

## Universal Use of ICD-10-CM/PCS in the US

**AHIMA advocates for the adoption of the ICD-10-CM code set for all healthcare settings and the ICD-10-PCS code set for hospital inpatient procedures, for dates of service, or date of discharge for inpatients that occur on or after October 1, 2014, by ALL healthcare entities (both HIPAA covered and non-covered entities) in the United States.**

### Introduction

As the healthcare industry prepares for the transition to ICD-10-CM/PCS, it is imperative to implement a variety of strategies to ensure regulatory compliance while maintaining the highest possible levels of operational efficiency and effectiveness.

In light of the significant medical coder technical training requirements for ICD-10-CM/PCS, anticipated medical coder labor shortages, and projected productivity decrease due to both the learning curve and the expanded detail in the new coding classification system, organizations should assess the current and anticipated reporting needs and/or requirements of external stakeholders.

Federal regulations require all entities covered by the Health Insurance Portability and Accountability Act (HIPAA) to use the ICD-10-CM/PCS code sets for dates of service or date of discharge for inpatients that occur on or after October 1, 2014. **The ICD-10-CM diagnosis code set must be used in all healthcare settings, whereas the ICD-10-PCS procedure code set is to be used solely by hospitals for reporting hospital inpatient procedures** (see 45 CFR part 162).

Adoption of ICD-10-CM/PCS is **not required** for entities not covered by HIPAA, such as property and casualty insurance health plans, worker's compensation programs, disability insurance programs, state agencies, and health data repositories such as registries. However, **it is in these non-covered entities' best interests to adopt ICD-10-CM/PCS** in accordance with the same compliance date and other regulatory requirements applicable to HIPAA covered entities, for reasons described below.

### Recommendations

1. We recommend that **HIPAA covered entities comply with the HIPAA regulation by using ICD-10-CM/PCS codes in accordance with regulatory standards** (e.g., not requiring ICD-10-PCS for outpatient procedure reporting).
2. We recommend that **HIPAA non-covered entities implement ICD-10-CM/PCS codes in the same way as HIPAA covered entities.**

### Rationale

With the continued focus on reporting and healthcare data integrity, the adoption of ICD-10-CM/PCS will allow the healthcare industry to better reflect specificity, data consistency, and reporting comparability. It is also important to note that ICD-9-CM will no longer be maintained after ICD-10-

CM/PCS is implemented, and ICD-9-CM codes will become obsolete. As a result, it is in the best interest of HIPAA non-covered entities to adopt ICD-10-CM/PCS.

## Questions and Answers

Q: Are there entities that are not required to transition to ICD-10-CM/PCS?

A: Yes, there are entities that are not required to transition. The ICD-10-CM/PCS final rule requires HIPAA covered entities to adopt the ICD-10-CM and ICD-10-PCS code sets by October 1, 2014. **Adoption is not required for non-covered entities such as property and casualty insurance health plans, workers' compensation programs, and disability insurance programs that submit non-covered transactions like paper claims, quality reporting, and patient assessment data sets.** However, this does not mean that non-covered entities will not adopt or use ICD-10-CM/PCS in non-covered transactions.

Q: If a non-covered entity chooses to adopt ICD-10-CM/PCS, must it adopt on October 1, 2014?

A: No, non-covered agencies must not necessarily adopt ICD-10-CM/PCS on October 1, 2014. Some entities have elected to wait until after the implementation date to implement ICD-10-CM/PCS. It is important to verify the effective date for reporting ICD-10-CM/PCS data to various non-covered entities.

Q: How can I determine if my state agency (e.g., birth defects registry, trauma registry, etc.) is planning to adopt ICD-10-CM/PCS (and, if so, the effective date)?

A: There are several ways to initiate **contact and determine a state agency's plans**. These include:

- Review of the state agency's website to determine if it has already communicated its intentions for ICD-10-CM/PCS conversion.
- Discuss with your facility's internal state agency contact. Many times, the state agencies have sent provider notifications, letters, or alerts that outline their approach for ICD-10-CM/PCS.
- Inquire directly with your state agency.

Q: If I contact a non-covered entity and it is not planning to transition to ICD-10-CM/PCS, what options do I have?

A: This would be a great opportunity to work with your local or Component State Association (CSA) to start an open dialogue and discussion with those non-covered entities. This may be an opportunity to **communicate the benefits of using more detailed, up-to-date code sets**. You can find a list of these benefits in the *Journal of AHIMA* article "[ICD-10's Impact on Noncovered Entities](#)." Among the most important is the **increased detail ICD-10-CM/PCS provides**, which is of significant value to non-covered entities. For example, expanded injury codes will be useful to automobile insurance and workers' compensation programs. The detail may decrease the need to request additional information or other correspondence.

