



CMS ICD-10
Official CMS Industry Resources for the ICD-10 Transition
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graph TD
    A[MITA and ICD-10 Support National Quality Strategy] --> B[ICD-10 Overview]
    B --> C[Analytics and Reporting]
    C --> D[Program Integrity]
    D --> E[Policy Remediation Best Practices]
    E --> F[Managed Care]
    F --> G[Claims Management]
    G --> H[Provider Communication]
            
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California ICD-10 Site Visit

Training segments to assist the State of California with ICD-10 Implementation

Segment 3: ICD-10 Policy Remediation & Best Practices

June 10-11, 2013

Purpose of this set of slides

Communicate and discuss ICD-10 impacts, opportunities, and examples specific to SMA operations in the area of managed care.

Talking Points

- The move from ICD-9 to ICD-10 is a significant change for SMAs and unlike previous HIPAA efforts, ICD-10 impacts the business of Medicaid as much as its enabling technology systems.
- ICD-10's impact will be disruptive in the short-term, but positive over the longer term. The new code sets will benefit the delivery of care by indicating diagnoses and matching payment to care more precisely. In time, it will promote efficiencies and improvements in care documentation, claims processing, and business intelligence.
- CMS has prepared a series of slides and training materials especially for SMAs, which provide key information about the ICD-10 code sets, how to use them, how to benefit from them, and how to implement them.
- CMS hopes this information will assist SMAs with effectively implementing and benefiting from this major change to the specificity and content of codes sets used to categorize health care diagnoses and inpatient procedures.

Notes

- **Note:** the implementation of ICD-10 does not affect HCPCS codes (Levels I and II) for outpatient procedures except in cases where coverage and payment may be dependent on medical necessity as determined by diagnoses codes. For more info on HCPCS codes, please refer to: <http://www.cms.gov/medhcpcsgeninfo/>
- Unless otherwise specified in this presentation, ICD-10 refers to both ICD10-CM and ICD10-PCS.
- Unless otherwise specified in this presentation, the word "procedures" refers to inpatient procedures.



Agenda

- Policy Overview
- Analysis and planning
- Implementation
- Testing
- Questions and Discussion



Policy Overview
Definition of “Medical Policy”

Medical Policy is defined in a broad sense of the term to mean;
“A documented statement of the intended actions in response to claims or other data about the delivery of healthcare services for the patient population based on some medical rationale.”

From a claims processing point of view, there are three possible actions:

- Pay (or allow)
- Pend (or suspend for review)
- Deny (or not pay for reimbursement)

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Policy Overview
Definition of “Policy”

Three basic questions of healthcare management.

1. Is it appropriate to pay for the service?
2. Under what conditions?
3. What is the medical rationale for the decision?

Source: Health Data Consulting 2011

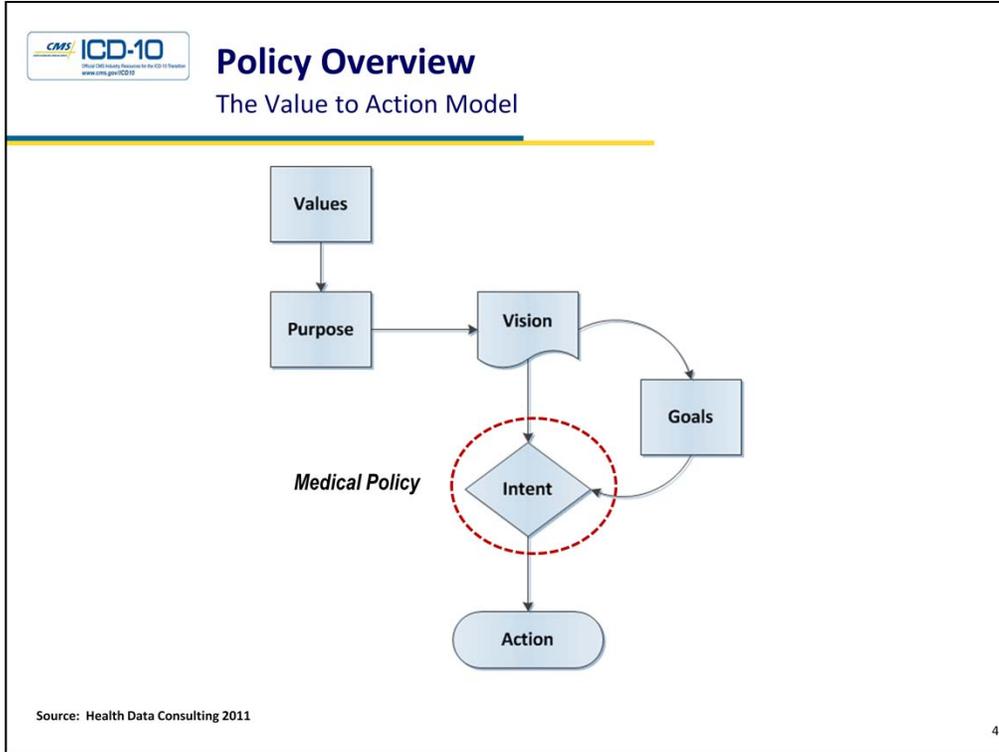
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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



