

# Reforming the Coding System

Medical Technology Leadership Forum  
October 31, 2006



Anne M. Boucher  
3M Health Information Services

# Current Coding on Standard Billing Form

- International Classification of Diseases (ICD) 9<sup>th</sup> Revision
  - Developed by World Health Organization (WHO) in mid-70's
  - Clinical Modifications for use in US (ICD-9-CM)
    - Diagnoses – CDC
    - Procedures – CMS
  - US Implementation 1979
- ICD-9-CM diagnoses is HIPAA standard for all providers
- ICD-9-CM procedures is HIPAA standard for all hospitals
- Used for payment (DRGs), coverage determinations, statistical reporting, quality assessment

# ICD-9-CM Limitations

- ICD-9-CM is 25 years old
- No longer clinically accurate
- Does not reflect emerging technologies
- No room to expand in many clinical areas
- Examples of clinical limitations:
  - Diagnosis code 996.1 - Mechanical Complication of other vascular, device, implant and graft
    - No specification of type of complication (breakdown, leakage, displacement, obstruction, etc)
    - No specification of device (aortic graft, dialysis catheter, counter pulsation balloon, etc)
  - Procedure code 39.31 – Suture of an artery
    - No specification of which artery (aorta, carotid, radial, etc)
    - No specification of operative approach (open, endoscopic, percutaneous, etc)

# Next Generation Coding System

- ICD 10<sup>th</sup> Revision developed by WHO
  - Already adopted by most developed countries
- Clinical Modifications for use in US completed
  - ICD-10-CM diagnoses – CDC
  - ICD-10-PCS procedures – CMS
- ICD-10-CM and ICD-10-PCS overcome limitations of ICD-9-CM
- November 5, 2003 - National Committee on Vital and Health Statistics (NCVHS) recommended that DHHS issue an NPRM proposing ICD-10 as the new standard
- DHHS continues to evaluate NCVHS recommendation

# ICD-10 Status - Political Situation

## In favor:

- ADVAMED
- American Health Information Management Association (AHIMA)
- American Hospital Association (AHA)
- American Medical Association (AMA)
- Federation of American Hospitals (FAH)

## Opposed:

- Blue Cross-Blue Shield

# ICD-10 Implementation Cost Benefit Estimates

- RAND - \$567.5 million - \$1.7 billion over 10 years to health industry
- Offset by \$700 million - \$7.7 billion savings over 10 yrs due to:
  - More accurate payments
  - Fewer rejected claims
  - Fewer fraudulent claims
  - Improved disease management
- BCBSA - \$5.5 billion - \$13.5 billion over 2-3 years to key segments of health industry
  - Conversion would be costly
  - Significant diversion from providers investing in electronic health records
  - Need strategy for minimizing fraud and abuse first



# ICD-10 Process, Timeline & Legislation

- Normal HIPAA standards process:
  - Notice of Proposed Rulemaking (NPRM)
  - Public Comment Period
  - Final Rule
- Insurers first must implement a new version of the HIPAA electronic transaction standards - version 5010 - to support the expanded code sets
- Health Information Technology Promotion Act of 2006 (HR 4157) requires implementation on October 1, 2010
  - Passed House
  - Senate version does not contain ICD-10 Requirement
  - In conference committee

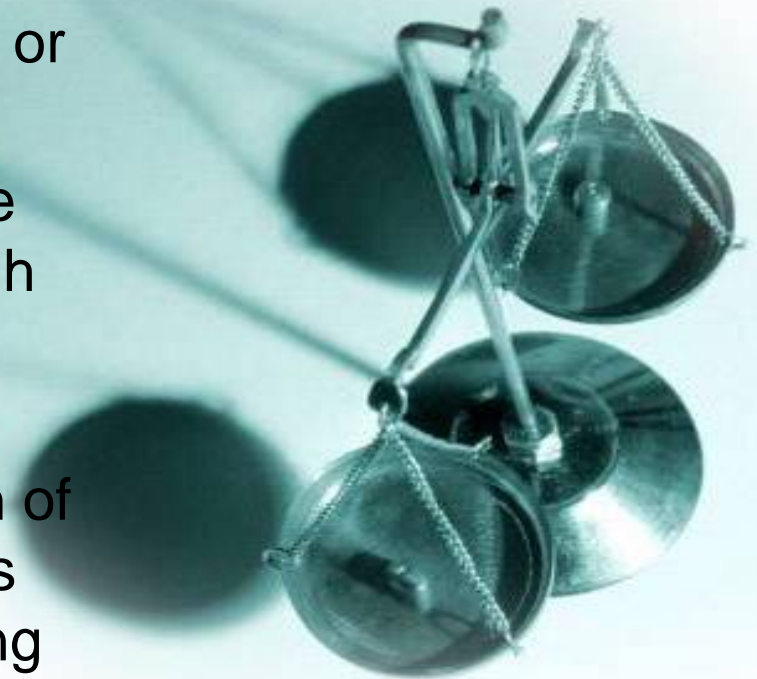
# UB-04 Status

- National Uniform Billing Committee
  - 2007 year of anticipated implementation
- Changes from UB-92 to UB-04
  - addition of a byte in the dx fields (except admit dx) to report POA
  - addition of version qualifier field to report whether I-9 or I-10 codes are being submitted
  - The number of secondary diagnoses was increased from 8 to 17
  - The number of other procedures remains at 5 plus the principal procedure
  - NPI field added for hospital and for physicians providing care



# Deficit Reduction Law Requirements

- **Deficit Reduction Act (DRA)—Signed February 2006**
  - Requires hospitals to report the secondary diagnosis at admission for all Medicare patients discharged on or after Oct 1, 2007
  - Requires CMS to select two or more infectious complications that are high cost/high volume.
  - Requires CMS to begin excluding those infections from the calculation of the DRG when they are identified as not present on admission—beginning Oct 1, 2008.



# DRA Data Collection Issues

- UB-04 will include fields to collect Present on Admission Indicator in March 2007
- The ANSI ASC X12 837i Health Care Claim cannot currently accept the POA fields
- 837i is not slated to collect this until 2009

# Summary

- ICD-10 and UB-04 expansion represent major improvements in accuracy and completeness of administrative data
- HIPAA process for adoption of changes is protracted
- Politics and technical issues slow down the process
- Congressional action appears to be necessary to move the process forward