NCVHS Subcommittee on Standards
ICD-10

June 10, 2014

AMA
AMERICAN MEDICAL ASSOCIATION

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

	Current Law		
Year	Maximum P4P Penalties		Maximum P4P Bonuses
2014	eRx -2%	**Total: -2%**	PQRS +1.5 $4-12K HIT
2015	MU -1 – 2% PQRS -1.5% VBM -1.0%	**Total: -3.5 – 4.5%**	$2-8K HIT VBM uncertain (budget neutral)
2016	MU -2% PQRS -2% VBM -2%	**Total: -6%**	$2-4K HIT VBM uncertain (budget neutral)
2017	MU -3% PQRS -2% VBM -2%?	**Total: -7%?**	VBM uncertain (budget neutral)
2018	MU -4% PQRS -2% VBM -2%?	**Total: -8%?**	VBM uncertain (budget neutral)
2019	MU -5% PQRS -2% VBM -2%?	**Total: -9%?**	VBM uncertain (budget neutral)

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. Estimates of Annual US Health Care Waste, by Category[a]

	$ in Billions					
	Annual Cost to Medicare and Medicaid in 2011[b]			Annual Cost to US Health Care System in 2011		
	Low	Midpoint	High	Low	Midpoint	High
Failures of care delivery	26	36	45	102	128	154
Failures of care coordination	21	30	39	25	35	45
Overtreatment	67	77	87	158	192	226
Administrative complexity	16	36	56	107	248	389
Pricing failures	36	56	77	84	131	178
Fraud and abuse	30	64	98	82	177	272
Total[c]	**197**	**300**	**402**	**558**	**910**	**1263**
% of Total Spending				**21**	**34**	**47**

[a] Table entries represent the range of estimates of waste in each category from sources cited in the text. The total waste estimates are simply the sums of the category-level estimates. This simple summing is feasible because the categories are defined in such a way that wasteful behaviors could be assigned to at most 1 category and because, like Pacala and Socolow,[9] we did not attempt to estimate interactions between or among the categories.
[b] Including both state and federal costs.
[c] Totals may not match the sum of components due to rounding.

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