

ICD-10 Rollout Relatively Smooth, Insurers Say

On October 1, 2015, the medical coding tool *International Classification of Diseases, Tenth Edition* (ICD-10) went into effect, replacing the previous coding version, ICD-9.¹ The ICD is a medical coding tool utilized by doctors and other providers² for clinical and health management purposes, as well as monitoring diseases and other health problems, in order to provide a picture of the general health situation of patients.³ The initial launch of ICD-10 has largely been seen as a success by many healthcare industry stakeholders.⁴ Sid Hebert, head of Humana's ICD-10 implementation team, stated "it's been a pretty smooth transition so far."⁵ While not all insurers have experienced the same success as Humana, most observers noted that any issues that arose were quickly resolved by regulators at the *Centers for Medicare and Medicaid Services* (CMS).⁶ This Health Capital Topics article will discuss initial reactions regarding the ICD-10 rollout; the impact ICD-10 may have on patient satisfaction, reimbursement, and physician productivity; and, potential issues related to ICD-10 implementation, such as an increase in the number of claims and administrative load.

One of the intended benefits of the ICD-10 coding system is to facilitate more accurate claims, decreasing the number of denials and underpayments of reimbursements, and increased efficiency in billing and reimbursement processes.⁷ The ICD-10 coding system contains two elements: (1) a *clinical monitoring* (CM) element, which was developed by the *Center for Disease Control and Prevention* (CDC) for use in the United States; and, (2) a *procedure coding system* (PCS) element, which was developed by the *Centers for Medicare and Medicaid Services* (CMS) to be used only in inpatient hospital settings.⁸ Medical codes under the ICD-10 coding system are between three to seven characters long, with the fourth through seventh digits providing more specificity in anatomical site and severity.⁹ The structure of an ICD-10 code varies significantly from its ICD-9 predecessor.¹⁰ For example, coding for cardiovascular implementation of grafts under the ICD-9 coding system utilized only one code: 996.1.¹¹ Under the ICD-10 coding system, there are eight codes for the complication of vascular grafts, allowing the physician to specify whether a breakdown, leakage, or displacement of the graft exists as well as which artery is affected. Examples of these codes under the ICD-10 coding system include: (1) T82.311A (a

breakdown of a carotid arterial graft); and, (2) T82.524A (displacement of an infusion catheter).¹² The new codes also allow physicians to provide more detail on when a patient is seen or how treatment is progressing.¹³ For example, the ICD-10 coding system allows physicians to specify whether a right or left wrist was broke, a functionality not available in the ICD-9 coding system.¹⁴

Even though the updated ICD-10 coding system expanded the number of diagnostic classifications available to healthcare professionals (from 13,000 under the ICD-9 to 68,000 under ICD-10),¹⁵ the transition from the ICD-9 coding system to the ICD-10 coding system has been largely viewed as successful.¹⁶ Humana noted its call centers have received few calls in regard to issues related to submitting claims based on the new medical coding system.¹⁷ Further, the few problems that providers have experienced have been resolved with limited interruption to provider operations.¹⁸ For example, many home healthcare and hospice care providers experienced an issue in which all of their Medicare claims were rejected as being "noncompliant."¹⁹ When alerted of the issue, CMS advised that, until the system is corrected, CMS would manually process all home healthcare and hospice claims in order to maintain provider cash flow.²⁰ Additionally, two smaller, unnamed insurers reverted back to ICD-9 codes as a result of *information technology* (IT) system failures during the rollout;²¹ however, the acceptance rate of the claims filed by the insurers above remained similar to acceptance rates under ICD-9.²²

The ICD-10 coding system may have a long-term impact on a number of areas within healthcare delivery, including: (1) patient satisfaction; (2) provider reimbursement; and, (3) physician productivity. First, patients may feel the impact of the new ICD-10 coding system in numerous respects.²³ The ICD-10 coding system is meant to improve the ability to measure the provision of medical services and decrease the need for supplemental documentation for claims;²⁴ however, patients may notice many of the indirect effects of streamlining administrative and billing processes,²⁵ including improved transparency of medical costs due to an enhanced ability to differentiate between costs of treatment options.²⁶