ICD-10 also promises to **yield better data** for:

- Measuring the quality, safety, and efficacy of care
- Designing payment systems and processing claims for reimbursement
- Conducting research, epidemiological studies, and clinical trials
- Setting health policy
- Operational and strategic planning and designing healthcare delivery systems
- Monitoring resource utilization
- Improving clinical, financial, and administrative performance
- Preventing and detecting healthcare fraud and abuse
- Tracking public health and risks

It's important to note **that ICD-9-CM will no longer be maintained once ICD-10-CM/PCS is implemented; in other words, the usefulness of the ICD-9-CM code set will rapidly decline.** ICD-9-CM products and resources also will become increasingly difficult to obtain.

Non-covered entities that continue to use ICD-9-CM after the ICD-10-CM/PCS compliance date will compromise their ability to compare data with covered entities.

Finally, CMS also notes that it is in non-covered entities' best interest to adopt the ICD-10 code sets.

If a non-covered entity does not convert, affected providers will need to have a plan to submit required data. **The coding of encounters in ICD-9-CM (in many cases, in addition to ICD-10-CM/PCS) will likely be cost prohibitive and an operational burden.**

Q: In conducting research, I discovered that my state agency and even some payers require the reporting of ICD-9-CM procedure codes for hospital outpatient claims. This is not an issue today, but my facility does not plan to report ICD-10-PCS codes for hospital outpatients. What steps should I take?

A: First of all, determine whether this is currently a state agency or payer requirement. Some facilities have realized, after investigating the issue, that their own vendor software requires the ICD-9-CM codes rather than the state agency or payer. If the requirement is made by an agency or payer, review the technical specifications or user's guide. **You may need to contact the state agency or payer directly to confirm whether this is a requirement or a recommendation.** For example, upon review of technical specifications and a user's guide, you may discover that this is a recommendation – in the form of “For hospital outpatient surgical reporting, submit CPT/HCPCS codes and/or ICD-9-CM procedure codes.” In this instance, by submitting CPT/HCPCS codes, the reporting requirement is met. You would need to complete validation of this interpretation and document the outcome.

Even if you confirm that submission of ICD-9-CM procedure codes for hospital outpatient encounters is a state data agency or payer requirement, you still need to determine if the entity plans to require ICD-10-

PCS codes for hospital outpatient encounters after ICD-10-CM/PCS implementation. They may be planning to eliminate or modify this requirement after ICD-10-CM/PCS has been implemented.

Q: After all of the research has been conducted, I find that a state agency or payer is still planning to require submission of ICD-10- PCS codes for outpatients on October 1, 2014. Based on the educational requirements, operational burden, and the productivity impact, my facility does not plan to produce ICD-10-PCS codes for outpatient claims. What should I do?

A: This is a difficult situation. **It is recommended that you quickly take action and urge the entity requiring the ICD-10-PCS codes for hospital outpatients to reconsider.**

Many payers are covered by HIPAA, which states that CPT/HCPCS codes are the required code set for outpatient reporting. Review contracts and determine whether they can be updated to reflect HIPAA-compliant language. If you are unsuccessful in changing payer requirements to be HIPAA compliant, you may wish to consider filing a [HIPAA violation complaint form](#) with CMS.

For state registries, there are many avenues to pursue. Recommendations include:

- Your hospital can send a letter (see Appendix A and B for letter samples)
- Work with your CSA and other local or state professional organizations to create standardized communication and education
- Form a collaboration between your state hospital association and your CSA

If all else fails, your facility will need to decide how to approach this situation.

Q: We are currently capturing ICD-9-CM procedure codes for outpatient encounters for internal purposes and don't plan to continue this practice in ICD-10-PCS. How do I determine whether there will be an impact to my organization from this change?

A: **Begin by investigating whether the capture of the ICD-9-CM procedure codes is actually a payer requirement or if the procedure codes are being submitted for other reasons.** If you confirm that a payer or state agency requires ICD-9-CM procedure codes for outpatient encounters, see the answer above.

If the ICD-9-CM procedure codes are captured for internal purposes, identify and communicate with the users of this data. **Determine who is using the ICD-9-CM procedure data** (i.e., whether it is used to populate surgeon names on the UB-04 via programming, medical staff credentialing, contracting, etc.) **and how it is being used** to create a transition plan. Standard reports may need to be modified to use CPT/HCPCS codes for outpatient encounters. Offer to assist departments that are affected by providing help or education in CPT/HCPCS.

