



California Workers' Compensation Institute

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CWCI SPOTLIGHT REPORT:

ICD-10s and the Workers' Compensation System

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On October 1, 2015, the 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10) will become the standard classification system for all healthcare delivery in the United States, including group health, federal programs (Medicare, Medicaid, Veterans Administration) as well as workers' compensation. There are two main sections of the new classification system:

- A. ICD-10-CM Clinical Modifications
 - Diagnosis (diseases, injuries, health events)
 - Used in all health care settings

- B. ICD-10-PCS Procedure Coding System
 - For use by hospitals to define inpatient procedures

The 21-Year History of ICD-10

ICD-10 conversion within the U.S. began as part of an overhaul process initiated in 1992 by the Health Care Financing Administration (HCFA). A comprehensive review and development project was conducted for HCFA by 3M Health Information Systems to design a replacement for ICD-9. The project recommended a complete overhaul of the structure and format of the entire diagnosis and procedure coding system. The following timeline summarizes the 21-year history of the adoption of ICD-10:

- 1994 World Health Organization (WHO) adopts ICD-10
- 1995 United States draft of ICD-10, poised to adopt
- 1996 Health Insurance Portability and Accountability Act (HIPAA) enacted and a new code set adoption process falls under legislative controls
- 2003 National Committee for Vital & Health Statistics (NCVHS) voted to recommend that the Secretary of Health and Human Services (HHS) move toward adoption of ICD-10 code sets
- 2008 Notice of proposed rulemaking published in the Federal Register
- 2009 HHS published final rule adopting ICD-10 code sets effective October 1, 2013
- 2012 HHS issues final rule changing compliance date to October 1, 2014

In the 2012 Federal Register¹ CMS changed the compliance date from October 2013 to 2014 in order to address concerns voiced by members of the medical community that they would not be ready to comply with the reporting requirements by the deadline. This delay was also intended to allow for changes that were being implemented for electronic data interchange (EDI) transmissions that would accommodate ICD-9 and ICD-10 in the same file.

2014 (April) – Congress passes Protecting Access to Medicare Act of 2014, containing section title “Delay in Transition from ICD-9 to ICD-10 Code Sets”

2014 (August) HHS issues final rule changing October 1, 2014 compliance date to October 1, 2015

2015 (July) HHS sent notification to Medicare providers that Medicare would relax the edits on ICD-10 code specificity for 12 months following the October 1, 2015 implementation date. Providers were advised that bills would not be denied based solely on the specificity of the ICD-10 code as long as the code was in the correct code family. This was a compromise intended to ease the transition to ICD-10 without causing further delay for implementation.

Rationale for Conversion

The ICD-10 code set has been described by some as cumbersome and complex, so what is the rationale for making the change? The simplest answer is that ICD-9-CM has simply become antiquated due to advancements in medicine that have taken place since the 1970s when ICD-9-CM was designed. The structure of the ICD-10 code sets provides greater flexibility for future use to accommodate revisions.

ICD-9 and ICD-10 codes are primarily intended to describe a patient’s clinical status as accurately as possible, facilitating better communication between medical providers, providers and payers, and government agencies. Medical condition and procedure code sets also enable statistically relevant groupings² for improved utilization and cost trend analysis. After the initial transition/learning period, more accurate descriptions of a patient’s clinical status captured by ICD-10-CM/PCS code sets will enhance the quality of data for:

- Tracking public health conditions including world-wide patterns and trends
- Epidemiological research including severity of illness and co-morbidities
- Measuring outcomes and care provided to patients including the use and effects of new medical technology
- Making clinical decisions, including consultative decisions based on more precise information shared between medical providers
- Identifying fraud and abuse may be improved if gray areas of coding are reduced by the introduction of more specific code descriptions.
- Designing payment systems/processing claims including refinement to current systems such as severity-adjusted DRG systems used to reimburse inpatient hospital services and emerging pay-for-performance programs.

¹ Centers for Medicare & Medicaid Services, 45 C.F.R. part 162 (September 5, 2012). Retrieved from <http://www.gpo.gov/fdsys/pkg/FR-2012-09-05/pdf/2012-21238.pdf>

² Appendix A displays the top 9 clinical grouping categories and the associated percentage of all ICD-9 codes found on claims with dates of injury between 2010 and 2015. The chart also includes the count of all ICD-9 and ICD-10 codes associated with each clinical category.

Form and Functional Differences between ICD-9 and ICD-10

There are similarities as well as significant differences in the coding structures for ICD-9 and ICD-10 classification systems, as outlined in the table below:

- The first three digits in both ICD-9 and ICD-10 coding structures represent the category, followed by a decimal point.
- The second set of numbers following the decimal point represent etiology, anatomic site and manifestation in ICD-9, and etiology, anatomic site and severity in ICD-10.
- ICD-10 also provides for an extension character at the seventh position to identify whether the patient encounter is initial, subsequent or sequelae.
- ICD-10 also uses a combination of alpha numeric characters, not found in ICD-9, which allows for greater expansion of codes within a category.

Appendix B displays a list of the top ICD-9 codes associated with one of the most common workplace injuries, Back Sprain. Appendix C displays a list of diagnosis codes that will likely be in use for Back Sprain injuries following the implementation of the ICD-10 codes.

