

Destination 10: Healthcare Organization Preparation for ICD-10-CM and ICD-10-PCS (2004 update)

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Editor's note: This update supplants the September 1998 practice brief "Preparing Your Organization for a New Coding System."

In November 2003 the National Committee on Vital and Health Statistics (NCVHS) submitted a letter to Health and Human Services Secretary Tommy Thompson recommending that the regulatory process be initiated for the adoption of ICD-10-CM and ICD-10-PCS as replacements for the current uses of ICD-9-CM. In this letter, NCVHS stated that the updated ICD systems can better accommodate advances in medicine, reduce the number of rejected claims, and improve reimbursement, care quality, safety, and disease management.

Exactly how will ICD-10-CM and ICD-10-PCS be adopted? Here's what will happen:

1. The secretary accepts the NCVHS recommendation.
2. The federal government publishes a notice of proposed rule making (NPRM) calling for public comment on their policy plus the published ICD-10-CM and ICD-10-PCS materials incorporated by reference.
3. The public at large has at least 30, but more likely 60, days to submit comments on the NPRM and its incorporated materials.
4. The federal government analyzes the public comments. Based on this analysis, any necessary changes are made.
5. The federal government publishes a final rule containing its updated policy, explanations thereof, plus the implementation date.
6. The standard HIPAA compliance clock for new transactions begins—two years for all but small health plans, who get three years.

While the HIPAA-mandated process will take time, experience with the transactions and code sets final rule has shown that careful planning and preparation are required for effective implementation. In addition, transitioning to ICD-10-CM and ICD-10-PCS is more complex than implementation of new code sets in the past because the uses of coded data today are more complex than those for which ICD-9-CM was designed (see "Uses of Coded Data," below).

Uses of Coded Data

Today, coded data are used for:

- Measuring the quality, safety (or medical errors), and efficacy of care
- Making clinical decisions based on output from multiple systems
- Designing payment systems and processing claims for reimbursement
- Conducting research, epidemiological studies, and clinical trials
- Setting health policy
- Designing healthcare delivery systems
- Monitoring resource utilization
- Improving clinical, financial, and administrative performance
- Identifying fraudulent or abusive practices
- Managing care and disease processes
- Tracking public health and risks
- Providing data to consumers regarding costs and outcomes of treatment options

Source: "Testimony of the American Health Information Management Association to the National Committee on Vital and Health Statistics on ICD-10-CM." May 29, 2002. Available at www.ahima.org.

AHIMA believes an implementation plan established well in advance of the scheduled implementation date within the requirements of HIPAA is necessary to ensure a successful transition to ICD-10-CM and ICD-10-PCS. While this practice brief is not a comprehensive document of everything that needs to be done to prepare, the three major stages for the process outlined below illustrate the journey ahead for specific travelers working in healthcare organizations. Additional details for each phase will be available through the FORE Library: HIM Body of Knowledge.

So what should your healthcare organization do to set priorities for the various stages of the transition? And what should HIM professionals be doing to prepare?

Three Years Out

The first stage involves two major tasks: creating an implementation planning team and starting the initial education process. Together, these actions demonstrate a clear direction on the healthcare organization's road map.

Team Design

As in any other major undertaking, putting together a team to oversee the implementation is key to success. Members of the planning team should at least include senior management, medical staff, financial management, HIM, and information systems (IS) management. This group would develop the organization's plan and identify the actions, persons responsible, and deadlines for the various tasks required to complete the process. In addition, this plan should include estimated budget needs for each year leading up to implementation for early financial planning.

Team members should keep current on the status for adoption and maintain a broad understanding of ICD-10-CM and ICD-10-PCS (see "Web Sites to Watch," below).

Web Sites to Watch

Use these Web sites to stay current on the status of the coding systems, as well as the anticipated release dates:

- **NCVHS** <http://aspe.os.dhhs.gov/ncvhs>
- **CMS** www.cms.hhs.gov/providers/pufdownload/icd10.asp
- **National Center for Health Statistics** www.cdc.gov/nchswww/about/otheract/icd9/abtcd10.htm
- **HHS Administrative Simplification** <http://aspe.os.dhhs.gov/admsimp>
At this site, you can subscribe to the HIPAA-REGS listserv. It will notify you when documents related to the administrative simplification law are published.

Not only should the planning team have a general knowledge of ICD-10-CM and ICD-10-PCS and how it differs from ICD-9-CM, but others within the organization also need to think about the financial and personnel effects the implementation will have on their departments.

Preliminary Educational Needs

Another major task in the first stage is education. HIM professionals should educate personnel in their organizations about the impending changes.

Individuals throughout the organization need to be aware of the upcoming changes (see "Who Needs to Know?").

Who Needs to Know?

