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Statement

of the

American Hospital Association

before the

Health Subcommittee

of the

Committee on Energy and Commerce

of the

U.S. House of Representatives

"Examining ICD-10 Implementation"

February 11, 2015

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our 43,000 individual members, the American Hospital Association (AHA) appreciates the opportunity to comment for the record as part of the Subcommittee's assessment of the health care community's readiness to complete the transition to ICD-10 on Oct. 1, 2015. The AHA strongly supports the Oct. 1, 2015 ICD-10 compliance date and opposes any steps to delay this implementation date.

HEALTH CARE NEEDS A MODERN CODING SYSTEM

In 2009, the Department of Health and Human Services (HHS) issued a final rule to update ICD-9-CM to ICD-10-CM for diagnosis coding and ICD-10-PCS for procedure coding (jointly referred to as ICD-10). [i] The federal government has delayed the transition, first proposed for Oct. 1, 2011, a number of times. Most recently, in March 2014, Congress enacted a provision in the Protecting Access to Medicare Act that prevented HHS from implementing ICD-10 on Oct. 1, 2014, as planned, and required at least a one-year delay. HHS has since issued a final rule requiring all providers, payers and clearinghouses to be ready by Oct. 1, 2015.

The AHA has supported the statutory requirement that hospitals transition to the ICD-10 classification systems for clinical diagnoses and procedures because they provide needed

modernization of coding and billing systems. While it entails significant effort and cost, the move to ICD-10 is important to ensure payment accuracy and deepen our understanding of health care delivery.

ICD-10-CM is an upgrade to the current, outdated diagnosis coding system. Diagnosis codes are a way for hospitals, physicians and other providers to efficiently and electronically exchange information with health plans to describe patient conditions. They are embedded in nearly every health care clinical and billing operation nationwide. Diagnosis codes describe patients' conditions, justify the services provided and demonstrate medical necessity. ICD-10-PCS is the companion procedure coding system that will affect only hospitals reporting inpatient procedures.

The expanded granularity of the ICD-10 codes will allow health care providers and payers to better distinguish newer technologies and resource differences. Enhancements include the ability to differentiate surgical approaches, anatomical regions and devices. In addition, the move to ICD-10 will allow caregivers to include more detail on socioeconomic factors, family relationships, ambulatory care conditions, problems related to lifestyle and the results of screening tests. It also will mean better data to monitor resource utilization, improve clinical, financial and administrative performance, and track public health risks. For example, under hospital pay-for-performance programs such as the readmissions penalties and hospital-acquired conditions penalties, it is important to describe fully the nature of a patient's condition. More detailed coding systems also will improve the nation's understanding of the diseases or illnesses being treated and will provide caregivers and the public with better information to guide future treatment.

Together, the diagnosis and procedure codes are the DNA of diagnosis-related groups (DRGs), which are used by Medicare and other payers for reimbursing hospitals for inpatient care. While physicians must include the diagnosis codes on their claims for purposes of benefit determination, health plans generally do not use the diagnosis codes to determine physician payment amounts. Physicians and hospital outpatient departments will continue to use Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System codes (HCPCS) and be paid based on those codes. That said, all parties must move to ICD-10 at the same time or billing systems will not work correctly, leading to widespread confusion and disruptions in payments.

WHY SO MANY CODES?

Under ICD-10, the coding system will grow significantly, and many have expressed concern over the number of codes. However, ICD-9 is more than 30 years old, and has simply "run out of room." Despite annual revisions, it is not able to keep up with changes in medical knowledge or the demands for detailed administrative data to evaluate the quality of care, implement value-based purchasing, and support biosurveillance and public health initiatives. For example, ICD-9 does not have room for a specified code for Ebola; rather, it includes Ebola along with other conditions in a code titled "other specified diseases due to viruses." By contrast, ICD-10 has a specific code for Ebola. Furthermore, due to current numbering constraints, distinct procedures performed on different parts of the body and with widely different resource utilization are

grouped together under the same procedure code. In addition, ICD-9 cannot distinguish between surgery performed on the right side of the body versus the left – a flaw that is corrected in ICD-10 and partly responsible for the large increase in the number of codes.

