



# Government Affairs Alert

September 14, 2009

## Next Generation Coding – ICD-10 Code Set

In an effort to continually provide information and insight into public policy changes and the impact of these changes, PMSI's Government Affairs Department offers our Government Affairs Alert series. This current Alert provides a high-level overview of the replacement of existing ICD-9 Diagnosis Codes with the more current and more specific ICD-10 Diagnosis Codes, beginning in 2012. To help educate our clients and vendors on issues surrounding implementation of ICD-10 Codes and to offer significant lead time for mutual development and system testing, below are a list of frequently asked questions about ICD-10 implementation.

### General Questions

#### What is ICD-10?

ICD-10 is a diagnostic coding system implemented by the World Health Organization (WHO) in 1993 to replace ICD-9, which was developed by WHO in the 1970s.

#### When Will Changes be Implemented?

On January 16, 2009, HHS published two final rules to adopt updated HIPAA standards and address conversion from ICD-9 Codes to ICD-10 Codes beginning January 1, 2012 and ending Oct 1, 2013.

In one rule, HHS adopted a compliance date of January 1, 2012 for HIPAA-covered entities utilizing ANSI/ASC X12 Version 5010 (for medical services). Version 5010 accommodates the ICD-10 Codes, and thus has an earlier compliance date than full ICD-10 implementation. This gives industry enough time to test standards internally, ensure systems have been appropriately updated and test between trading partners before compliance date(s).

To allow all other healthcare providers (including pharmacy, bill review entities and payors) time to fully integrate changes in their ANSI/ASC x12 5010 and **NCPDP D.0** versions/formats, HHS in the second rule slated full adoption of ICD-10 Codes for **all** electronic transmittals and filings starting October 13, 2013.

#### Why Move to ICD-10?

Current ICD-9 Codes have several problems such as limited space, ability to capture new data elements and inability to evolve and adapt as medical science grows. As medical science in the 21<sup>st</sup> century continues to enhance disease diagnosis and invent new treatments, ICD-9 Codes have run out of room and are ineffective for proper medical billing and payment. The more detailed ICD-10 Codes will allow for better analysis of disease patterns and treatment outcomes, and will better describe diagnoses and treatment procedures to make claim recognition and payment more streamlined.

#### How Are ICD-10 Codes Different from Current ICD-9 Codes?

##### ICD-9 Diagnosis Codes

Approximately 13,600 codes  
 Mostly numeric with "E and V" codes  
 Codes contain 3 to 5 digits

##### ICD-10 Diagnosis Codes

Approximately 120,000 codes  
 All codes alphanumeric  
 Codes contain 3 to 7 digits



### **Why does it Matter to Me?**

Numerous states currently require medical providers to utilize ICD-9 Codes to disseminate the type and/or extent of a work-related or compensable workers' compensation injuries. As a result, down-stream providers are often required to capture and/or transmit these diagnosis codes when providing, billing and State Reporting (to state agency) of medical claims data on services such as Pharmacy, Durable Medical Equipment/Supplies and other Ancillary Services. Additionally, utilization of the CMS-1500 and NCPDP UCF forms (most commonly required workers' compensation healthcare provider billing forms) will eventually reflect implementation of ICD-10 Codes.

Finally, as more and more states implement eBilling requirements and state medical claims reporting procedures, utilized national standards for eBilling and State Reporting (ANSI/ASC 837 and NCPDP 5.1) will be replaced by enhanced versions (ANSI/ASC 837 x12 5010 and NCPDP D.0) which will reflect implementation and usage of ICD-10 Codes. As marketplace stakeholders—along with entities such as IAIABC, NCPDP and NCCI—continue to push for policies which streamline bill payment and claims reporting, utilization of the ICD-10 Codes will expand to encompass workers' compensation.

### **What is PMSI Doing?**

As with our eBilling platform development, PMSI's Government Affairs and IT Departments are closely involved in monitoring the implementation of ICD-10 Codes. PMSI continues to participate in IAIABC and NCPDP work groups which help develop model implementation guidelines for state workers' compensation agencies, and we continue to monitor key jurisdictions for escalation at the state workers' compensation level.

Anticipating the needs of our clients and changes in regulatory requirements, PMSI's IT, State Reporting and eBilling teams are pushing ahead with inclusion of ICD-10 Code capability as part of our efforts to prepare for changes to the existing ANSI/ASC and NCPDP file format(s). PMSI will be able to provide our clients and our vendors with ICD-10 jurisdictional and transactional compliance where required, or if requested. PMSI will continue to provide education and updates to our clients on this and other important issues as they develop.

### **Informational Resources**

**General ICD-10 Information:** [www.cms.hhs.gov/ICD10](http://www.cms.hhs.gov/ICD10)

**NCPDP:** [www.ncdp.org](http://www.ncdp.org)

**IAIABC:** [www.iaiaabc.org](http://www.iaiaabc.org)

**ASC X 12:** [www.x12.org](http://www.x12.org)

For more information, please contact your Account Manager or Sales Representative. You may also contact our Director of Government Affairs, Kevin Tribout at [Kevin.Tribout@pmsionline.com](mailto:Kevin.Tribout@pmsionline.com) or 813.318.6876.

**PMSI—The Only Solution You Need.** PMSI is one of the nation's largest full-service providers of Pharmacy, Settlement Solutions, Medical Services and Equipment, and Clinical Services devoted exclusively to the workers' compensation and liability markets. For 33 years, PMSI has led the industry and served as the trusted resource for thousands of insurance payors, state workers' compensation funds, employers, and third-party administrators. Today, PMSI continues its leadership position by managing millions of pharmacy, medical services and equipment, and settlement transactions each year. For more information, please refer to the PMSI website at [www.pmsionline.com](http://www.pmsionline.com).

pharmacy

medical services  
and equipment

settlement  
solutions™