



Examining ICD-10 Implementation

by

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I. Introduction

Chairman Pitts, Ranking Member Green, and members of the subcommittee, I am Carmella Bocchino, Executive Vice President at America's Health Insurance Plans (AHIP), which is the national association representing health insurance plans. AHIP's members provide health and supplemental benefits to more than 200 million Americans through employer-sponsored coverage, the individual insurance market, and public programs such as Medicare and Medicaid. AHIP advocates for public policies that expand access to affordable health care coverage to all Americans through a competitive marketplace that fosters choice, quality, and innovation.

We appreciate this opportunity to testify regarding the implementation of the Tenth Revision of the International Classification of Diseases (ICD-10) system for diagnosis and procedure coding. Our members strongly support implementation of the ICD-10 system – beginning October 1, 2015 – without any further delay. It is critically important for the health care system to move forward with this new system under the current timetable. Doing so will establish a strong foundation for allowing health plans and health care providers to identify and report conditions and medical treatments in more specific ways, ultimately leading to more effective measurements of quality and health outcomes. Delaying implementation would increase costs and impose significant administrative challenges across the health care system.

Our testimony focuses on the following:

- The steps our members have taken, including partnering with physicians, hospitals, and other health care providers, to prepare for the launch of the ICD-10 system;
- The value of the ICD-10 system to health plans and health care providers and the role it will play in supporting quality improvement activities to advance health outcomes for consumers; and
- The importance of proceeding with full implementation of the ICD-10 system on October 1, 2015.

II. Health Plans Are Strongly Committed to ICD-10 Implementation

Our industry processes millions of claims, eligibility requests, payments, and other administrative and clinical transactions on a daily basis. The migration to the ICD-10 code sets

has a major impact on the business and administrative operations of health plans, and requires significant financial and human resources for successful implementation.

Health plans have devoted a tremendous amount of time and resources to be ready by the October 1, 2015 deadline for ICD-10 implementation. Our members' leadership on this issue clearly demonstrates that we are strongly committed to achieving a successful transition to ICD-10. In preparing for the launch of the new coding system, our members have been working closely with health care providers, other industry stakeholders, and the Department of Health and Human Services (HHS) on a wide range of activities to assure that ICD-10 implementation will be successful. In addition, plans have conducted extensive outreach to health care providers – both directly and in coordination with local and state medical societies – to provide ICD-10 education and implementation tools including ICD-9 to ICD-10 crosswalks, practice management system upgrades, and instruction in appropriate coding based on the provider's area of practice.

The following are several specific examples of how our members are addressing this priority:

- Aetna has been actively engaged in testing with business partners and has processed over 10,000 ICD-10 coded claims from physician groups and hospitals over the past two years. Additional testing has been scheduled for 2015. ICD-10 testing to date has been successfully completed with all vendor test partners with a variance of less than one percent on how clinical policies were applied for ICD-9 and a similarly coded ICD-10 claim. Aetna also has included articles about ICD-10 and the importance of provider readiness in each issue of its quarterly provider newsletter for the past several years, and has published webinars that outline the results from the first five cycles of its provider collaboration testing.
- Cigna completed a successful claim and pre-certification testing process to ensure its systems could accept ICD-10 codes and began testing with vendor partners in 2013. Cigna also provided its health care provider partners with frequent updates on ICD-10 implementation through newsletters, Frequently Asked Questions guidance, and meetings with physician office and hospital key staff. Additionally, Cigna has updated its clinical policies to reflect the new ICD-10 codes and provided this information to its health care provider partners.
- Humana has completed internal systems testing to assure successful use of ICD-10 on all claims and other transactions and engaged in external testing with facilities, including end-to-end testing of submitted claims. External testing with outpatient and professional practices was initiated in 2014 and continues to ensure all provider engagement. Education of

providers is also an important component to ensuring a successful transition to ICD-10, and therefore is a key element of Humana’s engagement of providers in their networks.