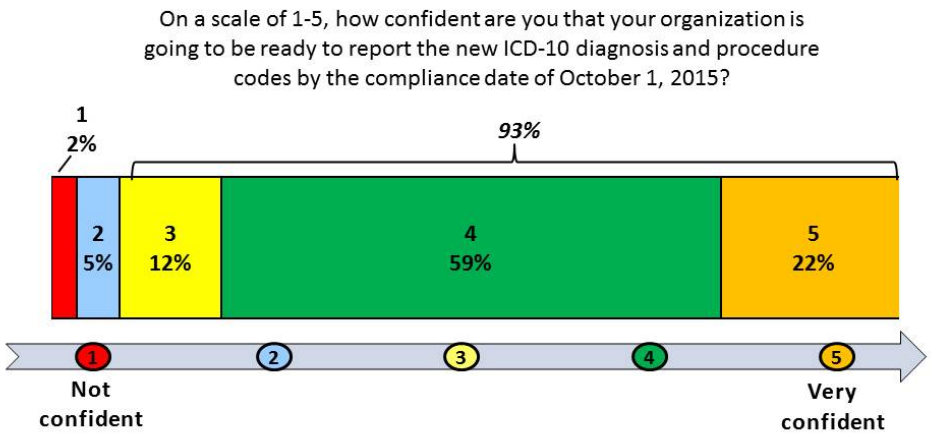
Other important changes, such as the identification of chronology of encounters for injuries (e.g., initial, subsequent or treatment of related long-term adverse consequence) have a significant impact on the number of codes, but are simple and important concepts for communicating about a patient's condition. As noted in media reports, some of the new codes are esoteric, such as being bitten by a shark, and pertain to very rare instances. However, these codes may be relevant to occupational hazards, public health concerns or other risks that medical specialty societies have requested. In practice, of course, all of the codes do not need to be learned by all physicians, but can be looked up when needed for a specific patient in a rare incident, such as an employee of an aquarium attacked by a shark while on the job.

The ICD-10 coding system supports advances in medicine by allowing groups and individuals to request new codes, such as a code for a new technology or a differentiated diagnosis that allows for more accuracy. Over the past three years, the ICD-10 Coordination and Maintenance Committee has received requests for almost 1,500 new codes. Of those requests, fully 95 percent came from physician specialty societies. Thus, while some physician groups have expressed concern over the number of codes in ICD-10, it is clear that many physician groups understand the need for a modern coding system.

HOSPITALS ARE READY FOR ICD-10

Hospitals widely report they will be ready to submit claims using ICD-10 by the scheduled implementation date of Oct. 1, 2015. In a January/February 2015 survey of more than 360 hospitals conducted by the AHA, more than nine out of 10 hospitals responded that they were moderately to very confident of meeting the deadline (Figure 1), while more than 85 percent of critical access hospitals expressed confidence in their ability to report claims under ICD-10 by Oct. 1, 2015.

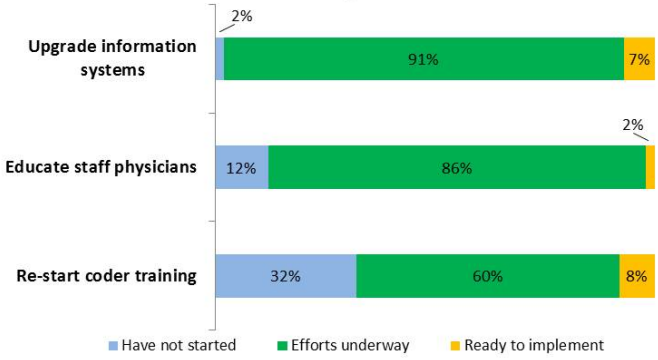
Figure 1. 93% of hospitals indicate they are moderately to very confident they will be able to report under ICD-10 by October 2015.



Source: AHA survey of 362 hospitals conducted in Jan. and Feb. 2015.

Hospitals are actively preparing their information systems, affiliated physicians and coders to make the transition possible (Figure 2). Members have told us, however, that the one-year delay has cast some uncertainty over their plans, and they need firm commitment that Oct. 1, 2015 is the transition date so that they can plan with confidence.