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Policy Overview

Policies as a definition of organizational “intent”

- In theory, there is some explicit or implicit rationale or *intent* for decisions on the payment of services.
- Ideally this intent is defined in a policy that documents this intent.
- Processing of claims should be consistent with the intent of the policy.
- Policies and changes in definition should be in synch with processing realities over time.
- Testing scenarios that fall within the realm of the policy should demonstrate expected results that are aligned with the intent of the policy.
- Wherever reasonably possible, claims processing should be automated.

Source: Health Data Consulting 20115

Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Impact of a changing environment



Financial challenges in health care are forcing a harder look at the value of care delivery

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

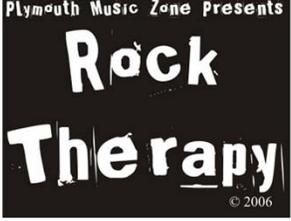
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Policy Overview

Impact of a changing environment



Some services have more value than others.



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Impact of a changing environment

What does “medically necessary” mean?



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

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Policy Overview

Impact of a changing environment

Fraud, Waste and Abuse
Enough money to take care of a lot of need.



\$60,000,000,000/Year

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

The National Health Care Anti-Fraud Association estimates that fraud amounts to at least three percent of total health care spending, or more than \$60 billion per year.

Increases funding for the Health Care Fraud and Abuse Control fund to fight fraud in public programs. The Office of Management and Budget estimates that every \$1 invested to fight fraud results in approximately \$17 in savings.

 **Policy Overview**
Impact of a changing environment



**Decisions will need to be made.
Are we making the right ones?**

Source: Health Data Consulting 2011 10

Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Official ICD-10 Release Date: September 8, 2015
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Policy Overview

ICD-10 Impacts

- Nearly all policies will be directly or indirectly related to ICD-10 codes in the future if they are to be truly “actionable”
- Despite myths to the contrary, policies and rules cannot be remediated by just crosswalking existing ICD-9 codes.
 - Matches are imperfect in over 95% of the cases, meaning that a key medical concept may be lost and/or assumed in translation.
 - GEM does not define all of the appropriate codes in ICD-10 that match the original intent of the policy as define in ICD-9 and may include inappropriate codes considering the original intent

Source: Health Data Consulting 2011

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Purpose of the slide

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Talking Points

- None



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Mapping Challenges

CMS Lessons from the conversions

Impact of the Transition to ICD-10 on Medicare Inpatient Hospital Payments

Ronald E. Mills, Ph.D.*, Rhonda R. Butler, CCS*, Richard F. Averill, M.S.*,
Elizabeth C. McCullough, M.S.*, Mona Z. Bao, M.A.*

because the additional information *would be* expected to impact the MS-DRG assignment of the ICD-10 optimized MS-DRGs. It can be anticipated that CMS will begin to optimize MS-DRGs for ICD-10 once ICD-10 coded data becomes available allowing the MS-DRG payment weights to be simultaneously recalibrated.

