NCVHS Subcommittee on Standards
ICD-10

June 10, 2014
AMA Position on ICD-10

• AMA Policy calls to:
  – Stop the implementation of ICD-10
  – Evaluate the feasibility of moving from ICD-9 to ICD-11
  – Support a two-year transition period where payers cannot deny or recoup payment based on the specificity of the ICD-10 code
  – Support delaying or canceling ICD-10

• Awaiting any new developments from our House of Delegates meeting happening now
AMA Concerns with ICD-10

1. Implementation costs
2. Financial risks to practices during the transition
3. Industry preparedness
4. ICD-10 impacts on other required programs, e.g., Meaningful Use, PQRS
1. Implementation Costs

- ICD-10 is a massive unfunded mandate for physicians
- Physicians are facing multiple competing requirements and deadlines
- Physicians are facing a greater number of penalties and decreases in reimbursement
- No financial compensation for physicians for the implementation of ICD-10
<table>
<thead>
<tr>
<th>Year</th>
<th>Maximum P4P Penalties</th>
<th>Maximum P4P Bonuses</th>
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<tr>
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<tr>
<td>2014</td>
<td>eRx -2%</td>
<td>Total: -2%</td>
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<tr>
<td></td>
<td></td>
<td>PQRs +1.5</td>
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<td></td>
<td>$4-12K HIT</td>
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<td>2015</td>
<td>MU -1 – 2%</td>
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<td></td>
<td>PQRS -1.5%</td>
<td>VBM uncertain (budget neutral)</td>
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<td>VBM -1.0%</td>
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<td>Total: -6%</td>
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<td>VBM -2%</td>
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<td>MU -3%</td>
<td>Total: -7%?</td>
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<tr>
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<td>PQRS -2%</td>
<td>VBM uncertain (budget neutral)</td>
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<td>VBM -2%</td>
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Recommendation

Provide financial compensation to physician practices for implementing ICD-10 by the compliance deadline

• Compensation can be:
  – Partial coverage of costs
  – Explore tax credits or decreased penalties in other programs
2. Financial Risks to Practices during Transition

- Claims not processing
  - Need industry-wide contingency plans
    - Payers may need to accept ICD-9 after the deadline
  - Medicare Advance Payment policy
  - Medicare PC-ACE Pro 32 software limited solution
    - Will only resolve issue with practices’ vendors not being prepared and having PMS upgrades installed
    - Does not address issues on Medicare’s end with processing claims
    - Technical concerns about the software
Recommendations

• Develop industry-wide contingency plans for ICD-10 issues during transition period
• CMS establish more flexible guidelines on Medicare Advance Payment policy
3. Industry Preparedness

• Testing
  – Thorough end-to-end testing is necessary to identify issues with claims transmission, processing, and payment
  – Widely publicized results of testing

• Vendor readiness
Recommendations

• All payers, including Medicare, reinstate end-to-end testing as soon as possible
• Widely publicize results of testing in a timely manner
4. ICD-10 Impacts on Other Required Programs

• PQRS
• Meaningful Use
• Value-based Modifier
Recommendations

• Test the quality measures to ensure they function properly in ICD-10
• CMS should be flexible with assessing penalties given the transition to ICD-10 will occur more than half-way through the reporting year
Other Opportunities for Administrative Simplification

- Administrative simplification efforts that can save money
  - Attachments
  - Acknowledgements
  - Adopt all code set guidelines for coding uniformity
  - Standard claim edits
# Estimates of Annual US Health Care Waste

<table>
<thead>
<tr>
<th>Administrative complexity</th>
<th>Failure of care delivery</th>
<th>Failure of care coordination</th>
<th>Overtreatment</th>
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<td>Low</td>
<td>Midpoint</td>
<td>High</td>
<td>Low</td>
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<tr>
<td>$ in Billions</td>
<td>Low</td>
<td>Midpoint</td>
<td>High</td>
<td>Low</td>
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<tr>
<td>$ in Billions</td>
<td>Low</td>
<td>Midpoint</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

- **Eliminating Waste in US Health Care**
- The Journal of the American Medical Association, April 11, 2012
- Donald M Berwick, MD, MPP; Andrew D Hackbart, MPhil
Conclusion

• The industry needs to use the extra time afforded by the ICD-10 delay to:
  – Provide financial compensation for practices to offset ICD-10 costs
  – Develop industry-wide contingency plans for ICD-10 issues during transition period
  – Reinstate end-to-end testing and publicize results
  – Test the quality measures
  – Work on other administrative simplification efforts to reduce overall costs in the industry
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