Differences Between ICD-9 -CM and ICD-10 Code Sets ³		
	ICD-9-CM	ICD-10 Code Sets
Procedure	3,824 codes	71,924 codes
Diagnosis	14,025 codes	69,823 codes
ICD-10 Code Structure Changes		
	ICD-9-CM	ICD-10-CM
Diagnosis Structure	3-5 characters	3 - 7 characters
	First character is numeric or alpha	Character 1 is alpha
	Characters 2-5 are numeric	Character 2 is numeric Characters 3 – 7 can be alpha or numeric
Example	724.2 – Lumbago	M54.5 - Low Back Pain
	ICD-9-CM	ICD-10-PCS
Procedure Structure	3 – 4 characters	ICD-10 PCS has 7 characters
	All characters are numeric	Each can be either alpha or numeric
	All codes have at least 3 characters	Numbers 0-9; letters A-H, J-N, P-Z
Example	54.72 - Other repair of abdominal wall	0WQF0ZZ - Repair Abdominal Wall, Open Approach
		0WQF3ZZ - Repair Abdominal Wall, Percutaneous Approach
		0WQF4ZZ - Repair Abdominal Wall, Percutaneous Endoscopic Approach
		0WQFXZZ - Repair Abdominal Wall, External Approach

³ Centers for Disease Control & Prevention (www.cdc.gov/nchs/icd/icd10cm_pcs_background.htm)

Impacted Parties, Processes and Programs in California and National Workers' Compensation Systems

Preparing for implementation of ICD-10s will require significant effort by individuals and organizations across the healthcare delivery and support spectrum including healthcare providers, payors, claims administrators and others. At a minimum, ICD-10 code structure will require modifications to database structures, data sharing and transfer protocols and agreements, and billing and adjudication forms. Required changes in databases, data transfer protocols and business processes will affect:

- Medical service providers (physicians, hospitals, ancillary medical providers)
- Medical bill payers (claims administrators, bill review vendors)
- Electronic billing clearinghouses
- Medical dispute resolution organizations, including Utilization Review Organizations (URO), Independent Medical Reviewers (IMR), Independent Medical Examiners/Qualified Medical Examiners (IME/QME)
- State-based workers' compensation reporting systems such as California's Workers' Compensation Information System (WCIS)
- Medicare Secondary Reporting and Set-Aside reporting
- Public policy research databases

ICD-10-CM provides much needed improvements and better accuracy in reporting the nature of injury, which can be used to correlate cause, treatment and outcome. The external cause codes (e.g. W29.4XXA – Contact with nail gun; initial encounter) provide detailed information regarding the cause of an injury and are used in addition to clinical diagnosis codes. Transition from ICD-9 to ICD-10 followed by mandatory requirements to include external cause codes on bills submitted for payment to claims administrators would greatly enhance the data available to track and analyze how and where injuries occur.

Appendix A. Top Diagnostic Class Categories, Percentage of Occurrences and Associated ICD-9 & ICD-10

Diagnosis Class Category	Percent of WC Occurrences ⁴	Count of Codes	
		ICD-9	ICD-10
Injury/Poisoning	42.9%	4,105	37,685
Non-Infectious Condition	27.1%	5,391	12,561
Pain/Ill-Defined Symptom	22.2%	1,573	3,723
Childbirth Conditions	0.0%	364	2,644
Infections	0.5%	1,072	2,169
Anatomic Disorders	0.4%	575	1,263
Status/Aftercare	3.4%	412	1,204
Procedures	1.3%	787	746
Mental/Behavioral Disorders	2.3%	546	737
Total ⁵ :	100%	14,825	62,732

Appendix B. Sample ICD-9 Codes related to Back Sprain Diagnosis

ICD-9	ICD9 Description
846	Sprain Sacroiliac Region
846.0	Sprain Lumbosacral
846.1	Sprain Sacroiliac
846.2	Sprain Sacrospinatus
846.3	Sprain Sacrotuberous
846.8	Sprain Sacroiliac Nex
847	Sprain Of Back Nec/Nos
847.1	Sprain Thoracic Region
847.2	Sprain Lumbar Region
847.3	Sprain Of Sacrum
847.4	Sprain Of Coccyx
847.9	Sprain Of Back Nos

⁴ Percentage of WC Occurrences found with the medical bill segment of the CWCI Industry Claim Database for dates of services between January 2013 and December 2014.

⁵ Excludes External Causes of Morbidity (ICD10 Chapter 20; ICD9 “E” Codes). Count of ICD9 codes includes historic codes that may not be currently active

Appendix C. Sample ICD-10 Codes Related to Back Sprain Diagnosis

ICD-10	ICD-10 Description
S23.3xxA	Sprain of ligaments of thoracic spine, initial encounter
S23.3xxD	Sprain of ligaments of thoracic spine, subsequent encounter
S23.3xxS	Sprain of ligaments of thoracic spine, sequela
S23.8xxA	Sprain of other specified parts of thorax, initial encounter
S23.8xxD	Sprain of other specified parts of thorax, subsequent encounter
S23.8xxS	Sprain of other specified parts of thorax, sequela
S33.5xxA	Sprain of ligaments of lumbar spine, initial encounter
S33.5xxD	Sprain of ligaments of lumbar spine, subsequent encounter
S33.5xxS	Sprain of ligaments of lumbar spine, sequela
S33.6xxA	Sprain of sacroiliac joint, initial encounter
S33.6xxD	Sprain of sacroiliac joint, subsequent encounter
S33.6xxS	Sprain of sacroiliac joint, sequela
S33.8xxA	Sprain of other parts of lumbar spine and pelvis, initial encounter
S33.8xxD	Sprain of other parts of lumbar spine and pelvis, subsequent encounter
S33.8xxS	Sprain of other parts of lumbar spine and pelvis, sequela
S33.9xxA	Sprain of unspecified parts of lumbar spine and pelvis, initial encounter
S33.9xxD	Sprain of unspecified parts of lumbar spine and pelvis, subsequent encounter
S33.9xxS	Sprain of unspecified parts of lumbar spine and pelvis, sequela

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California Workers' Compensation Institute

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