Q. Our state law requires the use of ICD-9-CM for reporting purposes. How can we change the law?

A. Begin by determining where the language exists in your state law. Then:

1. Talk with your state leaders and your State Advocacy Coordinator to get your CSA involved.
2. Develop legislative or regulatory language to remedy the issue. If necessary, contact the AHIMA Washington, DC, office at (202) 659-9440 for assistance.
3. Working with your CSA representative, identify a health information “champion” in your state legislature and request a meeting with the representative to introduce and explain the issue.
4. Identify other professional associations in your state with similar interests and contact them. These may include your state hospital association, state medical society, or a local HIMSS chapter.
5. Identify an individual in your state’s Medicaid office (or other appropriate department) responsible for the oversight of coding and reporting issues. Contact the department representative and express your CSA’s interest in being involved in the writing of department rules and regulations pertaining to updating coding and reporting.
6. Develop a membership list of your state’s healthcare-related House and Senate committees with e-mail addresses, telephone numbers, and mailing addresses. Include any CSA member(s) residing in the representative’s district who could contact the legislator directly if necessary.
7. Develop template letters for your CSA in readiness to respond to legislation.
  - Introduce your CSA in the first paragraph, describing the membership and your CSA’s mission.
  - State your support or opposition to the legislation in a concise statement.
  - Provide succinct supportive statements for your CSA’s view of the legislation.
  - Conclude the letter, reiterating the CSA’s support or opposition to the legislation. Offer availability to answer questions regarding the CSA’s view of the legislation and provide the name and contact information of the CSA’s president or legislative contact.
8. Develop no more than five concise talking points for CSA members when members are asked to contact a legislator.
9. Retain all documents created in each legislative session, since the in the issue may be repeated in subsequent legislative sessions. The documents may be edited to address the current legislation and committee members.

**If you have questions or need assistance, do not hesitate to contact the AHIMA Washington, DC, office at (202) 659-9440.**

## References

“Administrative Simplification: Adoption of a Standard for a Unique Health Plan Identifier; Addition to the National Provider Identifier Requirements; and a Change to the Compliance Date for the International Classification of Diseases, 10th Edition (ICD–10–CM and ICD–10–PCS) Medical Data Code Sets (Final Rule).” *Federal Register* vol. 77 no. 172 (September 5, 2012): 54685-54695.

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Bowman, Sue, and Nelly Leon-Chisen. "[ICD-10's Impact on Noncovered Entities](#)." *Journal of AHIMA* 82, no.1 (January 2011): 40-43. Available in the AHIMA Body of Knowledge.

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<http://www.cms.gov/Medicare/Coding/ICD10/Downloads/ICD10TransitionFocusOnNonCoveredEntities.pdf>.

“HIPAA Administrative Simplification: Modifications to Medical Data Code Set Standards to Adopt ICD-10-CM and ICD-10-PCS (Final Rule).” *Federal Register* vol. 74, no. 11 (January 16, 2009): 3329-3360.  
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<http://www.chima.org/downloads/ICD10/CodingICD10PCSonOutpatientsCHIMAUpdate042513.pdf>.

## Appendix A: Sample HIPAA non-covered entity letter

<Date>

<Addressee Name>

<Organization Name>

<Organization's Address>

<City, State Zip>

Dear \_\_\_\_\_

On behalf of <Name of your organization here>, we urge <Name of receiving entity> to implement ICD-10-CM and ICD-10-PCS in the same manner as HIPAA covered entities with an effective date of October 1, 2014. Although there is no federal requirement for non-covered entities to transition to ICD-10-CM/PCS, its adoption will allow the healthcare industry the ability to better reflect specificity, data consistency, and reporting comparability.

There are many compelling reasons for non-covered entities to transition to ICD-10-CM/PCS.

- The detail present in ICD-10-CM/PCS codes will enhance healthcare data used for:
  - Measuring the quality, safety, and efficacy of care
  - Designing payment systems and processing claims for reimbursement
  - Conducting research, epidemiological studies, and clinical trials
  - Setting health policy
  - Operational and strategic planning and designing healthcare delivery systems
  - Monitoring resource utilization
  - Improving clinical, financial, and administrative performance
  - Preventing and detecting healthcare fraud and abuse
  - Tracking public health and risks
- ICD-9-CM will become obsolete, as it will no longer be maintained once ICD-10-CM/PCS is implemented. Subsequently, ICD-9-CM's usefulness will quickly dwindle. In addition, products and resources will become increasingly difficult to obtain, and individuals trained in the use of ICD-9-CM will also gradually become scarce.
- Requiring the use of ICD-9-CM after the ICD-10-CM/PCS compliance date will compromise your ability to compare data with other entities.
- Providers will bear a costly operational burden to assign codes in both ICD-9-CM and ICD-10-CM/PCS to support divergent reporting requirements from different agencies.

