Chapter 1

HISTORY AND BACKGROUND

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Learning Objectives

- Understand the history and background of ICD.
- Understand the purpose of moving to ICD-10-CM.
- Review the final rule for an understanding of the industry impact.

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Introduction

- Introduces the reader to the history, content, format, and structure of ICD-10-CM.
- Chapter 1 provides the history and rationale for migration to ICD-10-CM.
- Chapter 2 covers the structure and function of ICD-10-CM, and how the content is formatted for coding purposes.
- Chapter 3 focuses on symbols, notes, acronyms, and conventions.
- Chapter 4 focuses on the coding process, with a review of Medical Terminology in Chapter 12.

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ICD History and Background

- Some subject areas in this classification were inappropriately arranged, and there was a need for more detail for adaptation of the classification to make it more relevant for:
  - Evaluating medical care.
  - Classifying conditions to the chapters arranged by parts of affected body areas.
  - Additional detail of the four-digit subcategories.
  - Optional five-digit subdivisions.
  - Producing statistics and indexes oriented toward medical care.

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History of the ICD

- ICD began in the early 1800s, when the study of disease began with the work of John Graunt on the London Bills of Mortality.
- The International Conference for the 9th revision of the International Classification of Diseases convened by the World Health Organization in Geneva in 1975.
- Bodies were interested in using ICD for their own statistics.

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History of the ICD

- The International Classification of Diseases, 9th Revision Clinical Modification was implemented by the United States in 1979 to classify patient morbidity (illness) and mortality (death) for statistical purposes and for indexing health records by disease and operation for data storage and retrieval.

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History of the ICD

- ICD-9-CM has been used in the United States since 1979 to:
  - Report diagnoses to facilitate payment of health services.
  - Evaluate utilization patterns.
  - Predict health care trends.
  - Analyze health care costs.
  - Research the quality of health care.
  - Plan for future health care requirements.

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History of the ICD

- The 9th Revision also included alternative methods of classifying diagnostic statements.
  - Included information about manifestation related to organ or site.
  - Classifying the underlying disease.
  - This system, known as the dagger and asterisk system, is retained in the 10th Revision.

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History of the ICD

- The clinical modification of ICD-9 that is used today (ICD-9-CM, Volume 1 and 2) was adopted for use in the United States in 1979 to classify morbidity data.
  - ICD-9-CM was adopted to classify diseases and health conditions for health care claims for hospitals, physicians, and other health care providers.
  - Alternative methods of classifying diagnostic statements were added, which included information regarding underlying conditions and manifestations in a particular organ or site.

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History of the ICD

  - The clinical modification added detail at the fourth- and fifth-digit subdivisions.
- In the late 1970s, the United States developed Volume 3 of ICD-9-CM for inpatient services to report inpatient hospital procedures to use with Volume 1 and 2 of ICD-9-CM.
- Volume 3 has been used since 1979 to report procedures performed in the hospital for hospital claims and statistics.

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History of the ICD

- Inpatient prospective payment system adopted in 1983.
  - ICD-9-CM volumes 1, 2, and 3 were used for assigning cases to the diagnosis related groups (DRGs).
- ICD is not only used today for disease classification, but is the standard for payment justification and supporting medical necessity for a procedure or service provided to a patient in a health care setting.
  - It has become our core classification system to code claims for commercial and government health insurance reimbursement.

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History of the ICD

- In 1988, Congress passed the Medicare Catastrophic Coverage Act (MCCA), which required the use of ICD-9-CM codes for processing Medicare claims.
  - Many commercial and other third-party payors followed Medicare's lead and adopted ICD-9-CM as the standard for reporting diagnoses to support medical necessity for reporting procedures performed.

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Development of ICD-10 and ICD-10-CM

- The International Statistical Classification of Diseases and Health Related Problems (ICD), 10th Revision, is the international standard diagnostic classification for all general epidemiological and many health management purposes.

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Development of ICD-10 and ICD-10-CM

- ICD is used throughout the world for:
  - Reporting causes of mortality, and reporting data nationally to the World Health Organization.
  - ICD-10 is the standard used throughout the world for the development of ICD-10 by the World Health Organization
    - based on the reality that greater expansion of the system was needed
      - required a rethinking of the structure for a stable and flexible classification that would not require revision for many years.

