

## THE ISSUE

In 2009, the Department of Health and Human Services (HHS) issued a final rule to update ICD-9-CM to ICD-10-CM for diagnosis coding and ICD-10-PCS for procedure coding (jointly referred to as ICD-10).<sup>1</sup> The federal government has delayed the transition, first proposed for Oct. 1, 2011, a number of times. Most recently, in March 2014, Congress enacted a provision in the Protecting Access to Medicare Act that prevented HHS from implementing ICD-10 on Oct. 1, 2014, as

## Transitioning to ICD-10

planned, and required at least a one-year delay. HHS has since issued a final rule requiring all providers, payers and clearinghouses to be ready by Oct. 1, 2015; however, some stakeholders continue to advocate for a further delay. In order to achieve a successful transition to ICD-10, the entire health care community – hospitals, physicians, payers, clearinghouses and government agencies – must stop debating the value of ICD-10 and take the needed actions to implement it successfully.

## AHA POSITION

**The AHA strongly supports the Oct. 1, 2015 ICD-10 compliance date and opposes any steps to delay this implementation date. A dual coding system running ICD-9 and ICD-10 codes simultaneously is unworkable.**

## WHY?

- **The AHA supports the statutory requirement that hospitals and other health care entities transition to ICD-10 because it provides needed modernization of coding and billing systems.** While it entails significant effort and cost, the move to ICD-10 is important to ensure payment accuracy and deepen our understanding of health care delivery.
- **The expanded granularity of the ICD-10 codes will allow health care providers and payers to better distinguish newer technologies and resource differences.** Enhancements include the ability to differentiate surgical approaches, anatomical regions and new medical devices.
- **The move to ICD-10 will mean better data to monitor resource utilization, improve clinical, financial and administrative performance, and track public health risks.** For example, ICD-9 does not have room for a specified code for Ebola; rather, it includes Ebola along with other conditions in a code titled “other specified diseases due to viruses.” By contrast, ICD-10 has a specific code for Ebola.
- **ICD-9 is more than 30 years old, and has simply “run out of room.”** It cannot keep up with the demands for new codes due to changes in medical knowledge or for detailed information on care. Further, ICD-10 codes include important concepts, such as whether surgery was done on the left or right side of the body.
- **A Government Accountability Office report in February said the Centers for Medicare & Medicaid Services (CMS) has taken many steps to prepare stakeholders for this transition. Further results from CMS’s end-to-end testing confirmed Medicare and the field will be ready by Oct. 1.** During the summer, CMS provided additional guidance responsive to concerns from the physician community. The AHA is actively engaged with CMS to ensure the agency and its contractors work to ensure a smooth transition.

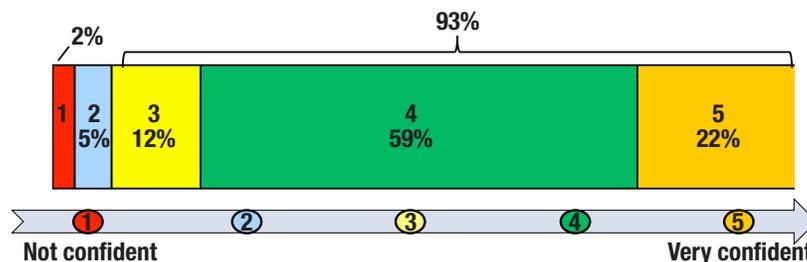
## HOSPITALS ARE READY FOR ICD-10

Hospitals widely report they will be ready to submit claims using ICD-10 by the scheduled implementation date of Oct. 1, 2015. In a January/February 2015 survey of 362 hospitals conducted by the AHA, more than nine out of 10 hospitals responded that they were moderately to very confident of meeting the deadline (Figure 1). Further, more than 85 percent of critical access hospitals expressed confidence in their ability to report claims under ICD-10 by Oct. 1, 2015, an increase in readiness for these small, rural hospitals.

Continued on reverse

**Figure 1. 93% of hospitals indicate they are moderately to very confident they will be able to report under ICD-10 by October 2015.**

On a scale of 1-5, how confident are you that your organization is going to be ready to report the new ICD-10 diagnosis and procedure codes by the compliance date of October 1, 2015?



