



November 5, 2003

John R. Lumpkin, M.D., M.P.H.
Chair, National Committee on Vital and Health Statistics
Health Care Group
Robert Wood Johnson Foundation
P.O. Box 2316
Princeton, NJ 08540

Dear Dr. Lumpkin:

On behalf of the American Hospital Association and the Federation of American Hospitals, we urge the National Committee on Vital and Health Statistics (NCVHS) to approve the draft letter unanimously passed by the Standards and Security Subcommittee that recommends the adoption of ICD-10-CM and ICD-10-PCS for national implementation in place of ICD-9-CM volumes 1, 2, and 3.

The 23-year-old ICD-9-CM coding classification system has severely limited reporting capabilities for today's needs and growth capacity for future needs, making it an unacceptable coding classification system for the future for both hospital inpatient and outpatient diagnosis, as well as hospital inpatient services' procedure coding. We support replacing that system with ICD-10-CM for all diagnosis codes and ICD-10-PCS for hospital inpatient services' procedure codes. The results of ICD-10-CM and ICD-10-PCS testing show a vast improvement over ICD-9-CM and more than satisfy the reporting requirements for hospital inpatient services and other settings.

While there have been a number of attempts to estimate the costs and benefits of adopting ICD-10-CM and ICD-10-PCS, we believe that the study commissioned by NCVHS and performed by RAND is the most thorough and rigorous. Based on the RAND analysis, the benefits of adopting ICD-10-CM and ICD-10-PCS clearly exceed the costs of implementation. The RAND study concluded that the costs of conversion "are expected to range between \$475 million to \$1.15 billion plus \$5 to \$40 million a year in lost productivity". The RAND study also concluded that the benefits in terms of more accurate payment, fewer rejected claims, fewer fraudulent claims, better understanding of new procedures, and improved disease management "are expected to range between \$700 million and \$7.7 billion". At almost a trillion and a half dollars per year, the U.S. health care industry cannot afford to have inadequate information on the health of the population and the care it receives.

Continuing to delay the resolution of this debate – on which NCVHS has heard countless testimonies for the past six years – only will increase the cost of transitioning to ICD-10. Adoption of ICD-10-CM and ICD-10-PCS will better position health care providers to improve the quality of health care data, which is essential to improving the quality of patient care. We thus encourage you to send the draft letter prepared by the Standards and Security Subcommittee to the Department of Health and Human Services urging the department to expedite the issuance of a Notice of Proposed Rule Making to replace ICD-9-CM with ICD-10-CM and ICD-10-PCS.

Sincerely,



Rick Pollack
Executive Vice President
American Hospital Association



Chip Kahn
President
Federation of American Hospitals