Colleagues throughout the organization need to be aware of the ICD-10 transition team. Remember to provide information on how HIM can help their departments in the transition. Individuals needing to know about the upcoming changes include:

- Senior management
- Clinicians
- IS personnel
- Quality management personnel
- Utilization management personnel
- Release of information personnel
- Ancillary department personnel
- Data quality management personnel
- Data security personnel
- Data analysts
- Researchers
- Billing personnel
- Accounting personnel
- Compliance personnel
- Auditors

It is advisable to briefly review the regulations on electronic transactions and code sets with senior management, paying specific attention to the section on code sets, particularly the process for adoption of new code sets. Senior management should also be briefed on the proposed and final rules regarding adoption of ICD-10-CM and ICD-10-PCS. A short overview of the differences between the code sets might be helpful to justify the time, effort, and resources that will be required to implement the changes.

Because these systems code to a greater degree of specificity, clinical documentation must be examined to ensure that it is comprehensive enough to actually assign a code. HIM professionals should assess the adequacy of medical record documentation to support the assignment of codes from ICD-10-CM and ICD-10-PCS in their healthcare organizations. The need to assess and improve documentation prior to implementation is absolutely critical. This requires HIM professionals to become familiar enough with ICD-10-CM and ICD-10-PCS to be able to review medical record documentation and identify areas where improvement is needed (for example, certain specialties or types of records that are more problematic than others).

The results of this gap analysis would then be used to focus the documentation improvement efforts in the clinician education programs. While the results of a study performed by AHIMA in the summer of 2003 indicate that ICD-10-CM codes could be applied to today's medical records without changing documentation practices, improved documentation would result in higher coding specificity, and therefore higher data quality, in some cases.¹ Therefore, identification of areas in need of documentation improvement and the subsequent clinician education must begin early in order to effect real change in documentation practices. AHIMA plans to publish a clinical documentation assessment tool in 2004 to assist with this evaluation.

The education of IS staff will be vital. IS personnel will need to understand the logic and hierarchical structure of ICD-10-CM and ICD-10-PCS. IS department members will be particularly interested in the specifications of the coding system and may want to address the following questions:

1. **How many digits?** ICD-10-CM has seven characters, with a decimal point after the third character. ICD-10-PCS has seven characters and no decimal point.
2. **Is it alphabetic, numeric, or a combination?** Both of the new systems mix alphabetic and numeric characters.
3. **Can it be obtained in a machine-readable form?** To date, the only distribution has been via the Internet (see the aforementioned Web sites).

4. What coding systems will it replace, and when will it replace them? ICD-10-CM and ICD-10-PCS are slated as replacements for the current uses of ICD-9-CM no sooner than October 2006.

5. Is a crosswalk available? Official sources say these will be developed.

It is essential that IS staff be made aware of these changes, as they will have to implement them into a software application or an interface between two systems. A recommended step is for HIM and IS to work together to identify all systems and software in which ICD-9-CM codes are currently used.

Both IS staff and analysts will need to understand the data comparability issues as data between the two systems are compared over time. Data users will specifically need to understand the definition and composition of categories in the classification. Caution should be used when conducting longitudinal data analysis, as diagnoses and procedures may be classified differently in the two systems or code definitions may have changed, making it easy to misinterpret data.

Others need to know the differences between the code sets, the effect on their work, and the time frames involved in the coming changes. ICD-10-CM maintains many similarities to ICD-9-CM; it has the same hierarchical structure and many of the same conventions. Primarily, changes in ICD-10-CM are in its organization and structure, code composition, and level of detail. The process for selecting a diagnosis code using ICD-10-CM is not expected to change drastically.

ICD-10, as developed by the World Health Organization, does not include a classification for procedures. The US government, specifically the Centers for Medicare and Medicaid Services (CMS), contracted with 3M Health Information Systems to create a procedure coding system, ICD-10-PCS.

Overall, the current drafts of ICD-10-CM and ICD-10-PCS contain a significant increase in codes over ICD-9-CM. The level of specificity in ICD-10-CM and ICD-10-PCS will provide increased clinical detail, addition of information relevant to ambulatory and managed care encounters, enhanced system flexibility, and better reflection of current medical knowledge. Payers, policy makers, and providers will have more detailed information for establishing appropriate reimbursement rates, evaluating and improving the quality of patient care, improving efficiencies in healthcare delivery, reducing costs, and effectively monitoring resource and service utilization.

Two Years Out

The second stage also involves two major tasks: identifying and budgeting required IS changes and assessing, budgeting, and implementing clinician and coder education in the areas identified.

IS Changes

Building on the work in stage one, a more detailed analysis needs to occur in the second year of preparation. A budget for the required changes must also be established. The examination should include the following questions:

- What software changes are needed?
- What changes are required to accommodate multiple systems and applications that use coded data?
- What needs to be done to increase system storage capacity to support both coding systems for an adequate period?

