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ICD-10 Basics for Payers

The transition to ICD-10 is mandatory for all payers, providers, and other organizations covered by the Health Insurance Portability and Accountability Act (HIPAA). It is important to keep your ICD-10 transition efforts on track. Allow adequate time for testing, which is estimated to take payers up to 23 months.

About ICD-10

ICD-10 CM/PCS (International Classification of Diseases, 10th Edition, Clinical Modification/ Procedure Coding System) consists of two parts:

- 1. ICD-10-CM for diagnosis coding
- 2. ICD-10-PCS for inpatient procedure coding

ICD-10-CM is for use in all U.S. health care settings. Diagnosis coding under ICD-10-CM uses 3 to 7 digits instead of the 3 to 5 digits used with ICD-9-CM, but the format of the code sets is similar.

ICD-10-PCS is for use in U.S. inpatient hospital settings only for procedures. Inpatient procedure coding with ICD-10-PCS uses 7 alphanumeric digits instead of the 3 or 4 numeric digits used for ICD-9-CM procedures. Coding with ICD-10-PCS is much more specific and substantially different from ICD-9-CM procedure coding.

Who Is Affected

The transition to ICD-10-CM/PCS applies to all those covered by HIPAA. However, this change does **not** affect Current Procedural Terminology (CPT) codes, which will continue to be used for office and outpatient services.

Basic Steps to Prepare for ICD-10

Payers must plan to be ready to process claims with ICD-10 codes for medical diagnoses and inpatient procedures. The following are steps to take now to prepare for the ICD-10 transition:

- 1. Review payment policies. The transition to ICD-10 will involve new coding rules.
- 2. Investigate General Equivalence Mappings (GEMs) and reimbursement crosswalks. This will help you assess the impact on your organization.

ICD-10 Resources

ICD-10 DEADLINE **OCT 1, 2015**

There are many professional and trade associations offering a wide variety of ICD-10 information, educational resources, tools, and checklists.

The <u>CMS website</u> has official resources to help you prepare for ICD-10. CMS will continue to add new tools and information to the site throughout the course of the transition.

Sign up for <u>ICD-10 Email Updates</u> and follow @CMSgov on <u>Twitter</u> for the latest news and resources.

Visit www.cms.gov/ICD10 for ICD-10 and Version 5010 resources from CMS.





- **3.** Check with your software vendors, billing services, clearinghouses, and providers. Ask the software vendors, billing services, and clearinghouses, as well as the providers you work with, what they are doing to prepare and what their timelines are for testing and implementation.
- 4. Communicate with your colleagues about the ICD-10 transition. Meet with your professional and support staff. Discuss the new codes and where they are used to help you assess the impact on your organization. Assign roles and responsibilities for addressing the transition.
- **5. Identify needs and resources.** Consider the changes that will be required. Develop a budget, timeline, and an implementation plan that take into account specific workflow needs, vendor readiness, and staff knowledge, and that factor in associated training needs.
- 6. Plan strategies that will minimize any provider reimbursement and operational interruptions.

This fact sheet was prepared as a service to the health care industry and is not intended to grant rights or impose obligations. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.



