

# White Paper

## Preparing for the ICD-10 Transition

On October 1, 2015, after more than 30 years with the ICD-9-CM coding system, the U.S. healthcare industry will transition to ICD-10. This change will have far-reaching implications for both healthcare providers and payors, and it is important to make certain your organization is ready. This article focuses on preparing for the ICD-10-CM diagnosis classification, which will be used by hospitals, physicians, and other provider types.

### BACKGROUND

The International Classification of Diseases (ICD) is a system for classifying causes of morbidity (disease) and mortality. The ICD is updated periodically by the World Health Organization (WHO) to reflect changes in medical nomenclature, improved understanding of the causes of disease, and identification of new diseases. The most recent version is the 10th edition, known as ICD-10. Like many other countries, the United States uses a customized version of the ICD which was specifically designed to meet the needs of the U.S. healthcare system. The system currently in use in the U.S. is ICD-9-CM—a “Clinical Modification” of the 9th edition of the ICD. ICD-9-CM has been designated under the Health Insurance Portability and Accountability Act (HIPAA) as the standard code set for diagnosis reporting by covered entities. ICD-9-CM also includes a procedure classification that hospitals must use for reporting inpatient procedures. Although ICD-10 implementation will be challenging, there are a number of compelling reasons to make the change. ICD-9-CM was created in the 1970’s

and was never designed to meet the needs of a 21st century healthcare system.

Specifically, ICD-9-CM: Is running out of space, with limited ability to accommodate new procedure and diagnosis codes.

- Uses outdated and inconsistent terminology.
- Lacks the granularity (detailed classification) needed for emerging uses such as pay-for-performance and biosurveillance.
- Does not facilitate accurate coverage decisions by payors.
- Has limited ability to capture new technology and preventive services.

ICD-10-CM, on the other hand, was designed to meet all of these needs and has the flexibility to allow for addition of new codes as needed.

Preparing for the ICD-10 Transition  
[continued on the next page](#)

## ABOUT ICD-10-CM

The version of ICD-10 that will be used in the United States has two parts: ICD-10-CM (Clinical Modification) and ICD-10-PCS (Procedure Classification System). ICD-10-CM is a diagnosis coding system that all providers—including both physicians and hospitals—will use to report diagnoses. ICD-10-PCS is a procedure coding system that will be used only by hospitals for reporting their inpatient procedures. Physician services and hospital outpatient services/procedures will continue to be reported using CPT®/HCPCS codes. There are major differences in structure and format between ICD-9-CM and ICD-10-CM. The table below provides some examples.

ICD-9-CM	ICD-10-CM
Approximately 13,000 codes	Approximately 68,000 codes
Codes have 3-5 characters	Codes have 3-7 characters
First character may be alpha or numeric; all other characters are numeric	First character is alpha; other characters may be either numeric or alpha
Codes do not distinguish between right-sided and left-sided conditions	Many codes indicate laterality
Limited number of combination codes	Many combination codes that describe both the underlying disease and the manifestation

## IMPACT ON PROVIDERS

For healthcare providers, the transition to ICD-10-CM will involve much more than using new code numbers. Here are some examples of items that each organization will need to consider and prepare for:

- Any computer program that uses diagnosis codes will need to be updated in order to accommodate the new, longer code format. This will include both electronic health record (EHR) software as well as billing software.
- The provider's claims clearinghouse must be prepared to process claims containing ICD-10-CM codes while continuing to process claims containing ICD-9-CM codes. Certain payors such as workers' compensation are

not covered entities under the Health Insurance Portability and Accountability Act and therefore are not required to switch to ICD 10-CM when the rest of the industry does.

- Physicians and nonphysician practitioners will need to make changes to their documentation habits to ensure that the record contains the information needed for ICD-10-CM code assignment. In some cases they will need to document more information than they do currently, while in other cases they will need to document different information.
- Coding personnel will require extensive training and practice with the new system before the go-live date to ensure that claims can be released in a timely manner and with accurate codes.
- Personnel who perform precertifications will need to understand enough about ICD-10-CM codes to be able to determine whether a planned service meets the payor's coverage guidelines.
- Billing staff who handle denials will need to understand enough about ICD-10-CM to be able to determine the reason for the denial and whether it is feasible to appeal it.
- Since there will likely be a slowdown in payments immediately after the implementation date, the organization must ensure it has enough available cash to continue to meet its obligations during this period.

## BUILDING AN IMPLEMENTATION PLACE

Every healthcare organization should have an ICD-10 implementation team already in place. If your organization does not, it is important to start immediately. The first step is to conduct an overall

assessment to determine what workflow and staffing changes will be needed. It may be necessary to make changes to the organization's structure or to begin outsourcing certain functions as opposed to completing them with internal resources.

When you conduct your workflow assessment, you need to address the following:

- Who assigns diagnosis codes?
- Who should assign diagnosis codes?
- How are diagnosis codes assigned?
- Do you need additional or newly skilled staff?
- Are any revisions needed to charge documents (paper or electronic)?
- Are there any software programs involved in the process that need to be reviewed?
- What are the planned changes to any software systems?