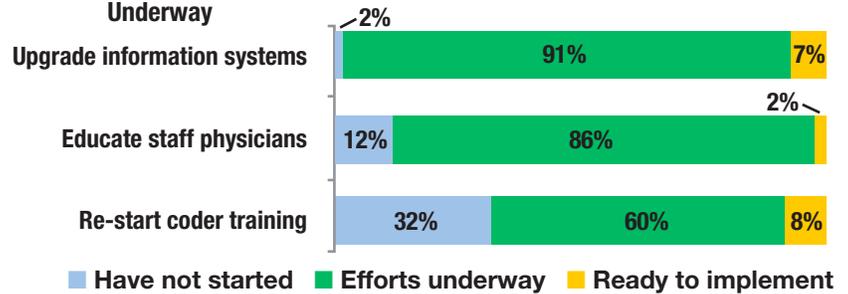
Source: AHA survey of 362 hospitals conducted in Jan. and Feb. 2015.

**Hospitals are actively preparing their information systems, affiliated physicians and coders to make the transition (Figure 2).**

Hospitals are actively engaged with their many information services vendors to ensure that the dozens of systems that will be impacted by ICD-10 are upgraded on time, and there is a strong commitment by hospitals to work actively on physician engagement by providing educational training and documentation improvements that are complete and accurate. In addition, many hospitals have conducted staff training for ICD-10 over multiple years to prepare for the conversion. **While hospitals have taken**

**the needed steps to prepare for ICD-10, they also must have the collaboration of their many partners, including physicians, vendors and payers.**

**Figure 2. Hospital Preparations for October 1, 2015 Transition to ICD-10 are Underway**



Source: AHA survey of 362 hospitals conducted in Jan. and Feb. 2015.

## ANY FURTHER DELAY WILL BE COSTLY

Recent experience demonstrates how costly a delay can be, and why there cannot be any further delay.

- **Significant investments were made by hospitals and health systems to prepare for the October 2014 implementation date, many of which are now being duplicated.** For example, training programs must be repeated because staff and physicians cannot recall what they were taught last year, and must be re-trained. When asked how much the one-year delay added to their training costs, a group of about 70 hospitals reported that costs would increase by an average of \$1,361 per bed, which amounts to \$272,000 for a 200-bed hospital. Beyond training, information systems must be updated anew, and hospitals are maintaining both the old and new coding systems for longer than expected at considerable cost. CMS estimated that the delay cost health plans, Medicare, Medicaid, hospitals and large providers between \$1.2 billion (low estimate) and \$6.9 billion (high estimate).<sup>2</sup>
- **The delay has disrupted hospitals' operations.** Many hospitals had to quickly reconfigure systems and processes that were prepared to use ICD-10 back to ICD-9. Newly trained coders who graduated from ICD-10 focused programs were unprepared to use of the older code set and needed to be retrained back to using ICD-9. Efforts invested in ICD-10 took away from other activities, such as delivery system reform. Any further delay will only add additional costs as existing investments will be further wasted.

- **Running dual systems would be confusing and cost-prohibitive.** Some advocates for delaying ICD-10 have suggested that physicians should be able to continue coding claims with ICD-9 after Oct. 1, 2015 if they are not ready yet. Payers have already invested in systems supporting ICD-10, and reprogramming them to allow optionality would be costly. On the provider side, many hospitals support physician practices using a team of professional coders. It would be very confusing and add cost for them to code under both systems at the same time. Further, the benefits of a modern coding system would not be realized if only some providers switched. One of the key complaints physicians have about ICD-10 is the sheer number of codes. For most physicians, however, only a small set of codes will be relevant to the care they provide. Many professional societies, CMS and others have developed free or low-cost tools to educate physicians on the ICD-10 codes relevant to their practice. In addition, physicians generally do not code claims themselves, but rely on office staff or coders employed by hospitals to complete the coding. Even if physicians do have some trouble with the transition, it is important to note that, while ICD-10 diagnosis codes must be on the physician claim, they do not drive physician payment. Other coding systems, which are not changing, are used to set physician fees.

<sup>1</sup>ICD-10-CM stands for International Classification of Diseases, 10th Revision, Clinical Modification and ICD-10-PCS stands for International Classification of Diseases, 10th Revision, Procedure Coding System.

<sup>2</sup>HHS. Administrative Simplification: Change to the Compliance Date for the International Classification of Diseases, 10th Revision (ICD-10-CM and ICD-10-PCS) Medical Data Code Sets. Final Rule. *Federal Register*, Aug. 4, 2014.