ICD-10 Talking Points: Per Diem Contract Issues

The information outlined in this document describes the challenges of Per Diem contract types when transitioning to ICD-10 (10/1/14). More information regarding BlueCross BlueShield of Tennessee’s ICD-10 plan can be found on the website: [http://www.bcbst.com/providers/icd10](http://www.bcbst.com/providers/icd10)

ICD-10 Background

- ICD-10-CM/PCS (Clinical Modification/Procedure Coding System) is the standard medical code set for diagnoses (CM) and inpatient procedure codes (PCS) used in the United States; ICD-10 will replace existing ICD-9 code sets. ICD-9 is outdated, ICD-10 codes allow for expansion in the future and greater detail when communicating about diagnoses and procedures
  - ICD-9 codes currently includes approximately 17,000 codes, ICD-10 includes approximately 155,000 codes
- The change to ICD-10 does not affect CPT® coding for outpatient procedures. For inpatient procedures to occur on or after the compliance date with a date of discharge on or after the compliance date, ICD-10-PCS codes must be used

Per Diem Contracts at BlueCross BlueShield of Tennessee

- The issue emerges because Per Diem payment methodology is outdated and does not align well with ICD-10 coding. The number of combinations for diagnosis, procedure, and revenue code is relatively small under ICD-9. When coding in ICD-10, the number of code configurations has exponentially increased. A facility that may need to manage only a few codes based on bed type today will need to manage thousands in the future – this could be a problem for the business office

Example of Code Changes due to ICD-10

Below is an example of the significant increase in the number of codes for a cardiology bed under one contract:

<table>
<thead>
<tr>
<th></th>
<th>Diagnosis</th>
<th>Procedure</th>
<th>Possible Combinations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICD-9</td>
<td>~200</td>
<td>~60</td>
<td>~12,000</td>
</tr>
<tr>
<td>ICD-10</td>
<td>~6,215</td>
<td>~15,000</td>
<td>~93,225,000</td>
</tr>
</tbody>
</table>

However, this is not a complete picture. A number of revenue codes must also be factored in, potentially increasing the number of possible combinations

Action Required

- In order to reduce the complexity of the transition to ICD-10, facilities that have Per Diem arrangements should be re-contracted in order to appropriately handle the claims after ICD-10 implementation (10/1/14)

Barriers to Implementation

- Many facilities may not have coding staff that are trained to code claims for DRG reimbursement. However, with a migration to ICD-10, this will be required even with Per Diem contract types
- Facilities likely do not have software that can handle the number of possible combinations for each bed type
- If facilities have Per Diem arrangements with other payers, ICD-9 to ICD-10 maps are likely to be different which could impact expectations on a contract by contract basis
- BlueCross is emphasizing a move to other payment methodologies to alleviate any potential barriers to implementation.

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