- Independence Blue Cross and Blue Shield has developed a series of informational articles, *Putting ICD-10 into Practice: Coding Exercises and Scenarios*, and a coding resource book, *ICD-10 Spotlight: Know the Codes*, that provides detailed information for health care providers on ICD-10 and how to incorporate the new coding system into their practices.¹
- Regence Blue Cross’ ICD-10 Professional Readiness Portal² allows hospitals, medical group systems, clearinghouses, and individual provider practices to engage in testing and check their readiness by submitting claims based on specific episode of care scenarios. In addition, as part of this process, Regence has built in a “feed-back loop” to report the results of testing and where improvements are needed.
- Blue Shield of California has conducted readiness surveys to assess trading partner familiarity with the ICD-10 coding system and the expected process for submitting compliant transactions on the implementation date. Through this process, existing ICD-9 claims from providers were compared to recoded claims using ICD-10 to identify gaps and determine if the claims were coded and reimbursed appropriately.³

These activities have been supplemented by significant efforts undertaken by HHS such as the Centers for Medicare & Medicaid Services’ (CMS) “Road to 10” initiative and private stakeholders such as the American Health Information Management Association, the American Medical Association, and other interest groups.

Provider Outreach, Education, and Readiness

The Government Accountability Office (GAO) recently released a report⁴ outlining steps CMS is taking to prepare for the transition to ICD-10 on October 1, 2015. We are receiving very good reports about the effectiveness of the activities CMS is undertaking, including:

¹ Independence Blue Cross, “ICD-10 Resources,” accessed at:

http://www.ibx.com/providers/claims_and_billing/icd_10/index.html

² Regence Blue Cross, “ICD-10 Readiness and Testing Portals,” accessed at:

<https://www.regence.com/documents/10192/34865/ICD-10+testing+flyer/cb55c99d-0314-4b08-98d5-d52cc7277c35>

³ Blue Shield of California, “Summary of Blue Shield of California’s ICD-10 Testing to Date with Network Facilities, December 2014.” Accessed at:

https://www.blueshieldca.com/provider/content_assets/documents/Announcements/BlueShield_TestingResults.pdf

⁴ Government Accountability Office, “International Classification of Diseases: CMS’s Efforts to Prepare for the New Version of the Disease and Procedure Codes,” January 2015. Accessed at: <http://www.gao.gov/products/GAO-15-255>

- holding in-person training for small physician practices in some states;
- completing all ICD-10-related changes to its Medicare fee-for-service (FFS) claims processing systems;
- providing technical assistance to Medicaid agencies and monitoring their readiness for the transition;
- scheduling end-to-end testing with 2,550 covered entities during three weeks in 2015 (in January, April, and July);
- promoting awareness of educational materials through partnerships with payers, providers, and others;
- engaging covered entities through bi-weekly stakeholder collaboration meetings and print advertisements; and
- conducting a direct mail pilot project for primary care practices in four states.

The GAO states that a majority of the stakeholders it contacted reported that the educational materials and outreach from CMS “have been helpful to preparing covered entities for the ICD-10 transition.”

In addition, a study⁵ recently published by *Perspectives in Health Information Management* suggests that physicians are receptive to using the ICD-10 codes and enthusiastic about the opportunities for quality improvement. The authors of this study state: “Most of the physicians we talked with were ready to embrace the change to ICD-10-CM/PCS and looked forward to ways in which they could mine new types of data that could help them with their patients and their practices.”

⁵ “Physicians’ Outlook on ICD-10-CM/PCS and Its Effect on Their Practice,” *Perspectives in Health Information Management*, Winter 2015, by Valerie Watzlaf, PhD, RHIA, FAHIMA; Zahraa Alkarwi, MS, HIS; Sandy Meyers, RHIA; and Patty Sheridan, MBA, RHIA, FAHIMA. Accessed at: <http://perspectives.ahima.org/physicians-outlook-on-icd-10-cmpcs-and-its-effect-on-their-practice/>

III. ICD-10 Implementation Will Support Quality Improvement Activities

The ICD is an internationally standardized diagnostic classification code set, maintained by the World Health Organization and used for studying the health and illness of populations, as well as for health management and clinical purposes, such as reimbursement, resource allocation, and improvements to health care quality. The ICD code set is periodically revised to allow for progress in the medical field. The ninth version (ICD-9) has been used in the United States since 1979 and is scheduled to be replaced by the tenth version (ICD-10) on October 1, 2015.

