Insights to Coding and Data Quality

Property and Casualty/Workers Compensation readiness for ICD-10

by Michele Hibbert-Iacobacci, CMCO,CCS-P

It is off to the races with implementing ICD-10-CM and PCS in Property and Casualty (P&C) and Workers Compensation (WC) industries. Even though these payers are non-covered entities under HIPAA, the plans are to implement with the rest of the United States with dates of service effective October 1, 2014. It is anticipated that some claims will be submitted using an improper format by non-covered entities and those practices/providers who have typically billed in only P&C and WC.

As with other health care payers, acknowledgement of the amount of confusion with the introduction of ICD-10 has been the first step to accepting the industry transition to ICD-10. As with all health care providers/payers, P&C and WC will not be able to take advantage of the benefits ICD-10 data can provide without adoption. This standard is a benefit for patients, as well as this payer industry.

ICD-10 introduces more than 68,000 codes for ICD-10-CM that are used by hospitals and other health care facilities to describe and document the patient clinically. Also included are over 75,000 codes for ICD-10-PCS. The increase in codes can certainly seem overwhelming, but they were introduced to specifically improve the evaluation of medical care, and to enable specificity of patient diagnosis. It is this specificity that can be leveraged to treat patients better, by clearly articulating the nature of the illness. For P&C and WC, this significant increase in detail allows this industry to ensure that the patient is being treated in accordance with the nature of the claim.

ICD-10 is a communication tool to payers in all aspects of health care. In the P&C and WC industries it is no longer realistic to ignore the transition and use the facade that we are not subject to HIPAA and therefore ICD-10 is not required. In addition, medical bills are submitted by the medical providers who are covered entities under HIPAA.

These covered entities are currently required to submit ICD-10 codes as of October 1, 2014. If the P&C and WC industries are unable to accept the transactions for the bills submitted by the covered entities – medical bills will be impossible to review and pay appropriately. Due to the expanded level of specificity, especially for laterality, ICD-10 describes what is wrong with a patient, and, if used appropriately can communicate how the injury occurred in a much more granular detail than ICD-9.

Health information management (HIM) professionals are experienced in analytics, clinical review, bill review, data abstraction, medical bills and clearly understand the value of delineation of a concise diagnosis that is consistent among providers. Obtaining a diagnosis from one provider that is understood by another and is complete in its description is not only efficient but provides information for appropriate patient care. However, even with the advantages, there continues to be discussion to delay or not implement the ICD-10. In fact, there is currently a bill in the U.S. House of Representatives (HR 1701) introduced by Representative Ted Poe (RTX2) along with a companion bill in the U.S. Senate (S 972) called the “Cutting Costly Codes Act of

2013." External cause specificity, like "being hit by a turkey," is used to describe the classification and a laugh at the expense of ICD-10's implementation.

Examples of benefits for ICD-10 include information that would be available for car manufacturers, world-wide, for consistency of creating safer vehicles. ICD-10 will actually identify the side of the body injured in an auto accident or whether the burn received by the patient was from an airbag deployment.

To further emphasize value, the pertinent information applicable to P&C and WC, is not erroneous; off-the-cuff examples. Undeniably, ICD-10 will impact more products and safety considerations for consumers, not just in automobiles, but in creating safer environments.

Some other examples of specificity for P&C claims, is the high volume of "whiplash" injuries or "Cervical Sprain/Strains." The current ICD-9 code for this injury is 847.0. ICD-10 has created three separate *potential* codes (these codes do not include all digits, just the classification for discussion) that distinguish the types of soft tissue affected by this type of injury, they are:

- S13.4 – Sprain of ligaments of cervical spine
- S13.8 – Sprain of joints and ligaments of other parts of neck
- S16.1 – Strain of muscle, fascia and tendon at neck level

Additional encounter codes are an added value in having the ability to know whether trauma codes are a new encounter, follow-up care or sequel. This distinction may provide more insight into the severity of an injury and treatments that are appropriate due to the specificity. Other codes in the ICD-10 injury section have more complete descriptions and allow the provider to describe more about the injury and the site. The additional information will cause efficiency gains between the insurer and provider because less clarification and back-and-forth communication will be required, not to mention frustration by the patients.

Benefits and challenges

All claims MUST be submitted by covered entities in ICD-10 format for dates of service on or after October 1, 2014. The benefits of the new classification system to either the carrier or provider have been proven and documented. The benefits to the provider are:

- Decreased administrative burden—less time for the provider staff in making copies and responding to requests for additional documentation.
- The new codes are distinct with a focus on outcomes, so they provide a key concept in coordination of care.

The biggest challenge with ICD-10 implementation is the coordination of all aspects of readiness. ICD-10 touches many areas of a provider and carrier business and the impact cannot be minimized.

For the P&C, WC specialties, providers may experience challenges during implementation that should be mitigated with proper management; these include:

- Payers may delay payments due to readiness issues in P&C and WC, and carriers need to be able to handle the costs associated with changes in accounts receivable timelines.

- Providers may have a productivity "hit"— this has been proven in many studies and observation of countries, such as the Canada implementation experience. The effect can be minimized by proper training, documentation enhancements, implementation of electronic health records (EHR), and the use of computer-assisted coding (CAC) software.

- Providers can experience office staff frustrations mixed with enthusiasm. ICD-10 code sets take knowledge to operate and apply successfully.

- Office and hospital staff will be addressing issues caused by extended account receivable days due to the payer not paying bills properly and these issues can be affect morale.

Carriers do not require individuals who encounter the new code sets to be experts in coding, although it is necessary to have a few individuals with a strong coding skill set.

Key areas that P&C and WC carriers will have to resolve are:

- Changes in medical bill review focus. Because ICD-10 code sets are so detailed, there is more opportunity to have expedited processing or investigate more claims based on specific criteria.

- Carriers may continue to receive ICD-9 code sets after the implementation date of October 1, 2014 for ICD-10. This may be due to the provider not being a covered entity under HIPAA or they have an exemption. Either way, carriers need to be versatile enough to handle both code sets and play bills appropriately.

- Department or internal areas that require the use of ICD-10 that were not "addressed" during your assessment phase? It will be key to maintain an expectation that there may be unknowns; educating others on this reality will help eliminate frustration with your teams.

- Carriers will need to understand any gaps in bill review systems after ICD-10 code set implementation. Some edits in bill review systems were done because ICD-9 was so non-specific; it created more work to review the care.

- For third-party auto claims, carriers will have to accept what is submitted. Carriers will need the ability to monitor and process claims with both ICD-9 and ICD-10 code sets together. It may be a nightmare, but bill review companies should have the knowledge and experience to provide the service needed.

So who is ready?

P&C and WC being ready will be dependent upon two things: The bill review vendor/partner and whether the information technology (IT) departments at the carriers/payers can consume updates to systems on time to meet the October 1, 2014 effective date.

Best practices for vendor/partners

Certain areas outlined are key for consideration in readiness with ICD-10 implementation. Best practices can be achieved only by using industry information where multiple options are available to guide providers and carriers through the multiple changes inherent in our transition to ICD-10. Ask any vendor/partner that integrates with your system and currently provides ICD-9 codes, what they are doing to insure readiness, and how they plan to connect all the various streams together to ensure a successful transition to this mandatory change. In addition, vendor/partners need to have the ability to work in both ICD-9 and ICD-10 code sets to process all bill types in P&C and WC.

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