



**BlueCross BlueShield  
Association**

**An Association of Independent  
Blue Cross and Blue Shield Plans**

**A Blue Cross and Blue Shield Association Presentation**

# ***ICD-10 Potential Impacts to the Health Care Industry***

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# PURPOSE

- Describe potential implications of a possible migration to ICD-10-CM and ICD-10-PCS codes as HIPAA standards
- Describe possible industry impacts of such a migration
- Provide recommendations
  - Successfully implement initial HIPAA mandates
  - Conduct detailed impact study of ICD-10

# COMMON OVERALL GOALS

- Improve quality and availability of healthcare
- Control increasing costs

# THREE HEALTHCARE PERSPECTIVES



# ICD: Uses of Diagnosis and Procedure Coding

- Benchmarking and quality management to improve the quality and effectiveness of patient care
- Decision-making (clinical, financial, funding, expansion, education)
- Healthcare policy and public health tracking
- Billing and Reimbursement
- Research

# ICD-10: MAJOR IMPACT

- ICD-10 represents the broadest scope of any ICD revision to date. WEDI report in 2000 said it was “most significant overhaul of the medical coding system since the advent of computers.”

# ICD-10: GAO REPORT

- In August 2002, a GAO report to the House Committee on Ways and Means stated:

“... [T]he design and logic of ICD-10-PCS raises concerns about potential challenges in its implementation, including coding accuracy and the availability of useful data. In addition, the existing health care administrative system would need to be changed significantly to accommodate 10-PCS, imposing additional financial burdens on members of the health care industry, such as providers and payers, who are currently undertaking changes to comply with HIPAA.”<sup>[1]</sup>

<sup>[1]</sup> [HIPAA Standards: Dual Code Sets are Acceptable for Reporting Medical Procedures, Report to the Chairman, Subcommittee on Health, Committee on Ways and Means, House of Representatives, GAO Report 02-796, at p.16.](#)

# IMPLEMENTATION ISSUES

- Industry-wide impact
- Cost could approach Y2K or Transactions and Code Sets
- Cost / benefits not demonstrated
- Significant transitional issues to be addressed
- On the heels of initial HIPAA standards implementation

# WHO WOULD BE IMPACTED?

- Payers
- Providers, Pharmacies, Laboratories
- Researchers
- Vendors
- Clearinghouses / TPA's
- Employers, Members/Subscribers
- Suppliers
- Other Business Partners
- Accreditation Entities -- JCAHO, NCQA

# WHAT ARE THE IMPACTS?

- Software / Packages
- Reimbursement / Contracting
- Procedures / Care Management Policies
- Training
- Forms
- Statistics / Reporting / Research
- Transactions
- Transition
- Other?

# PAYER SOFTWARE

- Changes to format, logic, business rules
  - Screens, DB's, Files, Reports, Queries, Edits, Mapping
  - Adjudication, Reimbursement, Other Logic
  - Authorization, Actuarial, Case Management/UM
  - Customer and Other External Reporting, Data Warehouses
- Changes to purchased software
  - Groupers, Edits , Statistics, Reference
- Other Changes
  - OCR, VRU, Web
- EXTENSIVE TESTING

# PROVIDER SOFTWARE

- Scheduling
- Billing
- Claims Submission
- Finance / Performance
- Intensive Care / ER Activity

# VENDOR SOFTWARE

- Update software (same types of changes as described earlier)
  - Decision Support Systems
  - Billing / Practice Management
  - Clinical
  - Managed Care / HEDIS, Other Quality Reporting
- Update Documentation
- Negotiate with Supported Sites
- Install / Convert / Train

# REIMBURSEMENT (Payer)

- Impact to DRG's
- Impact to APC's
- Impact to line pricing by procedure
- Contract Negotiations / Fee Schedules
  - Millions of schedules
- Revise and Distribute Materials

# REIMBURSEMENT (Provider)

- Fee Schedules / Contracts
- New Software
- Coding Changes
- More Extensive Documentation
- Practice Costs / Projections

# REIMBURSEMENT (Employer/Member)

- ASO
- Coinsurance

# PROCEDURES

- PAYER

- Documentation, Hard Copy, Error Correction
- Timeliness, Fraud, Case Management Policies
- Reimbursement Policies, Underwriting

- PROVIDER

- Care Management Policies, Authorizations / Referrals
- Coding, Increased Documentation Specificity
- Hard Copy

- OTHER

- Clearinghouse, TPA, Lab, Pharmacy, Employer
- Anyone dealing with diagnosis / procedure codes

# TRAINING

- PAYER

- Claims Processors, Administrative Staff, I/S
- Medical Review Staff, Actuaries
- Auditors, Fraud Investigators

- PROVIDER

- Doctors / Nurses, Administrative Staff
- Billing

- OTHER

- Lab, Employee Benefits Administrators
- Other Vendors and Service Providers

# FORMS

- Provider Visit Sheets
- HCFA 1500 / 1450
- Other

# STATISTICS

- Trend Analysis
- Utilization Management
- Rating
- Quality of Care / Disease Management
- HEDIS / Customer Reports
- Provider Profiling
- Ad Hoc

# TRANSITION

- Dual Standards
- Archived Data, Medical Records
- Distorted / Lost Statistics
- Rating / Fees
- Hard Copy
- NCQA, HEDIS, Employer Reporting
- Cross Year Functions, Hospitalizations
- Business Associates
- Etc.

# OTHER CONSIDERATIONS

- Fraud
- Patient Treatment
- Cost / Benefit
- Industry-Wide Evaluation

# CONCLUSION RECOMMENDATIONS

- NO PROPOSED MIGRATION UNTIL:
  - Initial HIPAA mandates successfully implemented
  - Thorough impact analysis including cost/benefit of migrating and of not migrating
  - Transitional considerations analyzed
  - Alternatives assessed

# CONCLUSIONS

- VERY BIG CHANGE
- HIGH IMPACT / RISK
- HIGH COSTS
- IMPLICATIONS NOT FULLY DEFINED
- APPROACH WITH CAUTION



# QUESTIONS

