

Special Audio Transcript

Headline: Health Care Industry Falls Behind Schedule in Preparing for Transition to ICD-10

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With fewer than 18 months left to prepare for the new ICD-10 coding system, many health care stakeholders are falling behind schedule. This is a special report for *iHealthBeat*, a daily news service of the California HealthCare Foundation. I'm Deirdre Kennedy.

CMS recommends that providers spend at least nine months testing the new coding system within their organizations, then test for another 10 months with payers and other business partners *before* the October 2014 deadline.

But several recent surveys -- including one by the Workgroup for Electronic Data Exchange, or WEDI -- found that, with a few exceptions, the industry hasn't made much progress.

(Daley): "It's really everyone ... pretty much the providers, the vendors and the payers are all behind where we hoped they would be."

WEDI Chair Jim Daley says the lack of momentum isn't limited to one particular segment of the industry. But smaller providers and hospitals that end up testing the new codes on real patient bills could find themselves bogged down by late or unprocessed payments.

(Daley): "Obviously the payers are going to test, and they'll do absolutely their best to make sure that they process and adjudicate correctly. But there's all these other factors associated with getting a claim to the payer and having it processed that could cause flat out rejections or not even having a claim generated at the provider side."

Kathy DeVault is senior director of Health Information Management practice at the American Health Information Management Association. She says while large hospitals, big vendors and payers have used the extra year CMS granted to train staff and begin testing, a lot of smaller practices have simply done nothing.

(DeVault): "I think we're going to see a level of panic begin in about the fourth quarter of this year, and people are going to say, 'Oh no! We really are going to implement in 12 months or less and I don't have anything ready.'"

But American Hospital Association officials downplay those concerns, saying their own May 2012 survey found that more than 85% of member hospitals were confident they'd be up and running with ICD-10 by Oct. 1, 2014. George Arges, senior director of AHA's health data management group, says many providers can't move forward until their vendors have installed upgrades to accommodate the new codes.

(Arges): "A lot depends on other pieces falling into place and everybody understanding what their role is to basically plug in those pieces so that they are ready to conduct testing."

Only 20% of the health IT vendors in WEDI's survey said their ICD-10-compatible products were already available. Another third said they would be ready later this year. The rest projected delivery in 2014 or didn't have a date.

And the top reason vendors gave for the delay? Their customers weren't ready. DeVault says it's a chicken and egg situation in some ways. But she blames the American Medical Association in part for the lack of motivation among physicians.

(DeVault): "The AMA has been continually pushing for a delay to the ICD-10 implementation or not to implement at all. So there's been a lot of negative information related to that, and the AMA's members are physicians so I think that's led to a lot of the apathy in the industry. It's like, 'Nope, the AMA says they're going to fight it.'"

AMA announced at the end of April that it's backing a new bill in Congress aimed at scrapping ICD-10 altogether. In a written statement, AMA President Jeremy Lazarus said:

"The AMA has serious concerns with the significant financial and administrative burden that the ICD-10 mandate places on physicians as they attempt to cope with a host of overlapping regulatory requirements."

Despite its opposition -- AMA continues to offer educational programs and resources to help physicians prepare for what Lazarus said "is sure to be a very disruptive change."

Whether they support the transition or not, physicians are key to the success of ICD-10, says Jeanne Gilreath, president-elect of the Healthcare Billing &

Management Association. She says no matter how good their vendor or billing company might be, each provider will be expected to learn how to document clinical events so that the right ICD-10 code can be assigned.

Gilreath: "It's the provider who certifies on every claim that he or she submits that the services were performed as submitted ... so every provider should understand that if there's any false or misleading information on the claim, the provider may be punishable under law. ... So for no other reason, the provider needs to be engaged in this process."

This has been a special report for *iHealthBeat*, a daily news service from the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at IHB@chcf.org. I'm Deirdre Kennedy. Thanks for listening.