

ICD-10 101: What It Is and Why It's Being Implemented

This is the first fact sheet in a series and is focused on an overview of the ICD-10 code set. Collectively, the fact sheets will provide information, guidance, and checklists to assist you with understanding what you need to do to implement the ICD-10 code set.

ICD-9

In 2003, the Health Insurance Portability and Accountability Act (HIPAA) named ICD-9 as the code set for reporting diagnoses and hospital inpatient procedures in electronic administrative transactions. "ICD-9" is the abbreviated term for International Classification of Diseases, Ninth Revision, Clinical Modification (ICD-9-CM). ICD-9-CM is the U.S. version of the World Health Organization's (WHO) ninth revision of the International Classification of Diseases. The code set is designed for the classification of patient morbidity (sickness) and mortality (death) information for statistical purposes.

There are three volumes of ICD-9-CM. Volumes 1 and 2 contain the codes for reporting diagnoses and symptoms. Volume 3 contains the codes for reporting surgical and nonsurgical procedures in hospital inpatient settings. The Current Procedural Terminology (CPT[®]) and Healthcare Common Procedure Coding System (HCPCS) are the code sets for reporting services and procedures in outpatient and office settings.

ICD-10

"ICD-10" is the abbreviated term used to refer to the International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) and the International Classification of Diseases, Tenth Revision, Procedure Coding System (ICD-10-PCS).

- ICD-10-CM is the diagnosis code set that will replace ICD-9-CM Volumes 1 and 2.
- ICD-10-PCS is the code set of hospital inpatient procedures that will replace ICD-9-CM Volume 3.

Throughout this fact sheet series, ICD-9 and ICD-10 will be the terms used to refer generally to the two code sets. References to the volumes for ICD-9 and the diagnosis or procedure code sets for ICD-10 will be used when necessary to specifically identify them.

ICD-10, like ICD-9, was developed by the WHO. Since January 1, 1999, ICD-10 has been used in the U.S. for hospital inpatient reporting of cause of death. Otherwise, ICD-10 is not yet required to be used for other data reporting requirements.

The U.S. has made modifications to the WHO ICD-10 diagnosis code set, which is why the ICD-10 title includes "Clinical Modification." The National Center for Health Statistics (NCHS) under the Centers for Disease Control and Prevention (CDC) is responsible for the development and maintenance of ICD-10-CM. Additional information on ICD-10-CM can be found on the NCHS website at: www.cdc.gov/nchs/icd/icd10cm.htm.

The U.S. created ICD-10-PCS, since a procedure code set was not developed by the WHO. The Centers for Medicare & Medicaid Services (CMS) is responsible for the development and maintenance of the ICD-10-PCS code set. More information on ICD-10-PCS is available at: www.cms.gov/ICD10/01_Overview.asp#TopOfPage.

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Regulation Requiring the Implementation of ICD-10

On January 16, 2009, the Department of Health and Human Services (HHS) published a regulation requiring the replacement of ICD-9 with ICD-10 as of October 1, 2013. All encounters and discharges on or after October 1, 2013 must use the ICD-10 codes. Transactions submitted with ICD-9 codes will be rejected. The regulation names ICD-10-CM for reporting diagnoses in all clinical situations and ICD-10-PCS for hospital inpatient procedures only. CPT and HCPCS will continue to be the code sets for reporting procedures in outpatient and office settings.

Because ICD-10 is replacing ICD-9 as a HIPAA-named code set, covered entities, defined in HIPAA as health care providers, including physicians, payers, and clearinghouses, are required to comply with the regulation. Although HIPAA requirements specifically apply to the HIPAA-named electronic transactions, payers are expected to require ICD-10 codes on transactions submitted using other methods, such as on paper (e.g., 1500 claim form), through a dedicated fax machine, or via the phone.

CMS is the agency within HHS that is responsible for oversight of the implementation and compliance with the regulation. Additional resources are available on the CMS website: www.cms.gov/ICD10/.

Why Convert to ICD-10 Now?

There is general agreement that ICD-9 has become too outdated and is no longer workable for treatment, reporting, and payment processes today. ICD-9 has been used widely in the U.S. since 1978. The WHO endorsed ICD-10 in 1990 and many countries have adopted versions of it.

The age of ICD-9 means that it does not accurately reflect all advances in medical technology and knowledge. The ICD-9 diagnosis codes are divided into chapters based on body systems. During the years of maintaining and expanding the codes within chapters, the more complex body systems have run out of codes. The lack of codes within the proper chapter has resulted in new codes being assigned in chapters of other body systems. For example, new cardiac disease codes may be assigned to the chapter for diseases of the eye. The rearranging of codes makes finding the correct code more complicated.

Another driver for replacing ICD-9 is the increased specificity of ICD-10. It is believed that the more specific data will provide better information for identifying diagnosis trends, public health needs, epidemic outbreaks, and bioterrorism events. The more precise codes also have the potential benefit for fewer rejected claims, improved benchmarking data, improved quality and care management, and improved public health reporting.

Conclusion

The implementation of ICD-10 will pose a significant burden on physicians and the health care industry as a whole. There will be benefits gained as a result of the more detailed information contained within the ICD-10 codes, but the implementation will require significant changes to clinical and administrative systems that capture and report these codes, as well as extensive training for all staff.

In addition to the changes for ICD-10, practices will need system changes for updating the HIPAA transactions from version 4010 to 5010. The work to implement the version 5010 transactions and ICD-10 will overlap. Understanding the changes required for both conversions and the impact on your practice will prepare you for the transition to ICD-10.

**Visit the AMA's website for more resources for
implementing the ICD-10 code set.**

www.ama-assn.org/go/ICD-10