We hope you will consider our recommendations for alignment with the HIPAA final rule concerning the use of ICD-10-CM and ICD-10-PCS codes for healthcare reporting.

We would be happy to discuss the importance of transitioning to ICD-10-CM/PCS. If there are additional questions, please do not hesitate to contact <insert the appropriate contact's name, e-mail and telephone here>.

Sincerely,

<Your signature here>

## Appendix B: Sample letter on reporting ICD-10-PCS on outpatient encounters

<Date>

<Addressee Name>

<Organization Name>

<Organization's Address>

<City, State Zip>

Dear \_\_\_\_\_

On behalf of *<name of your organization here>*, we urge *<Name of receiving entity>* not to require the reporting of ICD-10-PCS codes in place of ICD-9-CM procedure codes and/or in addition to CPT/HCPCS codes for reporting outpatient services. ICD-10-PCS is the Health Insurance Portability and Accountability Act (HIPAA) designated code set for reporting hospital inpatient procedures only (see 45 CFR part 162). HIPAA designates the American Medical Association's (AMA's) Current Procedural Terminology (CPT)/Healthcare Common Procedural Coding System (HCPCS) codes as the code sets to be used for reporting outpatient procedures. Reporting ICD-10-PCS codes for outpatient encounters places a considerable financial and operational burden on providers to assign multiple codes in different coding systems for the same procedure.

The rationale for our recommendations is below.

- ICD-10-PCS is radically different from ICD-9-CM. It also contains significantly expanded detail and specificity (as compared to the ICD-9-CM procedure codes).
- The necessary training required for outpatient coding professionals to become proficient in ICD-10-PCS is costly.
- CPT/HCPCS codes must be assigned for outpatient encounters. Duplicating procedure codes in ICD-10-PCS is unnecessary operational task.
- The organization and structure of ICD-10-PCS requires users to understand clinical distinctions in procedural approaches and in anatomy in order to select the correct code. It might be necessary for your staff to refresh or expand knowledge of the biomedical sciences (anatomy, physiology, pathophysiology, pharmacology, and medical terminology) in order to understand how to use and interpret ICD-10-PCS appropriately.
- ICD-10-PCS requires more time to master than ICD-10-CM. AHIMA has estimated that an experienced coder who needs to learn ICD-10-CM only will require 12 hours of training and four hours of coding practice. A coder who needs to learn both ICD-10-CM and ICD-10-PCS will require a total of 40 hours of training and 10 hours of coding practice to achieve baseline knowledge in both code sets. This training estimate does not include any additional training a coder might need to strengthen his/her foundational biomedical knowledge in preparation for ICD-10-CM/PCS. It also does not include additional practice prior to implementation to strengthen skills in both ICD-10-CM and ICD-10-PCS and ongoing annual continuing education to maintain coding skills after ICD-10-CM/PCS implementation.

Additionally, the impact to your staff who may or may not have coding, clinical, or data analytics background is significant. The cost of ICD-10-PCS training, the time spent processing the needless addition of more procedure codes for outpatient and the increased potential for misinterpretation of these data for this limited use of the ICD-10-PCS code set would convolute the overall process unnecessarily. Ultimately, these impede productivity for the sending and receiving organizations.



For these reasons, it is not feasible or appropriate to require ICD-10-PCS codes for outpatient. The intent of the final rule adopting ICD-10-CM and ICD-10-PCS was that the ICD-10-PCS code set would only be used by hospitals for reporting acute care inpatient services. No industry cost estimates for ICD-10-CM/PCS implementation, including estimates cited in the final rule, considered the impact of requiring coders outside of the hospital inpatient setting to use ICD-10-PCS.

We hope you will consider our recommendations for alignment with the HIPAA final rule concerning the use of ICD-10-PCS codes for outpatient reporting. Any requirement for reporting ICD-10-PCS codes for outpatient would be out of compliance with the HIPAA final rule.

We would be happy to discuss any outpatient data needs that you may have outside of the CPT/HCPCS coding and reporting structure. If there are additional questions, please do not hesitate to contact *<insert the appropriate contact's name, e-mail and telephone here>*.

Sincerely,

*<Your signature here>*