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### **ICD-10 Basics**

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

International Classification of Diseases, 10th Revision (ICD-10) is a diagnostic and procedure coding system endorsed by the World Health Organization (WHO) in 1990. It replaces the International Classification of Diseases, 9th Revision (ICD-9), which was developed in the 1970s. Internationally, the codes are used to study health conditions and assess health management and clinical processes; and in the United States, the codes are the foundation for documenting the diagnosis and associated services provided across healthcare settings.

Although we often use the term ICD-10, there are actually two parts:

- ICD-10-CM (Clinical Modification) used for diagnosis coding, and
- ICD-10-PCS (Procedure Coding System) used for inpatient hospital procedure coding; this is a variation from the WHO baseline and unique to the United States.

ICD-10-CM will replace the current code sets, ICD-9-CM, Volumes 1 and 2 for diagnosis coding, and ICD-10-PCS will replace ICD-9-CM, Volume 3 for inpatient hospital procedure coding.

#### **Why is HealthLink adopting ICD-10?**

On January 16, 2009, the U.S. Department of Health and Human Services (HHS) released two final rules under HIPAA (Health Insurance Portability and Accountability Act of 1996). One of these rules requires all HIPAA covered entities to adopt ICD-10-CM for diagnosis coding and ICD-10-PCS for inpatient hospital procedure coding by the mandated compliance date.

Reasons for requiring these changes include:

- The current ICD-9 code set is running out of diagnosis and procedure codes. As a result, the codes will not be able to continue to keep pace with new treatments and technologies that are developed or new diagnoses that are defined. In the long term, this will lead to poor or incomplete data regarding the use of new technology and patient outcomes.

- The new ICD-10 codes contain significantly greater clinical detail which will aid in a range of quality related programs. Hundreds of new diagnosis codes are submitted by medical societies, quality monitoring organizations and other organizations annually. ICD-10 will allow not only for more codes but also for greater specificity and thus better epidemiological tracking.
- The remainder of the industrialized world has adopted ICD-10, and as diseases cross borders, we will be able to better track and react to global risks.

### **Who must comply with ICD-10?**

All HIPAA covered entities including health plans, health care clearinghouses, and certain health care providers must transition to ICD-10.

**Despite the fact that HealthLink, Inc. is a non-covered entity, we have chosen to adopt the ICD-10 procedure coding system in order to remain an effective business partner with our customers who are required to transition.**

HealthLink's parent company is committed to full compliance of the ICD-10 coding system by the mandated compliance date. HealthLink will also be fully compliant by this date.

### **What does ICD-10 compliance mean?**

ICD-10 compliance means that all HIPAA covered entities are able to successfully document clinical events and process health care transactions and analytics on or after the mandated compliance date using the ICD-10 diagnosis and procedure codes. ICD-9 diagnosis and procedure codes can no longer be used for health care services provided on or after 10/1/2015. This includes Professional and Outpatient Hospital services rendered on 10/1/2015 or after and Inpatient Hospital services with a through/discharge date of 10/1/2015 or after.

### **Are any other countries currently using ICD-10?**

Yes, most other countries are already using a version of ICD-10. The United States is the last industrialized nation to adopt ICD-10. It is important to understand that the ICD-10 CM and PCS codes for the U.S. represent a variation from the baseline established by the WHO. This variation was developed as part of standard code maintenance activities led by Federal Agencies including CMS and the CDC; because of this variation and the use of the codes for reimbursement in the U.S., the insights from other countries may be limited.

## What is ICD-10-PCS?

ICD-10-PCS (Procedure Coding System) is the HIPAA standard code set that will replace Volume 3 of ICD-9-CM for inpatient facility services (services billed on a UB-04 claim form). ICD-10-PCS identifies these services by emphasizing the allocation of hospital services instead of focusing on the physician services.

Current Procedural Terminology (CPT) will continue to be HIPAA standard code set for filing either inpatient or outpatient claims for physician services (services billed on a CMS-1500 form). Note that CPT codes should continue to be filed with procedure code modifiers as appropriate.

## What are the differences between ICD-9 and ICD-10?

In some ways, ICD-10 is similar to ICD-9. The guidelines, conventions, rules and organization of the codes are very similar. The big differences between the two systems are differences that will affect information technology and software. Specifically:

- ICD-10-CM codes range in length from 3 to 7 digits instead of the 3 to 5 digits in ICD-9-CM.
- ICD-10-PCS codes are formatted as 7 alphanumeric digits instead of the 3 or 4 numeric digits used under ICD-9-CM procedure coding.
- Coding using ICD-10-PCS is much more specific and substantially different from ICD-9-CM procedure coding.