The ICD-10 system and the transition from the current ICD-9 coding procedures was developed over a period of many years, through a consensus building process that has included input from government agencies and stakeholders in the private sector, including representatives of the provider community, health plans, and vendors. Throughout this process, the use of ICD-10 codes has been guided by the recommendations of the National Committee on Vital and Health Statistics (NCVHS), an advisory commission that was established by Congress for the specific purpose of providing recommendations on health information policy and standards to the HHS Secretary.

The ICD-10 code sets provide substantially more specificity and precision in defining a diagnosis or procedure. For example, it allows clinicians to select separate codes depending on whether a patient is a Type 1 or Type 2 diabetic. This expanded detail, compared to the ICD-9 system, is a fundamental building block for payment reform. It will make it easier for health care providers and researchers to identify the correct code for a diagnosis or procedure, document medical complications, and track health care outcomes more effectively. This greater specificity, in turn, will support efforts to gain a deeper understanding of diseases, causes of death, and ways to make significant improvements in health care quality. In addition, ICD-10 adoption will facilitate efforts by health plans and other payers to develop pay-for-performance and other reforms necessary to achieve a more effective and efficient health care system.

The enhanced data that will be generated from the transition to ICD-10 will provide the U.S. health care system a wide variety of benefits. A white paper⁶ published by Highpoint Solutions identifies the following areas where ICD-10 is expected to contribute to improvements in health care quality and patient outcomes:

- Enhancements in our ability to measure and improve health care services: Implementation of ICD-10 will foster an environment where data generated through the new diagnosis and

⁶ “The Quality Benefits of ICD 10,” John Wollman, HighPoint Solutions , July 27, 2011

procedure codes will be significantly more detailed, making it easier to measure the efficacy of health care services at a very granular level. Additionally, the author of the white paper notes that “the more specific diagnosis and procedure information in ICD-10 will support better correlation of the outcomes achieved from different medical processes, yielding much more actionable clinical outcome information and an improvement in care quality.”

- Improved support for disease management programs: Health plans have demonstrated strong leadership in pioneering disease management programs to meet the needs of patients with chronic conditions. These programs are directly linked to several factors that will be improved through the increased detail and specificity of ICD-10. These factors include the development of best practice protocols that lead to better outcomes, identification of patients who would benefit from disease management services, measuring adherence to health care and prescription drug protocols, and properly responding to changes in patient health.
- Enhanced ability to conduct public health surveillance: Public health surveillance relies heavily on the continuous, systematic collection, analysis, and interpretation of health-related data. Because the ICD-10 system offers a more granular ability to identify diseases, such surveillance will be better equipped to analyze and interpret data, thereby providing early warning for impending public health emergencies, monitoring the epidemiology of public health problems, and informing public health policy.
- Comparisons of health and morbidity data with other countries: The adoption of ICD-10 in the United States will improve the ability of researchers to compare international data on morbidity across approximately 100 nations and to identify new or evolving health threats on a global basis.
- Supporting a 21st century health care system: The ICD-10 system uses an alphanumeric structure, replacing the more limited numeric structure of ICD-9. This new structure will provide room for growth in diseases and procedure coding to support new treatments and technologies, replacing the current coding system that is rapidly becoming obsolete.

IV. ICD-10 Implementation Must Go Forward on October 1, 2015

Recognizing the potential for ICD-10 to support progress in quality improvement, we believe it is critically important to continue the momentum on this project and proceed with implementation on October 1, 2015.

Implementation of ICD-10 already has been delayed three times beyond the October 1, 2011 implementation date that originally was established by an HHS proposed rule published in 2008.