There have been many misconceptions regarding the use of GEMs. As a translation

Source: Health Data Consulting 2011
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Purpose of the slide:

Demonstrates some of the issues with crosswalking

Talking Points:

- Based on the GEM mapping files less than 5% of the crosswalks are considered exact or “not approximate”
- Of the crosswalks that are “exact” based on the GEM file, a number of those are not actually exact from a clinical perspective. This will be illustrated subsequently.
- Quality relates to the loss or information or the assumption of information that may not be true. This will be illustrated subsequently.
- Since there is no significant experience with crosswalking and since there are no agreed upon metrics on the quality of the measures, it will be difficult to evaluate crosswalking quality impacts



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Mapping Challenges

CMS Lessons from the DRG conversions

applications to a native ICD-10 version of the application. This is how the GEMs were used to create the ICD-10 MS-DRGs. Any attempt to use the GEMs to map ICD-9-CM data to ICD-10 data as opposed to convert an application to a native ICD-10 version of the application is extremely problematic. The use of the GEMs to convert ICD-9-CM coded patient records to ICD-10 for this project was possible only because of two special

For other applications the mapping choices could have differed (e.g., mapping choices can be quite different for an inpatient versus outpatient application). Thus, a universal map is not feasible without a potential loss of accuracy for some applications. The results obtained in this study for MS-DRGs using the Reimbursement Map are best case results. If a specific ICD-10 to ICD-9-CM map developed for another purpose had been used it is

Source: Health Data Consulting 2011

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Purpose of the slide:

Demonstrates some of the issues with crosswalking

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Policy Overview

ICD-10 impacts – Policy remediation example

- External bone growth stimulators are intended to provide a non-invasive solution for non-union of fractures.
- The conditions under which the use of a bone stimulator is considered effective, is limited.
- The medical intent of a this policy is to limit the use of external bone growth stimulators to those conditions where there is a reasonable potential for effective resolution of the non-union or the fracture is an acute navicular fracture.

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Official CMS Website Reference for the ICD-10 Revision
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Policy Overview

ICD-10 impacts – Policy remediation example

- **Evaluation of the original policy reveals a code definition error**
 - ‘73381’ – *Malunion of fracture*
 - Translates to [2595] ICD-10 codes
- **The policy allows treatment for any Navicular Fracture**
 - Native ICD-9 definition = [2] Codes
 - GEM ICD-9 to ICD-10 = [2] codes (ICD-9 is the source code)
 - GEM ICD-10 to ICD-9 = [42] codes (ICD-9 is the target code)
 - Native ICD-10 definition = [126] Codes
- **Mapping of ICD-9 Procedure code**
 - ‘9986’ - *Non-invasive placement of bone growth stimulator*
 - Translate to ‘3E00XGC’ - *Introduction of other substance into skin and mucous membranes, external approach*

Source: Health Data Consulting 2011
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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Clinically Driven



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

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Policy Overview

Core values to drive best practices for policies

Clear Intent



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

Decomplexification

1. The process used to simplify a useful system or process that was once simple, but because of its use over time has become complex, unwieldy, or unusable.
2. The process used to make something easier out of something worthwhile that is not easy to use.

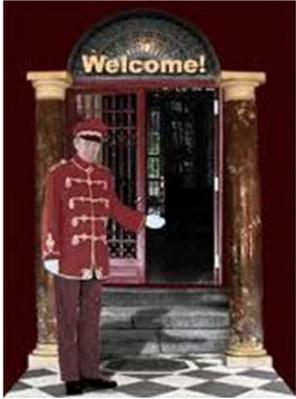
Synonym: simplify

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Policy Overview

Core values to drive best practices for policies

Accessibility



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Consistency



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

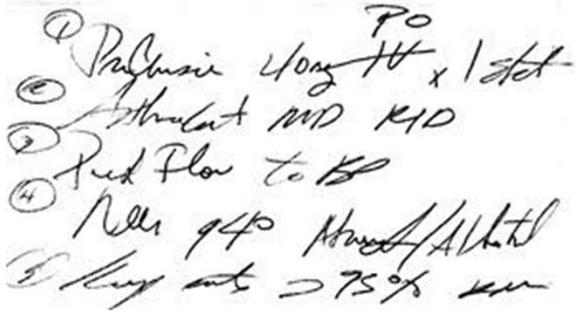


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Policy Overview

Core values to drive best practices for policies

Understandable



① ^{PO} Progressive Long ~~TH~~ x 1 stat
 ② Structural MD KID
 ③ Risk Flow to ~~ES~~
 ④ New 940 ~~Hand/Alcohol~~
 ⑤ Key note > 75% ~~use~~