Figure 2. Hospital Preparations for October 1, 2015 Transition to ICD-10 are Underway



Source: AHA survey of 362 hospitals conducted in Jan. and Feb. 2015.

Hospitals are actively engaged with their many information services vendors to ensure that the dozens of systems that will be impacted by ICD-10 are upgraded on time, and fully 98 percent of hospitals have these efforts underway or completed.

There is a strong commitment by hospitals to actively work on physician engagement by providing educational training and documentation improvements that are complete and accurate. Almost 90 percent of hospitals have physician education efforts underway or completed. Generally physicians will not need to know the specific ICD-10 codes, but they will need some familiarity with new coding concepts, such as the need to reference the right or left side of the body (called laterality), and the inclusion of narrative within the documentation that ensures the right code choice.

Many hospitals have conducted staff training for ICD-10 over multiple years to prepare for the conversion. Training of coders is time-consuming and expensive, and must be repeated if the implementation date changes. Because of last year's delay, hospitals currently are gearing up to repeat training that had already been underway. Almost 70 percent of hospitals once again have coder training underway or completed. Hospitals also are working with both public and private-sector payers to conduct testing. While hospitals are taking the needed steps to prepare for ICD-10, they also must have the collaboration of their many partners, including physicians, vendors and payers.

ANY FURTHER DELAY WILL BE COSTLY

Hospitals and physicians have had sufficient advance warning of the transition date for ICD-10. Hospitals have been preparing for ICD-10 for three years with the understanding that it will be a challenge, but must be accomplished, and can be accomplished if all parties work together. Recent experience demonstrates how costly delay can be, and why we must avoid any further delay.

The one-year delay has been disruptive and costly for hospitals and health systems, as well as to health care delivery innovation, payment reform, public health and health care payment. Significant investments were made by hospitals and health systems to prepare for the October 2014 implementation date, many of which are now being duplicated. For example, training programs must be repeated, information systems must be updated anew, and hospitals are maintaining both the old and new coding systems for longer than expected. Additionally, there were consulting contracts that had to be extended, reworked and repeated for a later date. The Centers for Medicare & Medicaid Services (CMS) estimated that the delay cost health plans, Medicare, Medicaid, hospitals and large providers between $1.2 billion (low estimate) and $6.9 billion (high estimate).[ii]

The delay also disrupted operations. Many of our members had to quickly reconfigure systems and processes that were prepared to use ICD-10 back to ICD-9. Newly trained coders who graduated from ICD-10 focused programs were unprepared for use of the older code set and needed to be retrained back to using ICD-9. Efforts invested in ICD-10 took away from other activities, such as delivery system reform. Any further delay will only add additional costs as existing investments will be further wasted and future costs will grow.

Once the Oct. 1, 2015 date was finalized by HHS, hospitals once again began to ramp up their preparations. The AHA and hospitals are working with HHS to ensure a smooth and successful transition in 2015. We support the recently announced end-to-end testing dates issued by CMS and are encouraging our members to participate in these opportunities. We also have encouraged CMS to make as much testing available as possible. As noted in a recent report by the United States Government Accountability Office, "CMS has taken multiple steps to help prepare covered entities for the transition, including developing educational materials and conducting outreach." In addition, our hospital members are engaging in significant efforts to be ready for the Oct. 1, 2015 implementation date, including supporting their affiliated physicians, working with their payers, and conducting training and outreach initiatives for clinicians and coders.

ICD-10 is needed now to keep up with advances in medicine and ensure accurate payment. Uncertainty over the possibility of any additional delay casts a long shadow over current preparations. In order to achieve a successful transition to ICD-10, the entire health care community – hospitals, physicians, payers, clearinghouses and government agencies – must stop debating the value of ICD-10 and take the needed actions to implement it successfully. We urge Congress to stop any proposal to further delay this needed coding update.

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[i] ICD-10-CM stands for International Classification of Diseases, 10th Revision, Clinical Modification and ICD-10-PCS stands for International Classification of Diseases, 10th Revision, Procedure Coding System.

[ii] HHS. Administrative Simplification: Change to the Compliance Date for the International Classification of Diseases, 10th Revision (ICD-10-CM and ICD-10-PCS) Medical Data Code Sets. Final Rule. *Federal Register*, Aug. 4, 2014.