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Development of ICD-10 and ICD-10-CM

- ICD-10-CM was developed to:
  - Replace ICD-9-CM volume 1 and 2:
    - Already in use by many countries, including Canada, Australia, and Europe, after making clinical modifications for their specific needs.
- ICD-10-CM is used in the United States currently for coding of death certificates since 1999.

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Development of ICD-10 and ICD-10-CM

- Many organizations support the adoption of ICD-10-CM and ICD-10-PCS:
  - American Hospital Association.
  - American Health Information Management Association.
  - The Federation of American Hospitals.

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Development of ICD-10 and ICD-10-CM

- ICD-10 volume 1 released in 1992 by the World Health Organization
  - United States was granted permission to develop an adaptation of ICD-10, which is referred to as ICD-10-CM (clinical modification) for use in the US for government purposes.
  - ICD-10-CM contains significantly more codes than our current system.
  - ICD-10-CM is alphanumeric and has up to seven digits of specificity.

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Development of ICD-10 and ICD-10-CM

- The draft of ICD-10-CM along with a preliminary crosswalk between ICD-9-CM and ICD-10-CM was drafted in December 1997.
- A pre-release draft was published on the NCHS website in June 2003 which include a tabular list, alphabetic index, Neoplasm Table, External cause of injury index, and the Table of Drugs and Chemicals.

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Development of ICD-10 and ICD-10-CM

- The Rand Science and Technology Policy Institute was awarded a contract to conduct an impact analysis study of moving to ICD-10-CM and ICD-10-PCS.
  - The purpose of the analysis was to identify costs associated with the transition, information system changes, rate negotiation, reimbursement methodologies, training, forms changes, the impact of costs and benefits, and the potential return on the investment of implementation.

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Development of ICD-10 and ICD-10-CM

- ICD-10 can be implemented without excessive staff training costs or changes in documentation practices.
  - Training ICD-9 users to use ICD-10 has been shown to be relatively straightforward.
  - In-depth knowledge of anatomy, physiology, and pharmacology will be necessary skills needed by coders for ICD-10-CM.
  - The new coding system (ICD-10-CM) is alphanumeric and is comprised of either six or seven digits.

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ICD-10-PCS

- The Centers for Medicare & Medicaid Services, the agency responsible for maintaining the inpatient procedure code set in the U.S., contracted with 3M Health Information Systems in 1993 to design and develop a procedural classification system that would replace Volume 3 of ICD-9-CM.
- ICD-10-PCS was initially released in 1998. It has been updated annually since that time although not in use. Coders need to develop a good working knowledge of anatomy and terminology to code in ICD-10-PCS coding.

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ICD-10-PCS

- Individual letters and numbers, called “values,” are selected in sequence to occupy the seven spaces of the code, called “characters.”
- All codes in ICD-10-PCS contain seven characters.
- ICD-10-PCS is used to report procedures and services in the inpatient hospital setting only and will not be used to report professional services.
- CPT® and HCPCS will continue to be used to report procedures and services in the outpatient setting.

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Replacing ICD-9-CM with ICD-10-CM

- The final date for implementation is October 1, 2014 which was extended from the original implementation date of October 1, 2013 to give the healthcare industry an additional year to prepare.
- All HIPAA covered entities must convert to ICD-10-CM (diagnosis coding system) and ICD-10-PCS (procedural coding system for inpatient services).

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Benefits of Replacing ICD-9-CM with ICD-10-CM

- ICD-10 contains an increased number of codes and categories that allow for more specific and accurate representation of current and future medical diagnoses and procedures.
- All other developed countries use ICD-10.
- Currently 99 countries are using ICD-10 for both mortality and morbidity.
- The better data provided by ICD-10 will lead to improved patient safety, improved quality of care, and improved public health and bioterrorism monitoring.

