



TO: All providers and Health Maintenance Organizations – **For Action**

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

EFFECTIVE: Claims with service dates ending on or after October 1, 2014

PURPOSE: To notify all providers and health maintenance organizations regarding the introduction of the ICD-10-CM for diagnosis coding and the ICD-10-PCS for inpatient procedure coding for claims submitted to the New Jersey Division of Medical Assistance and Health Services (DMAHS) for health care for services provided to Medicaid/NJ FamilyCare (NJFC) beneficiaries.

BACKGROUND: ICD-10-CM is for use in all U.S. health care settings. ICD-10-CM diagnosis coding uses 3 to 7 digits instead of 3 to 5 digits used with ICD-9-CM. The formats for both code sets are similar. ICD-10-PCS is used in U.S. inpatient hospital settings only. ICD-10-PCS uses 7 alphanumeric digits instead of the 3-4 numeric digits used under ICD-9-CM procedure coding. Coding under ICD-10-PCS is much more specific and substantially different from ICD-9-CM procedure coding.

The ICD-10-CM and the ICD-10-PCS are comprehensive listings of codes used by medical and health care professionals when recording information in paper or electronic health care records and health care claims to classify diagnoses and surgical procedures. The transition to ICD-10 is occurring because ICD-9 produces limited data about patients' medical conditions and hospital inpatient procedures. The ICD version 9 is 30 years old, has outdated terms, and is inconsistent with current medical practice. The ICD version 9 structure also limits the number of new codes that can be created, and many ICD-9 categories are full.

ICD-10 will impact diagnosis and inpatient procedure coding reported on all Health Insurance Portability and Accountability Act (HIPAA) transactions. The same is true for health care claims submitted to the State's fiscal agent as Direct Data Entry or paper claims. The change to ICD-10 does not affect CPT coding for outpatient procedures.

ACTION: **Effective for claims with service dates ending on or after October 1, 2014, only ICD-10-CM and ICD-10-PCS diagnosis/inpatient hospital procedure codes will be accepted as valid codes reported on claims submitted to the State of New Jersey for payment consideration. 'Service Date Through' is a recognized field in the HIPAA transaction set. Please note that October 1, 2014 is the ICD-10 "compliance deadline" for the NJ Medicaid/NJFC program.**

It is important to note that the “compliance deadline” for inpatient hospital claims shall be based upon the “date of discharge.”

What is the role of the “decimal point” in the development of ICD-10-CM and the ICD-10-PCS codes?

- ✓ The “decimal point” has no real significance when reporting the new ICD-10 codes. The HIPAA standard for ICD-10, like that of ICD-9, requires that the “decimal point” not be used in any HIPAA standard transaction. For ICD-10-PCS, the use of the “decimal point” has been eliminated altogether. Organizations are welcome to programmatically insert or remove the “decimal point” for display purposes only.

What are ICD-10 rules regarding the definition of a “valid” ICD-10-CM code?

See the following example:

M87.0 Idiopathic aseptic necrosis of bone
M87.00 Idiopathic aseptic necrosis of unspecified bone
M87.01 Idiopathic aseptic necrosis of shoulder
 Idiopathic aseptic necrosis of clavicle and scapula
 M87.011 Idiopathic aseptic necrosis of right shoulder
 M87.012 Idiopathic aseptic necrosis of left shoulder
 M87.019 Idiopathic aseptic necrosis of unspecified shoulder

- ✓ ICD-10 code M87.00 is a **valid** ICD-10 code **because there are no more detailed codes beneath it.**
- ✓ ICD-10 code M87.01 is a subcategory, but an **invalid** ICD-10 code **because there are more detailed codes beneath it**, including M87.011, M87.012 and M87.019, in this example.

How should health care providers, payers, clearinghouses, and billing services prepare for the transition to ICD-10-CM and ICD-10-PCS?

- ✓ All electronic transactions must use Version 5010 standards, which have been required since January 1, 2012. Unlike the older version 4010/4010A standards, Version 5010 accommodates ICD-10-CM and ICD-10-PCS codes. The same is true for claims submitted as Direct Data Entry or Paper claims to the State’s fiscal agent.
- ✓ ICD-10-CM must be reported when billing all health care services provided in the U.S. and ICD-10-PCS procedure codes must be reported for all inpatient hospital procedures. **Claims with service dates ending on or after October 1, 2014 reporting ICD-9 codes shall be denied payment by the State of New Jersey.**

It is critical that providers, payers, clearinghouses and billing services begin the process of re-learning how to report ICD-10 codes. An analysis of the ICD-10 framework is essential to understanding the level of specificity necessary to properly bill a healthcare claim.

What steps should be taken by participants in the health care delivery system to prepare for the ICD-10 transition?

- ✓ Providers should develop an implementation strategy that includes an assessment of the impact of the ICD-10 transition on their organization, a detailed timeline, and budget. Discussions with your health care delivery partners are encouraged to develop an effective compliance plan.
- ✓ Payers should review their payment policies since the transition to ICD-10 will involve new coding rules. Discussions with software vendors are strongly advised to develop readiness plans and timelines for product development, testing, availability, and training for ICD-10. An implementation plan and transition budget should be in place.
- ✓ Software vendors, clearinghouses and third-party billing services should work with their customers to install and test ICD-10 ready products.

Providers are reminded that they cannot elect to adopt ICD-10 early and submit claims reporting these codes to Medicaid/NJFC prior to the “compliance deadline.”

What steps have/will be taken by DMAHS to prepare the Medicaid fee-for-service provider community for the transition to ICD-10?

- ✓ Providers are welcome to visit the Web Announcement (see below) found on the homepage of the State fiscal agent web site at <https://www.njmmis.com> to view the new ICD-10-CM and ICD-10-PCS code information.

Web Announcement: ICD-10 is coming, will you be compliant? The U.S. Department of Health and Human Services (HHS) has issued a final rule to move from the currently used International Classification of Diseases (ICD-9) to the next generation of ICD-10 code sets by October 1, 2014. Click [here](#) for more information concerning ICD-10 and how this affects NJMMIS and your Medicaid claim submission. Click [here](#) for searchable ICD-10 Diagnosis Code and Surgical Procedure Code files.

- ✓ DMAHS anticipates the availability of ICD-10 testing with providers in January 2014. Additional information regarding ICD-10 testing will be communicated to providers in a subsequent Medicaid Newsletter(s).
- ✓ ICD-10 information is available on the ICD-10 homepage: <http://www.cms.gov/ICD10/>

- ✓ A CMS ICD-10 Presentation is available at:
http://www.cms.gov/Medicare/Medicare-Contracting/ContractorLearningResources/downloads/ICD-10_Overview_Presentation.pdf

If you have any questions concerning this Newsletter, please contact Molina Medicaid Solutions (formerly Unisys) Provider Services at 1-800-776-6334.

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