March 4, 2015

Andrew Slavitt
Acting Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue, SW
Washington, DC 20201

Dear Acting Administrator Slavitt:

The undersigned organizations are writing to you concerning the agency's implementation plans for moving to ICD-10, a code set named under the Health Insurance Portability and Accountability Act (HIPAA) that will be required for use by physicians and others starting October 1, 2015. The transition to ICD-10 represents one of the largest technical, operational, and business implementations in the health care industry in the past several decades. Given the profound impact this will have on physicians, we have a number of concerns that do not appear to be addressed by the Centers for Medicare & Medicaid Services' (CMS) current transition plan.

Testing

We appreciate the training, educational tools, and other efforts by CMS to prepare physicians and other health care entities for the ICD-10 transition. Despite these efforts, there still remains a lack of industry-wide, thorough end-to-end testing of ICD-10 in administrative transactions.

CMS conducted acknowledgement testing of claims for one week in March and November 2014 and additional weeks are planned in March and June 2015. Acknowledgement testing, however, is limited in that it only tests that the claim will be initially accepted through the claims processing system. It provides no information about if and how the claim will process completely, ensuring payment to physicians.

Results of this acknowledgement testing were also limited, with acceptance rates ranging from 89 percent to 76 percent. In comparison, the normal acceptance rate for Medicare claims is 95 – 98 percent. Given that Medicare processes 4.4 million claims per day, even a small change in this acceptance rate will have an enormous impact on the system and payment to physicians.

It would help for CMS to explain in detail the errors that were encountered and what steps need to be taken to correct these problems.

Table 1. Medicare Acknowledgement Testing Results

	March	**November**
Total Number of Claims Tested	127,000	13,700
Participants (A/B providers) Percent of overall A/B providers[i]	2,600 .16%	500 .03%
Percentage of Claims Accepted Percent of overall Medicare claims submitted annually[ii]	89% .01%	76% .001%

i = According to CMS' Fast Fact, November 2014, there are 1,618,419 Medicare Part A&B providers

ii = According to CMS' Fast Fact, November 2014, there are 1,213,368,119 claims processed annually

We appreciate that CMS agreed to conduct more robust end-to-end testing in which the claim will be accepted, processed, and a remittance advice generated. We are worried, however, that the testing may not provide an accurate depiction of provider readiness given the small sample size. CMS is only planning on testing with 850 claims submitters per testing week for a total of 2,550 testers. This represents a very small fraction of all Medicare providers and an even smaller universe of claims submitted each year. In addition, because the testing participants are volunteers, it is possible that those most confident of their preparation self-selected into the testing program—so that the numbers of successful efforts are not representative.

In addition, the first week of end-to-end testing was completed the last week of January 2015 and the results of the testing were just released. The data from this testing show only a broad overview of the number of claims received (14,929), number of claims accepted (12,149), acceptance rate (81%), and partial information about the reasons and percentages of rejected claims. Again, the acceptance rate was still well below average, and we continue to be concerned about the limited scale of testing being performed. **Accordingly, we strongly urge CMS to release more detailed end-to-end testing results broken out by the type and size of providers who tested, number of claims tested by each submitter, percentage of claims successfully processed, and specific details about problems encountered.**

Quality Measurement

In addition to claim processing, questions remain about the ability to correctly collect and calculate quality data during and after the transition to ICD-10. While CMS has stated that

quality measures have been specified for ICD-10, we foresee unintended consequences for measure denominators and measure rates due to potentially conflicting timelines. ICD-10 is scheduled to begin on October 1, 2015, but the Physician Quality Reporting System (PQRS) and Meaningful Use (MU) quality reporting periods are based on the calendar year (January 1-December 31, 2015). Many of the MU and PQRS measures capture encounters pre and post visit and will straddle the October 1 date, requiring that physicians report ICD-9 for the first segment and ICD-10 for the final portion. CMS has not discussed how it plans to address and correctly tabulate quality performance reporting metrics after the transition to ICD-10.

We are also concerned about the effects of ICD-10 on Value Based Modifier (VBM) measures, as measure calculations and associated costs will vary depending upon the utilization of ICD-9 or ICD-10. In part, the VBM formula compares how providers perform from year-to-year. Accordingly, transitioning the VBM program to the more granular ICD-10 system could significantly alter how measures are scored between the baseline and performance periods. Similarly, commercial payers also have quality reporting systems that impact physician reimbursement and ratings and are likely to be affected by the code set change.

In addition to our concerns noted above regarding testing, Medicare's end-to-end testing is not expected to evaluate the impact on quality measurement or Medicare's ability to properly calculate measures. **We strongly urge CMS to: 1) provide details on how it plans to ensure that the measure calculations for these programs are not adversely impacted by the transition to ICD-10; and 2) ensure cross-walks do not attribute increased costs to a physician's VBM score when switching to ICD-10. Any changes in measure specifications from ICD-9 to ICD-10 should demonstrate stability and be budget neutral during the transition.**

Risk Mitigation

Contingency Plans and Advance Payments

Previous HIPAA mandates—such as the National Provider Identifier (NPI) and the upgrade to Version 5010 transactions— resulted in significant claims processing disruptions that caused physicians to go unpaid for weeks and sometimes months. These implementations were less complex than ICD-10 and still resulted in significant disruptions.