In 2010, prior to the last implementation delay, our members reported that ICD-10 implementation was expected to cost health plans in the range of \$2 to \$3 billion.⁷ Each delay brings significant costs and additional administrative challenges for health plans and providers that are ready for implementation – penalizing those who have invested the time and resources necessary to implement on time. Further delays will also prevent providers and payers from leveraging ICD-10 to improve patient care and quality outcomes.

Health plans and health care providers will have to interrupt ongoing training, operational, and testing programs, and resources dedicated to these efforts will have been wasted. Plans and providers also will have to dedicate additional resources to “undo” information technology and administrative system changes that already have been made in anticipation of the October 1, 2015 implementation deadline. For example, health plans have established extensive information technology systems that will automatically change over coding, claims payment, and other processes on the transition date.

These concerns – which also were raised prior to last year’s delay – were highlighted by the NCVHS in a September 2014 letter⁸ addressed to HHS Secretary Sylvia Burwell, which recommended that “HHS and industry leaders should proactively emphasize to Congress the merits of ICD-10, progress made by the health care industry in its readiness to implement ICD-10, and, costs to the health care industry associated with any further delay.” In this same letter, NCVHS noted that witnesses at a June 2014 NCVHS hearing cautioned that “another delay in implementing ICD-10 would add to the already substantial costs of delays arising from stopping and re-starting processes and re-education and training of staff.”

It is crucial to send a clear signal that implementation will proceed on October 1, 2015. This certainty is needed to avoid another scenario – which occurred following the last implementation delay – in which many health care providers stop implementation activities and testing, and health plans and providers face significant disruptions in longstanding information technology and administrative systems projects dedicated to ICD-10 implementation.

⁷ America’s Health Insurance Plans, “Health Plans’ Estimated Costs of Implementing ICD-10 Diagnosis Coding, September 2010.”

⁸ NCVHS letter to HHS Secretary Sylvia M. Burwell, September 23, 2014. Accessed at: <http://www.ncvhs.hhs.gov/wp-content/uploads/2014/10/140923lt2.pdf>

From a quality improvement perspective, we are concerned that another delay will impact initiatives that are replacing volume-based payments with value-based payments. Without the more accurate and reliable data that will be facilitated by ICD-10, ongoing efforts to transition to a payment system based on quality and outcomes will not achieve their full potential. Additional benefits from adoption of ICD-10 – including better disease management, public health monitoring, and the ability to track new medical procedures and devices – will be unnecessarily delayed.

We also strongly oppose any efforts to make a partial change to ICD-10 codes that will phase in different provider groups or different codes over time – for example, making the transition for hospitals on one date and for physician practices on a later deadline or adopting diagnosis codes and procedure codes on different dates. Among other costs, this would impose dual tracking of claims systems for both public and private payers and the need to develop hybrid DRG definitions (utilizing ICD-9 and ICD-10 codes).

Finally, we believe it would be a serious mistake, as some have suggested, for policymakers to bypass the ICD-10 system altogether and wait until the ICD-11 system is ready. This misguided approach would force our health care system to continue to use, possibly for another 20 years or longer, an outdated code set that is not equipped to account for new developments in medical technology or the next generation of diagnoses and procedures. This approach also fails to recognize that ICD-10 will serve as a foundation for ICD-11. A commentary⁹ recently posted by the Coalition for ICD-10 explains: “ICD-11 is built on ICD-10 and benefits from the clinical knowledge and additional detail that have been incorporated into the U.S. version of ICD-10. Transitioning to ICD-10 in 2015 will provide an easier and smoother transition to ICD-11 at some point in the future.”

V. Conclusion

Thank you for considering our views on the importance of proceeding with the implementation of the ICD-10 codes on October 1, 2015. We stand ready to work with the committee to address any additional questions or issues that may arise in the months leading up to the launch of this important system.

⁹ “Commentary: Waiting for ICD-11,” Coalition for ICD-10, (<http://coalitionforicd10.org/2015/01/13/waiting-for-icd11/>), January 13, 2015