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Reusability



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Single Point of Truth



Source: Health Data Consulting 2011 23

Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Traceable



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Clear Governance



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Collaboration



***Everyone may be doing “their job” well,
but is “the job” getting done?***

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Accurately Implemented



Source: Health Data Consulting 2011 27

Purpose of the slide

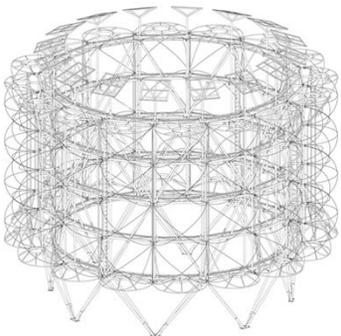
To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Stable Structure



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Efficient



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Tested



Source: Health Data Consulting 2011 30

Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Policy Overview**
Core values to drive best practices for policies

Monitor Impact



Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None

 **Planning and Analysis**
Preparing for Change – Why Change?



Source: Health Data Consulting 2011 32

Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Planning and Analysis
Preparing for Change – Why Change?

- ICD-10 will require a redefinition of many services and conditions relative to policies
- Health care reform and value based purchasing models are changing the nature of healthcare payment
- For most organizations there has been a dis-connect between organization values and actions as defined by policies

Source: Health Data Consulting 2011

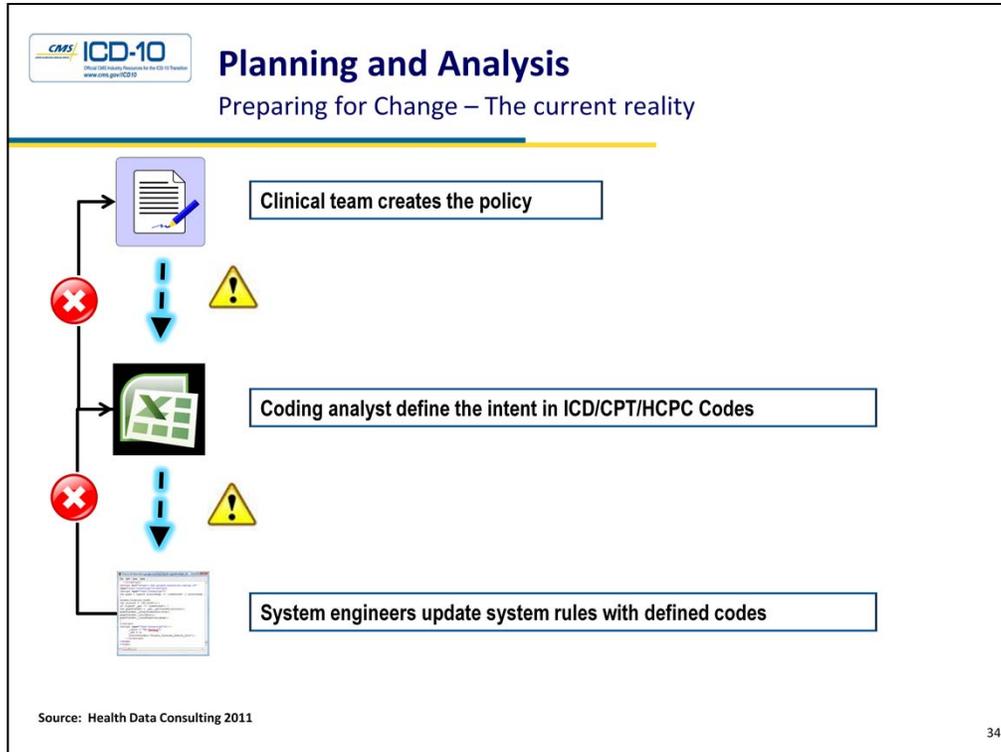
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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Purpose of the slide

xxx

Talking Points

- None



Official ICD-10 Release Date: September 8, 2015
www.cms.gov/ICD10

Planning and Analysis

Preparing for Change – Key Questions

- **How will ICD-10 impact current and future policies?**
- **Are currently policies:**
 - Accessible?
 - Understandable?
 - Medically driven?
 - Consistent?
- **Is the intent of the policy clear?**
- **Are the impacts of the policies known?**
- **Is implementation consistent with the intent?**

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Planning and Analysis
Preparing for Change – Why Change?