If the facility uses commercial software, HIM professionals should ensure that their software provider is keeping up with the announced changes. This is one area (like the transactions and code sets final rule) in which assuming that someone else is fixing the problem has the potential to do real damage to the facility. Imagine the consequences if your vendor was not prepared and your facility could not submit claims or get reimbursed. Areas to discuss with your vendor include:

- Who will pay for systems upgrades?
- Are the upgrades included in an annual maintenance contract?
- If costs will be incurred by the organization, what are those projected costs and when will they be incurred?

Clinician and Coder Education

Implementation of any new coding system requires educational programs for clinicians responsible for documentation, coders, and a growing number of data users throughout the healthcare industry. The range of users and settings for which programs have to be designed and provided is much wider for ICD-10-CM than ICD-10-PCS.

Using the documentation gap analysis recommended in stage one, focused clinician education continues in those areas in need of improvement. In addition, reanalysis should be done to ascertain success of earlier efforts and assist in refocusing educational programs.

Because ICD-10-CM and ICD-10-PCS allow greater specificity, clinicians must change behaviors in documentation so the appropriate code can be selected (a goal consistent with the industry's goals to eliminate medical error). Clinicians will need to be actively involved in the educational process. This will allow them to understand the importance of complete and accurate documentation to support the level of specificity in ICD-10-CM and ICD-10-PCS.

Initial reports indicate the transition will require an expanded coder knowledge base, specifically in the following areas: detailed knowledge of anatomy and medical terminology; comprehension of operative reports; comprehension, interpretation, and application of standardized ICD-10-PCS definitions; and increased interaction and collaboration with medical staff.² It will be necessary to assess the clinical knowledge of the coding staff so that areas of weakness are identified and focused education can occur prior to implementation.

Coder education is a critical step during the third stage, but budgeting will be done in the first stages. Questions to consider when budgeting are:

1. Will you outsource the education or conduct it internally?
2. What are the costs and benefits of these two options?
3. When will the education need to be done?
4. Who will need what level of education?
5. What options (for example, Web-based training) are available for education?
6. How will workload be managed while coders are receiving education?

Although it would be technically possible for coding professionals to use a paper-based version of the ICD-10 systems, given the size and structure of the systems, most coding professionals and healthcare organizations will find them easiest to use in electronic format. Alternatives to manual use of these classification systems should be seriously considered, and the necessary vendors should be contacted.

One Year Out

The third stage involves three major tasks: implementation of required IS changes, follow-up assessment of documentation practices, and intensive education of the organization's coders.

Implement system changes following the detailed analysis of required IS changes that was compiled in stage two. A full reassessment after education should be done one year out to verify that goals are being achieved. A follow-up assessment of documentation practices after the clinician education is complete must be done to determine where improvements have occurred and where enhancements are necessary. Changing clinician documentation patterns will involve continuing education and reinforcement of the ICD-10-CM and ICD-10-PCS requirements for code specificity.

HIM professionals will want to familiarize themselves with the coding systems and any new and revised coding and reporting guidelines. Since ICD-10-CM has the same hierarchical structure and many of the same conventions as ICD-9-CM, experienced coding professionals will not require the same level of extensive education as they would for an entirely new coding system. They will primarily need to be educated in changes in structure, disease classification, definitions, and guidelines. However, ICD-10-PCS does vary from the "look and feel" of ICD-9-CM and will require coders to be educated in its intricacies and guidelines.

Remember that conducting education too far in advance of implementation can adversely affect its effectiveness. Coder education should be provided three months prior to ICD-10-CM implementation, according to 59 percent of respondents to the study conducted by AHIMA on ICD-10-CM.³

It is virtually impossible to make changes of this magnitude without encountering some obstacles. The key to managing the process is a good map that establishes “mile markers” to identify steps and priorities early. This method enables everyone to plan and prepare, thus minimizing problems. Watch the *Journal* for further details of AHIMA’s strategy for training and provision of tools to facilitate implementation, such as a clinical knowledge assessment (individual practitioner), clinical documentation assessment evaluation (facility or enterprise), and organizational readiness report card (facility). Recommended steps to be undertaken by AHIMA members and other segments of the healthcare industry during each of the years leading up to implementation will also be detailed.

Notes

1. American Hospital Association (AHA) and American Health Information Management Association (AHIMA). “ICD-10-CM Field Testing Project. Report on Findings: Perceptions, Ideas and Recommendations from Coding Professionals across the Nation.” Chicago: 2003. Available in the FORE Library: HIM Body of Knowledge at www.ahima.org.
2. Powell, Sharon, Barbara Steinbeck, and Thelma M. Grant. “Will You Be Ready? Preparing Now for ICD-10-PCS Implementation.” Paper from the proceedings of the annual conference of the American Health Information Management Association, Chicago, 2002.
3. AHA and AHIMA. “ICD-10-CM Field Testing Project.”

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Want to learn more about ICD-10? Our new occasional column, “ICD-10: Mapping Our Course,” debuts in this issue (March 2004) of *JAHIMA*.

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