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Rationale for Change

- ICD-9-CM coding structure and capabilities are in crisis.
- Very few unassigned codes remaining to accommodate new diagnoses and procedures.
- No further capacity for expansion.
- Many codes now in use do not accurately describe the diagnosis or procedure concepts they are assigned to represent.
- Further delays in adoption of ICD-10-CM and ICD-10-PCS increase the cost of an eventual implementation once ICD-9-CM completely breaks down.

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Rationale for Change

- Conversion to ICD-10-CM and ICD-10-PCS will not only produce better information and support development of computer-assisted coding; they will serve as the necessary foundation for continued improvements and expansion of 21st-century classification systems, nationally and internationally.
- U.S. health care entities will soon be converting databases and applications systems to accommodate the upgrades to UB-04 and the CMS 1500 claim forms and data sets.
- ICD-10 is also compatible with the Electronic Health Record.

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Rationale for Change

- The Health Insurance Portability and Accountability Act (HIPAA) of 1996 includes provisions for the standardization of health care information.
- A national committee of the Department of Health and Human Services has worked extensively over the past several years to develop recommendations that meet the HIPAA requirements.
- The National Center for Health Statistics (NCHS) developed ICD-10-CM in consultation with a technical advisory panel, physician groups, and clinical coders to assure clinical accuracy and utility.

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The Final Rule

- On January 15, 2009, the Department of Health and Human Services released the final regulation to move from the current ICD-9-CM coding system to the ICD-10 coding system beginning October 1, 2013.
  - The final rule to update the current 4010 electronic transaction standard to the new 5010 electronic transaction format for electronic healthcare transactions was also published, with an implementation of January 1, 2012.
- April 9, 2012-HHS Published the rule extending the deadline for ICD-10 compliance to 10/1/2014.

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Highlights of the ICD-10 Final Rule

- ICD-10-CM and ICD-10-PCS coding systems will replace the current ICD-9-CM coding system October 1, 2013. This includes all inpatient and outpatient facility visits as well as freestanding providers and ancillary services.
- ICD-10-CM will replace the ICD-9-CM diagnosis codes rendered in all settings.
- ICD-10-PCS will replace the ICD-10-CM procedure codes rendered within the hospital inpatient setting.

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Highlights of the ICD-10 Final Rule

- Current Procedural Terminology (CPT-4) and the Healthcare Common Procedural Coding System (HCPCS) will remain the official coding system for outpatient reporting for procedures and services.
- After the implementation of the ICD-10 code set, general acute care inpatient reimbursement for Medicare patients will be based on MS-DRGs using the ICD-10 classification system, not ICD-9.

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Highlights of the ICD-10 Final Rule

- The ICD-10-CM code set is maintained by the National Center for Health Statistics (NCHS) of the Centers for Disease Control and Prevention (CDC) for use in the United States. It is based on ICD-10, which was developed by the World Health Organization (WHO) and is used internationally. The ICD-10-PCS code set was developed by the 3-M Corporation for the Centers for Medicare and Medicaid Services (CMS) and is maintained by CMS.

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Highlights of the ICD-10 Final Rule

- Successful transition to ICD-10-CM and ICD-10-PCS is anticipated to meet the increased level of detail required to recognize advancements in medicine and technology, appropriate reimbursement, improved data quality for clinical and financial decision making, and to support value-based purchasing, and facilitate quality reporting.
- Mapping files that allow the industry to convert from ICD-9-CM to ICD-10-CM and ICD-10-PCS codes and vice versa are available on the CMS website.

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ICD-9-CM Diagnosis Codes	CD-10-CM Diagnosis Codes
3-5 characters in length	3-7 characters in length
Approximately 14,000+ codes	Approximately 69,000+ codes
First digit may be alpha (E or V) or numeric; digits 2-5 are numeric	Digit 1 is alpha; digits 2 and 3 are numeric; digit s4-7 are alpha or numeric
Limited space for new codes	Flexible for adding new codes
Lacks detail	Very specific
Lacks laterality	Has laterality
Difficult to analyze data due to nonspecific codes	Specificity improves coding accuracy and depth of data for analysis
Codes are nonspecific and do not adequately define diagnoses needed for medical research	Detail improves the accuracy of data used in medical research
Does not support interoperability because it is not used in other countries	Supports interoperability and the exchange of health care data between other countries and the United States

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