- **Is there a single point of truth?**
- **Are there consistent standards?**
- **Is there the right focus on the right policies?**
- **Are there opportunities for automation?**

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Implementation
Effecting change for a better policy roadmap

- **Better information to understand the specifics of patients conditions and the services to maintain or improve those conditions.**
 - Risk and severity
 - Classification of conditions
 - Co-morbidities
 - Complications
 - Etiology/causation
 - Anatomic detail
 - Disease Stage
 - Healing Level

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



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Implementation

Effecting change for a better policy roadmap

- **The improved information in ICD-10 allows policies to more accurately and efficiently:**
 - Represent the policy intent based on the best medical evidence
 - Communicate that intent to downstream processing systems
 - Recognize services or conditions that require intervention based on incoming claims
 - Incorporate new detail around services and conditions to fine-tune the policy
 - Increase the level of automation by recognizing detail that may now require a query of the provider
 - Identify opportunities for new policies that would have been problematic to implement under ICD-10

Source: Health Data Consulting 2011

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Purpose of the slide

To answer some of the basic questions about ICD-10: what, why, who, and when.

Talking Points

- None



Implementation

Governance – It starts at the top

- **Resources**
 - People, Time, Training and Tools
- **Empowerment**
 - Providing the authority to succeed
- **Oversight**
 - What needs to get done? Is it happening?
- **Coordination**
 - Breaking down silos. Synchronizing efforts
- **Contingencies**
 - What if?
- **Vision**
 - The road map for leveraging ICD-10

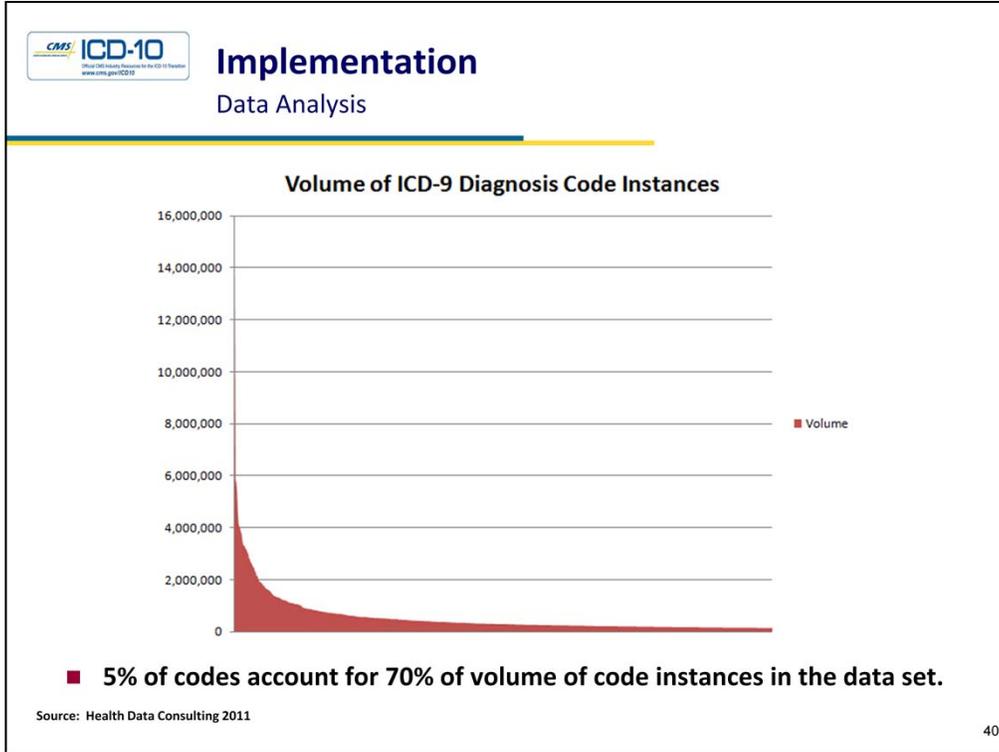
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Purpose of the slide:

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Talking Points:

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Purpose of the slide:

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Talking Points:

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Implementation

Data Analysis – Inpatient Diagnosis

- **Analysis of 3 years of inpatient payer data for ~ 1million lives:**
 - Only 28% of the 14,432 possible ICD-9 diagnosis codes were ever used
 - 3% of the possible codes accounted for 80% of billed charges
- **Top 5 charge categories*:**
 - 17.5% = Diseases of the circulatory system
 - 13.8% = Diseases of the musculoskeletal system and connective tissue
 - 9.7% = Injury and poisoning
 - 8.9% = Diseases of the Digestive System
 - 8.8% = Neoplasms

* AHRQ Clinical Classification System level 1 categories (based on primary diagnosis)

Source: Health Data Consulting 2011
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Purpose of the slide:

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Talking Points:

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Implementation

Data Analysis – Inpatient Procedures

- **Analysis of 3 years of inpatient payer data for ~ 1million lives:**
 - Only 43% of the 3,859 possible ICD-9 procedure codes were ever used
 - 8% of the possible codes accounted for 89% of billed charges
- **Top 5 charge categories*:**
 - 21.7% = Operations on the cardiovascular system
 - 19.5% = Operations on the musculoskeletal system
 - 14.4% = Operations on the digestive system
 - 13.1% = Miscellaneous diagnostic and therapeutic procedures
 - 9.1% = Obstetrical procedures

* AHRQ Clinical Classification System level 1 categories (based on primary ICD-9 Procedure)

Source: Health Data Consulting 2011
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Purpose of the slide:

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Talking Points:

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Implementation

Data Analysis – Code Complexity

- **1.4%** of billed charges were related to claims where the primary diagnosis code (ICD-9) required more than one ICD-10 code for mapping purposes
- **7.6%** of billed charges were related to claims where the primary procedure code (ICD-9) required more than one ICD-10 code for mapping purposes
- **23%** of billed charges were related to claims where the primary diagnosis code (ICD-9) mapped to one ICD-10 code, but there was more than one choice in the GEM mapping.
- **85.3%** of billed charges were related to claims where the primary procedure code (ICD-9) mapped to one ICD-10 code, but there was more than one choice in the GEM mapping.

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Implementation

Data Analysis – Impacts to key business functions

- Codes may impact other functions that don't directly relate to billing but may have a significantly impact on other business areas such as:
 - Quality measures
 - Case mix
 - Severity adjustments
 - Hospital acquired conditions
 - Fraud, waste and abuse detection
 - Contracting scope
 - Capitation and carve-outs

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Implementation

Example policy remediation

- Chelation therapy is a recurring area of questionable treatment that is used by some providers as a “mill” to go after substantial premium dollars.
- There is little clinical evidence that the use of chelation therapy for the treatment of “general malaise” , “cardiac disorders” and a host of other conditions offers any value to the patient.

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Implementation

Example policy remediation

- The medical intent of this example medical policy
 - Pay for claims for “chelation therapy” services to conditions related to “heavy metal toxicity”
 - Pend claims for review for certain specific conditions where chelation therapy may be beneficial depending on the nature of these conditions on at a patient level
 - Deny payment for claims that do not fit the criteria for payment or for review.

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Implementation
Standards to implement best practices

- Example: Policy Template
- Example: Policy remediation using the template
- Example: Code set definition template

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Testing

Testing the System and the Business

- Test cases should be designed to evaluate the policy intent from both the business and technical perspective.
- Key questions to answer:
 - Was the intent of the policy clearly defined?
 - Where the codes that relate to that intent accurate (validated)?
 - Do processing rules -
 - Allow payment where appropriate?
 - Deny payment where appropriate?
 - Flag claim for review where appropriate?
 - From a business perspective was the result of policy implementation as expected?
 - Do manual process based on the policy occur as expected?
 - Do other downstream systems (i.e. Fraud, Waste and Abuse) behave as expected?

Source: Health Data Consulting 2011

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Purpose of the slide:

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Talking Points:

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Questions