The following table compares the features of the ICD-9 and ICD-10 diagnosis code sets.

Diagnosis Code Comparison	
ICD-9-CM (Volume 1 & 2)	ICD-10-CM
3-5 characters in length	3-7 characters in length
Approximately 14,000 codes	Approximately 68,000 available codes
First digit may be alpha (E or V) or numeric; digits 2-5 are numeric	Digit 1 is alpha (to indicate the category); Digit 2 is numeric (in the future, alpha characters may be used if code expansion is needed); Digits 3-7 can be alpha or numeric
Limited space for adding new codes	Flexible for adding new codes
Lacks detail	Very specific
Lacks laterality	Includes laterality (i.e., codes identifying right vs. left)

The following table compares the features of the ICD-9 and ICD-10 procedure code sets.

<b>Inpatient Hospital Procedure Code Comparison</b>	
<b>ICD-9-CM (Volume 3)</b>	<b>ICD-10-PCS</b>
3-4 numbers in length	7 alpha-numeric characters in length
Approximately 4,000 codes	Approximately 72,000 available codes
Based on outdated technology	Reflects current usage of medical terminology and devices
Limited space for adding new codes	Flexible for adding new codes
Lacks detail	Very specific
Lacks laterality	Includes laterality (i.e., codes identifying left vs. right)
Generic terms for anatomic sites	Detailed description of anatomic site
Lacks descriptions of methodology and approach for procedures	Provides detailed descriptions of methodology and approach for procedures.
Lacks precision to adequately define procedures	Precisely defines procedures with detail regarding anatomic site, approach, device(s) used and qualifying information.

### **What are Category/Header Codes?**

Category/Header codes are defined as codes with three characters that are considered as the heading of a category of codes that may be further subdivided by the use of 4th, 5th, 6th or 7th characters to provide greater specificity. Per CMS guidelines, a 3 character code is to be used only if it is not further subdivided.

### **What are the benefits of ICD-10?**

There are a number of benefits to implementing the ICD-10 code set. These include:

- Improving the accuracy of claims processing
- More accurate and detailed clinical reporting
- Better tracking of patient outcomes
- Fine tuning quality programs

### **ICD-10 Coding and Claims**

#### **Are there any guidelines that assist with the mapping between ICD-9-CM and ICD-10-CM and ICD-10-PCS?**

Yes, documents are available on the Centers for Medicare and Medicaid Services (CMS) website - <http://www.cms.gov/icd10/>.

#### **Will HealthLink be ready to accept ICD-10-CM and ICD-10-PCS codes on the compliance date?**

Yes, HealthLink is committed to ensuring that our systems, supporting business processes, policies and procedures successfully meet the implementation standards and deadlines without interruption to day-to-day business practices. HealthLink's parent company and all subsidiaries will be capable of accepting and processing ICD-10 diagnosis and procedure codes on the mandated compliance date.

#### **Will claims that include ICD-10-CM or ICD-10-PCS codes be accepted prior to the mandated compliance date?**

No, outpatient claims with dates of service prior to the mandated compliance date must be filed using the appropriate ICD-9 diagnosis code(s); inpatient claims with discharge dates prior to the compliance date must be filed using the appropriate ICD-9 diagnosis and procedure codes.

#### **Will HealthLink follow the exception rule outlined by CMS in July of 2015, regarding the ICD-10 guidelines for rejecting claims?**

HealthLink will not reject/deny claims based solely on the specificity of ICD-10 diagnosis codes as long as the provider uses a valid code from the right family. However, claims will be rejected/denied if the ICD-10 code is not a valid code.

In addition, any claim with a date(s) of service/date(s) of discharge on or after October 1, 2015 must have valid ICD-10 codes. We will still reject incorrectly coded ICD-10 claims.

## What are the guidelines to help determine when to submit ICD-10 codes on a claim?

Guidelines for Using ICD-10 Codes	
Claim/Bill Type	Guideline
<b>Professional and Outpatient Institutional Claims</b>	ICD-10 codes should be used when the <b>date of service</b> is <i>on or after 10/1/2015</i> .
<b>Inpatient Institutional Claims</b>	ICD-10 codes should be used when the <b>discharge date</b> is <i>on or after 10/1/2015</i> .
<b>Interim Bills</b>	ICD-10 codes should be used if the <b>through or discharge date</b> is <i>on or after 10/1/2015</i> , even if previous bills included ICD-9 codes for service dates <i>prior to 10/1/2015</i> .

When resubmitting claims, utilize the code set valid for the **dates of service/discharge date** based on the chart above.