Depending on your type of organization, it may fall into your area of responsibility to budget for the implementation. If so you need to ensure you budget for:

- Staff training
- Software upgrades & software testing
- Forms revisions
- New staff positions
- Changes in organizational structure
- Addressing coding delays and backlogs during the transition period

## CODER TRAINING

Although many of the ICD-10-CM guidelines are similar to ICD-9-CM, there are important differences. For this reason even an experienced ICD-9-CM coder will need a significant amount of training in the new system, and new coders may require additional training. There are a number of options for coder training depending on the organization's size, budget, and specific circumstances. The most common options include sending coders to off-site seminars, engaging an instructor to deliver training at the practice location, or using online training.

Asking the following questions can help you determine the best choice for your organization:

- What is the coder training budget?
- How many coders need ICD-10 training?
- Is there a significant variation in coder experience, and thus a variation in amount of coder training needed?
- How will training interrupt current coding activity/productivity?

Once you know the answers to these questions, think about the pros and cons of each type of training and select the type (or types) of training that is best suited for your organization.

Off-site seminars are a good solution for organizations whose training budgets can cover travel, lodging, and other expenses. Seminars provide the opportunity for coders to interact not only with the instructor, but also with coders from other organizations. However, it may not be feasible for larger organizations to send all of their coders to an off-site seminar. Also, seminars take coders away from their daily work and can result in backlogs. Once the coders are back on site, they must rely on handouts and notes to keep the new material fresh in their minds. Another option, particularly for large organizations, is to send one employee to a "train the trainer" session. However, unless this employee is highly skilled and a very good communicator, this may result in training that is ineffective and/or too basic.

Preparing for the ICD-10 Transition  
continued on next page

**ICD-10-CM**

**CODINGSTRATEGIES**  
EXPLORE. EDUCATE. EMPOWER.

**TRAINING OPTIONS FOR EVERY LEARNER**

**DESIGN YOUR PLAN @ CODINGSTRATEGIES.COM**

On-site training may be feasible for both small and large organizations. This gives the organization the benefits of a professional instruction without taking on the costs of staff travel. Coders get more direct interaction with the instructor, allowing for more opportunity to ask questions and address concerns specific to the organization. However, like off-site seminars, on-site training may also briefly interrupt daily coding and leave coders with just handouts and notes for later review. Also, for smaller organizations with very few coders, hiring an on-site instructor may not be affordable or cost-effective.

Online training offers many of the advantages of instructor-led training without the associated costs. Coders are able to train on their own schedule and at their own pace, meaning that quick learners are not slowed down by their colleagues, and slower learners have the option of reviewing the training more than once. Furthermore, the online training can be accessed from any location with an Internet connection, including the office, home, or elsewhere. This flexibility can help to minimize the production delays that result from taking multiple coders offline for several days at a time. Online training courses are also a very affordable option, even for organizations with large numbers of coders. Finally, online coding courses include a final exam or assessment that will help the manager determine which coders need additional practice.

In summary, each type of training has its pros and cons. Organizations should look closely at all of the options and consider how each option will meet the organization's goals and needs. But regardless

of which type of training is selected, training must be delivered. If the organization's coders are not ready to begin assigning ICD-10-CM diagnosis codes on October 1, 2015, the result will be delayed billing, inaccurate claims, increased denials, and interruption in cash flow.

## CONCLUSION

There are many other implementation considerations but this article has provided a high-level list of items to address. In addition, the following organizations are good sources of information and guidance:

Centers for Medicare and Medicaid Services  
[www.cms.gov/ICD10](http://www.cms.gov/ICD10)

American Health Information Management Association  
[www.ahima.org/ICD10](http://www.ahima.org/ICD10)

National Center for Health Statistics  
<http://www.cdc.gov/nchs/icd/icd10cm.htm>

### Copyright © Coding Strategies® Incorporated

All rights reserved. No part of this newsletter may be reproduced without written permission from the publisher. Published by Coding Strategies® Inc., Powder Springs, GA.

This newsletter reflects coding information from the 2014 Physicians' Current Procedural Terminology (CPT®) manual. CPT® is a registered trademark of the American Medical Association.

The CPT® five digit codes, nomenclature and other data are copyrighted by the American Medical Association. All Rights Reserved.

No fee schedules, basic units, relative values or related listings are included in CPT®. AMA does not directly or indirectly practice medicine or dispense medical services. AMA assumes no liability for the data contained herein or not contained herein.



## Countdown to ICD-10-CM

ICD-9-CM

Approximately 13,000 codes  
 Codes have 3-5 characters  
 First character may be alpha or numeric; all other characters are numeric  
 Codes do not distinguish between right-sided & left-sided conditions  
 Limited number of combination codes



ICD-10-CM

Approximately 68,000 codes  
 Codes have 3-7 characters  
 First character is alpha; all other characters may be alpha or numeric  
 Many codes indicate laterality  
 Many combination codes to describe both underlying disease & the manifestation

WHO NEEDS TRAINING?

Coding Staff | Physicians & NPPs | Precertification Staff | Billing Staff

*Each organization is different. Assess your training needs on an individual basis.*

Training options depend on the organization's size, budget, & specific circumstances.



ONSITE TRAINING



Direct interaction with instructor  
 Able to address specific concerns



Interrupt work  
 Not cost effective for small organizations



OFFSITE TRAINING



Direct Interaction with Instructor  
 Networking with peers



Travel and related expenses  
 Lost time at work



ONLINE TRAINING



Train at your own pace  
 Affordable



Unable to ask questions  
 Limited customization