

- **Communications**

- Ongoing internal staff and external trading partner (including payers, vendors) communications about your ICD-10 transition is key.

- **Implementation**

- ICD-10 coding should be used internally as "practice" while the ICD-9 codes are officially submitted on claims.
- Crosswalking (or code mapping ICD-9 to ICD-10), as part of the assessment, should continue throughout implementation.
- ICD-10 training programs suited to the individual's need/role in ICD-10 should be deployed. Training should include physicians and other clinicians as well as coders, billers and practice managers, and others as needed.

- **Testing**

- Test internally with staff, processes, systems; test externally with trading partners, payers and vendors.
- Resolve testing issues prior to go-live on October 1, 2014.

- **Transition**

- Monitor results, resolve issues.

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ICD-10 Compliance – Risks and Rewards	
<i>Risks of Non-Compliance</i>	<i>Rewards of Compliance</i>
Financial – Incomplete, incorrect claims will not be paid; revenue shortfalls will occur; credit worthiness may suffer.	Financial – Claims will be paid; cash flow and credit worthiness will continue.
Administrative – Claims will be rejected or denied if incorrect or incomplete; coding and billing backlogs will occur; issue resolution will create further delays; Prior Authorizations and Medical Reviews will be delayed.	Administrative – Increased specificity in clinical coding can lead to more accurate and timely coding and reimbursements; efficiencies will be gained since attachments may not be necessary to explain the patient's condition.
Regulatory – Providers may also incur penalties for non-compliance and payer audit issues.	Patient Care – Providers will be able to make more informed decisions to deliver disease and care management with better health outcomes.
Patient Care – Provider decisions about patient care may be based on inaccurate or incomplete data.	Fraud and Abuse – Coding specificity will allow for more effective detection, investigation and prevention of potential fraud or abuse.
	Public Health – More and better data and analyses of disease patterns will be available to help protect the public.

DCH and ICD-10 Remediation – Project Overview

The Department of Community Health's (DCH) ICD-10 Remediation project team is identifying where ICD codes are used within the Georgia Medicaid Management Information System (GAMMIS) policies, processes and systems; assessing the impact of transitioning to ICD-10; developing an implementation strategy; and implementing the transition to ICD-10. Outreach to providers and trading partners – building awareness of the mandated compliance, along with its risks and rewards – is an important project goal.

This project supports DCH's initiative to accurately compensate Medicaid providers and reduce the incidence of improper payments. In July 2012, DCH became compliant with 5010 transaction standards as a prerequisite to ICD-10. DCH and Georgia Medicaid are on track for a successful transition to ICD-10.

Project Justification

ICD-9 is 30 years old, has outdated terms, and is inconsistent with current medical practice. Also, the structure of ICD-9 limits the number of new codes that can be created, and many ICD-9 categories are full. Compared to ICD-9, the updated ICD-10 code sets allow for more specific and precise descriptions of a patient's diagnosis and classification of inpatient hospital procedures. ICD-10 will accommodate newly developed diagnoses and procedures, innovations in technology and treatment, performance-based payment systems, coordination of patient care, and more accurate billing.

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Medicaid agencies – as well as other payers, providers and agencies – will be able to use the enhanced information for various functions, including:

- Improved care management of beneficiaries.
- Increased efficiency through identification of specific health conditions, diagnoses and procedures.
- Increased data quality and quantity for fraud and abuse monitoring; links to electronic health records; strategic planning for member, provider and benefit service improvements.
- Quality assurance of clinical and administrative processes.

Expected Benefits to DCH and DCH Trading Partners

- Increased operational support and more targeted strategic planning.
- Improved claims adjudication and reimbursement rates between provider and health plans due to more accurate payments for new procedures, and fewer miscoded and rejected claims due to greater specificity in ICD-10 codes.
- Improved utilization management through the efficient use of ICD-10 diagnosis and procedure codes by payers and providers and the exchange of patients' profile information.
- Reduction in paper work (reduced need for attachments) to explain the patient's condition.
- Improved patient safety and care from sharing ICD-10 granular data on drug side effects and usage among health plans, providers and life science companies.
- Improved clinical, financial and administrative performance.

DCH and Our Trading Partners: Shared Responsibility

For a successful transition to ICD-10, providers and their trading partners (including clearinghouses and billing firms) are responsible for submitting clean claims (accurate, complete and properly coded) in a timely manner to DCH. In turn, Georgia Medicaid will process and pay those clean claims as required by law.

ICD-10 Remediation Project Phases at DCH

The department's transition to ICD-10 is underway with clinical mapping, a review of policies and procedures, and remediation of the Georgia Medicaid Management Information System (GAMMIS).

Internal testing is underway and external testing with providers and trading partners is slated to begin in Q1 of 2014. An extensive communications outreach initiative to providers and trading partners is ongoing and will continue through November 2014.

The ICD-10 project at DCH is being implemented in four phases:

- **Phase 1** provided valuable insight into the preparedness of each functional area.

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An Overview of The ICD-10 Remediation Project

- **Phase 2** evaluated all departments to determine which applications, business policies and processes are affected by ICD-10. This phase identified pertinent reports, interfaces and technologies to determine dependencies and examine the relationships between policies, processes and the applications supporting them.
- **Phase 3** is focusing on the implementation of the planned remediation of the GAMMIS solution.
- **Phase 4** will lead to the stabilization of the GAMMIS solution via its operations.

Georgia Medicaid's External Testing with ICD-10

- Beginning in **1st Quarter 2014 – Providers**
- Beginning in **1st Quarter 2014 – Trading Partners** (i.e., billing and coding firms, clearinghouses, etc.)

Reference Notes

Centers for Medicare & Medicaid Services (CMS) Compliance Dates

- **July 1, 2012** – All electronic claims must use Version 5010 Transaction Standards.
- **October 1, 2014** – Claims for services provided on or after this date must use ICD-10 codes for medical diagnoses and inpatient procedures; CPT and HCPS codes will continue to be used.

Helpful Links

- The ICD-10 final rule is available at edocket.access.gpo.gov/2009/pdf/E9-743.pdf.
- Centers for Medicare & Medicaid Services (CMS) website: www.cms.hhs.gov/ICD10.
- National Center for Health Statistics (NCHS) website: www.cdc.gov/nchs/icd.htm.
- **For more information about ICD-10 from DCH:**
 - Visit the DCH website at www.dch.georgia.gov/icd-10.
 - Visit the DCH website about upcoming ICD-10 webinars and events at www.dch.georgia.gov/it-events.
 - Email us at icd10project@dch.ga.gov.