ICD-10 Basics for Payers

The transition to ICD-10 is mandatory for all payers, providers, and other organizations covered by the Health Insurance Portability and Accountability Act (HIPAA). It is important to keep your ICD-10 transition efforts on track. Allow adequate time for testing, which is estimated to take payers up to 23 months.

About ICD-10

ICD-10 CM/PCS (International Classification of Diseases, 10th Edition, Clinical Modification/Procedure Coding System) consists of two parts:

1. ICD-10-CM for diagnosis coding
2. ICD-10-PCS for inpatient procedure coding

ICD-10-CM is for use in all U.S. health care settings. Diagnosis coding under ICD-10-CM uses 3 to 7 digits instead of the 3 to 5 digits used with ICD-9-CM, but the format of the code sets is similar.

ICD-10-PCS is for use in U.S. inpatient hospital settings only for procedures. Inpatient procedure coding with ICD-10-PCS uses 7 alphanumeric digits instead of the 3 or 4 numeric digits used for ICD-9-CM procedures. Coding with ICD-10-PCS is much more specific and substantially different from ICD-9-CM procedure coding.

Who Is Affected

The transition to ICD-10-CM/PCS applies to all those covered by HIPAA. However, this change does not affect Current Procedural Terminology (CPT) codes, which will continue to be used for office and outpatient services.

Basic Steps to Prepare for ICD-10

Payers must plan to be ready to process claims with ICD-10 codes for medical diagnoses and inpatient procedures. The following are steps to take now to prepare for the ICD-10 transition:

1. **Review payment policies.** The transition to ICD-10 will involve new coding rules.

2. **Investigate General Equivalence Mappings (GEMs) and reimbursement crosswalks.** This will help you assess the impact on your organization.
3. **Check with your software vendors, billing services, clearinghouses, and providers.** Ask the software vendors, billing services, and clearinghouses, as well as the providers you work with, what they are doing to prepare and what their timelines are for testing and implementation.

4. **Communicate with your colleagues about the ICD-10 transition.** Meet with your professional and support staff. Discuss the new codes and where they are used to help you assess the impact on your organization. Assign roles and responsibilities for addressing the transition.

5. **Identify needs and resources.** Consider the changes that will be required. Develop a budget, timeline, and an implementation plan that take into account specific workflow needs, vendor readiness, and staff knowledge, and that factor in associated training needs.

6. **Plan strategies** that will minimize any provider reimbursement and operational interruptions.

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