ICD-10 is also expected to impact many aspects of provider reimbursements. Currently, inpatient services are grouped into *diagnostic-related groups* (DRG) through the use of grouping software programs and are central to the payment process.²⁷ With the implementation of ICD-10 coding system, new DRG group methodologies will be utilized to translate new codes into DRGs for payment.²⁸ The change from ICD-9 to ICD-10 was thought to alter the amount of reimbursement for the provision of medical services, on the logic that increased specificity in coding could either lead to higher or lower reimbursements.²⁹ However, a report issued by the *Journal of American Health Information Management Association* (AHIMA) stated that the impact on DRG-based reimbursement may not have the effect it was originally expected to have in regard to Medicare inpatient hospital payments.³⁰ The AHIMA report states that the “*Medicare inpatient prospective payment system (IPPS) uses the Medicare Severity-Diagnosis Related Groups (MS-DRGs) as the basis of payment,*” and the ICD-10 MS-DRGs are a replication of the previous codes.³¹ Because of this replication, ICD-10 MS-DRGs do not utilize the increased specificity in the ICD-10, which resulted in 1.07 percent of patients being assigned to different codes due to the differences between ICD-9 MS DRGs and ICD-10 MS-DRGs.³² Since there is a lack of valuable ICD-10 data, MS-DRGs are not able to take advantage of the specificity the ICD-10 coding system offers, making the changes in payment due to a change in MS-DRG less than expected.³³ While further analysis on this issue is expected in the future, the effect of ICD-10 implementation on IPPS reimbursement levels may be less than expected.³⁴

Additionally, physicians fear that the increased specificity of the ICD-10 coding system will negatively impact their productivity.³⁵ For example, physicians fear that utilizing the ICD-10 coding system will result in the disruption of workflow due to the need to train staff on the new coding system.³⁶ Demonstrating the legitimacy of physician concerns, a study conducted by the AHIMA Foundation found that the time spent coding an inpatient record increased by 17.71 minutes utilizing the ICD-10 coding system over the ICD-9 coding system,³⁷ resulting in a 69 percent increase between the two systems.³⁸ However, the study noted that physician decreases in productivity are expected to follow a bell curve, with its peak having already occurred at the rollout date of the ICD-10 coding system.³⁹ As efficiency improves in utilizing the ICD-10 coding system, the productivity will steadily increase.⁴⁰ Follow-up research is expected to determine the long-term effects of the new ICD-10 coding system on physician productivity.⁴¹

The rollout of ICD-10 coding system has raised concerns that the problems experienced will continue to appear in the future. One concern has been the increase in the number of codes the ICD-10 utilizes.⁴² As stated previously, the updated ICD-10 coding system expanded the number of diagnostic classifications available to healthcare professionals from 13,000 under

the ICD-9 to 68,000 under ICD-10.⁴³ However, no clear crosswalk system between the former code and new code exists to ease the transition into the ICD-10 coding system.⁴⁴ Additionally, the conversion to the ICD-10 coding system has led to increased capital expenses for health insurers over the past two years in preparation costs.⁴⁵ These costs are attributable to installing needed technology, including software programs, as well as any maintenance on systems to keep them in operating condition.⁴⁶ While one solution may be to hire additional medical coders to alleviate the time spent hunting codes down, there has been a shortage of coders, making this solution less feasible.⁴⁷ An increase in the administrative load may create other problems, such as a backlog of claims from the previous coding system.⁴⁸ Additionally, the lack of coding specialists with the proper training to utilize ICD-10 may impact coding accuracy, which could spike denial rates for claims that are noncompliant.⁴⁹

Overall, while the initial rollout of ICD-10 has been viewed positively, many uncertainties remain before deeming the transition a “*success,*” including concerns about limited physician productivity as well as a lack of medical coders trained in the new ICD-10 system.⁵⁰ However, if the AHIMA’s prediction of rollout issues following a bell curve, with the growing pains being felt around ICD-10’s initial rollout, concerns regarding physician productivity and supply of adequate coders may decrease in the future.⁵¹ Monitoring productivity measures internally and reporting issues related to ICD-10 codes to the proper internal and external parties may help smooth the transition for providers into the future.

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