## Can software and billing vendors take care of ICD-10 for our practice?

Not all of it. Software and billing vendors will need to upgrade their products to support ICD-10, including features such as drop down menus and selection edits to help prevent incorrect coding decisions. These features can help reduce the impacts of ICD-10, but there will still be business impacts that the vendors cannot mitigate. This is because the critical difference between the code sets is the greater specificity and information provided in the codes and not just simply the change in code format. For example, provider organizations likely must change their documentation practices to capture necessary data (e.g. left versus right side) to support the more specific diagnosis codes. Software used at point of care will likely need to be updated to require providers to capture and enter the appropriate granularity into the practice management system or electronic health record.

## What should physicians, health care professionals and institutions do to prepare for ICD-10?

- Educate yourself and your staff about the ICD-10 compliance requirements.
- Review communications, training materials and tools available on governmental and professional organization websites.
- Contact your clearinghouse and ask them to provide their recommended steps to becoming ICD-10 compliant.
- Ask your vendors for their plan to convert to an ICD-10 compliant version. **Note:** There may be a cost associated with upgrading your software. (Please note: We do not support attempts to transform ICD-9 based records into ICD-10 records by merely cross-walking them - this may create artificial variation that may impact reimbursement and reporting).

## ICD-10 Pre-Authorizations

### When will providers be able to request pre-authorization of services using ICD-10 diagnosis and procedure codes?

We began accepting and processing pre-authorization requests containing ICD-10 codes four months prior to the compliance date. Note that this is only for services scheduled on or after the compliance date. ICD-9 codes must be used to pre-authorize services scheduled before the compliance date.

Some pre-authorizations may span the compliance date. The code set of the preauthorization will vary, depending on the scenario. The following chart will help determine what code set to use for the pre-authorizations.

<b>ICD-10 Pre-Authorization Guide</b>				
<b>Type of Service</b>	<b>Begins</b>	<b>Ends</b>	<b>Pre-Authorization</b>	<b>Claims</b>
<b>Inpatient</b>	Admission begins <i>on or after</i> 10/1/2015	Discharge <i>on or after</i> 10/1/2015	Pre-authorization must be requested with ICD-10 codes.	Claims for services rendered on or after 10/1/2015 must be billed with ICD-10 codes.
<b>Inpatient with <u>unknown</u> discharge date</b>	Admission begins <i>before</i> 10/1/2015	Unknown at the time of admission, then discharge occurs <i>on or after</i> 10/1/2015	Pre-authorization must be requested with ICD-9 codes. This pre-authorization will be valid for the entire admission.	The code set used on the claim will be based on the discharge date, so the entire claim must be billed with ICD-10 codes.
<b>Inpatient with <u>known</u> discharge date</b>	Admission begins <i>before</i> 10/1/2015	Know discharge <i>on or after</i> 10/1/2015	Pre-authorization must be requested with ICD-10 codes.	The code set used on the claim will be based on the discharge date, so the entire claim must be billed with ICD-10 codes.

<b>Outpatient Services</b>	Services <i>on or after</i> 10/1/2015	N/A	Pre-authorization must be requested with ICD-10 codes.	Claim must be filed with ICD-10 codes.
<b>Long-term Outpatient Services</b> (such as Physical Therapy, Radiation Therapy, Chemotherapy, etc.)	Services begin <i>before</i> 10/1/2015	Services end <i>on or after</i> 10/1/2015	Pre-authorization obtained in ICD-9 codes will be valid for services rendered on or after 10/1/2015.	The claims for these services need to be separated and filed with the correct code set for the date(s) of service. Claims with both code sets, or mixed claims, will not be accepted.

### ICD-10 Testing

#### **What types of testing are you doing to help ensure that all of your systems and processes will be ready for ICD-10?**

We have completed all system development and implementation, business configuration and content type changes, as well as external and internal testing. Our efforts over the last several years and our approach to discovering, understanding and predicting the impact of ICD-10 codes included extensive end to end testing. We believe that the internal and external testing that we have conducted has demonstrated our systems' ability to receive and process claims with ICD-10 codes.

### ICD-10 Resources

#### **Where can I learn more about ICD-10-CM and ICD-10-PCS?**

Centers for Medicare and Medicaid Services (CMS)  
National Center for Health Statistics (NCHS)

<http://www.cms.gov/icd10/>  
<http://www.cdc.gov/nchs/icd/icd10.htm>

#### **If I have additional questions, who can I contact at HealthLink?**

Please direct any ICD-10 questions or issues you may have to your HealthLink contact.