By CMS' own analysis, one of the most significant risks to moving to ICD-10 is the likelihood for claims processing and cash flow interruptions. It is therefore vitally important that CMS is prepared with extensive contingency plans in the event that these feared disruptions occur.

In particular, we have asked CMS to help mitigate these risks by granting "advance payments" (which are nothing more than reimbursement outside of the normal claims processing system for services already rendered, such as paper checks) to physicians experiencing a dire financial hardship as a result of the change to ICD-10, particularly if the issue originates on Medicare's end. We appreciate the Administration's indication to use advance payments; however, we urge CMS to publicize and finalize this policy.

Software Upgrades

Physicians who bill Medicare are required to use a certified electronic health record (EHR); otherwise, they face a financial penalty under the MU program. The Version 2014 certified software is required to accommodate ICD-10 codes; yet, many EHR vendors were behind in delivering upgrades to physicians in 2014 to meet the MU program. There is no data that indicates when vendors will be ready to deliver the ICD-10 upgrades and what help will be available for physicians whose vendors decided not to certify to 2014. **We strongly urge CMS, together with the Office of the National Coordinator for Health Information Technology (ONC), to study this issue and make information about vendor readiness available.**

Specificity of Codes and Audit Plans

There continue to be questions in the physician community concerning the specificity of codes required for inclusion on Medicare claims following the transition to ICD-10. CMS officials have stated that, absent indications of potential fraud or intent to purposefully bill incorrectly, CMS will not instruct its contractors to audit claims to verify that the most appropriate ICD-10 code was used. There is also general concern about how physicians will be audited as they learn to use the new code set. **We urge CMS to: 1) confirm and broadly educate stakeholders and contractors that claims will not be audited simply for code specificity; and 2) to instruct contractors that they are prohibited from engaging in audits that are only predicated on code specificity.**

Conclusion

By itself, the implementation of ICD-10 is a massive undertaking. The undersigned organizations remain gravely concerned that many aspects of this undertaking have not been fully assessed and that contingency plans may be inadequate if serious disruptions occur on or after October 1. Furthermore, physicians are being asked to assume this significant change at the same time they are being required to adopt new technology, re-engineer workflow, and reform the way they deliver care—all of which are challenging their ability to care for patients and make

investments to improve quality. We appreciate the opportunity to offer this perspective and these recommendations and look forward to further dialogue on this issue.

Sincerely,

American Medical Association
American Academy of Allergy, Asthma & Immunology
American Academy of Dermatology
American Academy of Emergency Medicine
American Academy of Facial Plastic and Reconstructive Surgery
American Academy of Family Physicians
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Otolaryngic Allergy
American Academy of Otolaryngology— Head and Neck Surgery
American Association of Clinical Endocrinologists
American Association of Hip and Knee Surgeons
American Association of Neurological Surgeons
American Association of Neuromuscular & Electrodiagnostic Medicine
American Association of Orthopaedic Surgeons
American Clinical Neurophysiology Society
American College of Cardiology
American College of Chest Physicians
American College of Mohs Surgery
American College of Occupational and Environmental Medicine
American College of Osteopathic Internists
American College of Osteopathic Surgeons
American College of Physicians
American College of Radiology
American College of Rheumatology
American College of Surgeons
American Congress of Obstetricians and Gynecologists
American Geriatrics Society
American Orthopaedic Foot & Ankle Society
American Osteopathic Association
American Society for Clinical Pathology
American Society for Dermatologic Surgery Association
American Society for Gastrointestinal Endoscopy
American Society for Radiation Oncology

American Society for Surgery of the Hand
American Society of Anesthesiologists
American Society of Cataract and Refractive Surgery
American Society of Cytopathology
American Society of Dermatopathology
American Society of Hematology
American Society of Interventional Pain Physicians
American Society of Retina Specialist
American Urological Association
College of American Pathologists
Congress of Neurological Surgeons
Heart Rhythm Society
International Society for the Advancement of Spine Surgery
Medical Group Management Association
National Association of Medical Examiners
North American Spine Society
Renal Physicians Association
Society of Interventional Radiology
Society of Thoracic Surgeons

Medical Association of the State of Alabama
Arizona Medical Association
Arkansas Medical Society
California Medical Association
Colorado Medical Society
Connecticut State Medical Society
Medical Society of Delaware
Medical Society of the District of Columbia
Florida Medical Association Inc
Medical Association of Georgia
Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Louisiana State Medical Society
Maine Medical Association

MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Texas Medical Association
Utah Medical Association
Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society