

Health Care Reform Management Alert Series



HHS Delays the Implementation Date for Adopting the ICD-10 Coding Standard Until October 1, 2015 Issue 84

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This is the eighty-fourth issue in our series of alerts for employers on selected topics in health care reform. (Click [here](#) to access our general summary of health care reform and other issues in this series). This series of Health Care Reform Management Alerts is designed to provide an in-depth analysis of certain aspects of health care reform and how it will impact your employer-sponsored plans.

On April 1, 2014, Congress enacted the Protecting Access to Medicare Act, which, among other things, prohibited the Secretary of Health and Human Services (“HHS”) from adopting the ICD-10 standard for medical diagnosis and billing codes any time before October 1, 2015. Prior to the enactment of the new legislation, HHS had set the ICD-10 implementation deadline for October 1, 2014. HHS subsequently issued final regulations on August 4, 2014 that memorialize October 1, 2015 as the new compliance deadline for ICD-10 implementation.

Background

As we explained in [Issue 78](#), HIPAA requires covered entities (including health plans) and their business associates that engage in certain covered electronic transactions (e.g. health claims) to comply with rules that are designed to standardize the format of the electronic transactions. They must also identify medical conditions and procedures using “uniform code sets” (i.e. sets of code used for encrypting data elements such as medical diagnosis or medical procedure codes). The uniform code set adopted by HHS for diseases is the International Classification of Diseases, 9th Edition (ICD-9).

The ICD-9 codes that are currently in use by health plans, medical providers, insurers, hospitals, and government agencies as the standard for medical diagnosis and billing codes are now almost four decades old. In an effort to transition to the updated ICD-10 standard, HHS adopted regulations in 2009 which would have required use of the updated code sets by October 1, 2013. In subsequent guidance, however, HHS extended the compliance deadline to October 1, 2014, and now to October 1, 2015.

What is the Impact of the Delayed Effective Date For Health Plans?

The delay in ICD-10 implementation raises a number of questions for health plans and business associates that expected to begin using ICD-10 codes in October 2014. As recognized by HHS in the final regulations, most health plans and/or business associates have already taken significant steps and invested substantial amounts of money to be able to accommodate ICD-10. This new extension will most certainly delay ICD-10 implementation strategies and will likely increase costs for health plans and/or business associates that will be required to ensure processing capabilities in both ICD-9 and ICD-10.

How Should Health Plans Proceed?

Covered entities, including health plans, will now need to put their ICD-10 implementation plans on hold and shift their focus to ensuring that their systems can continue to accommodate ICD-9 codes until September 30, 2015. Plans will also need to take steps to ensure that all relevant personnel have the sufficient knowledge and training to continue operating on an ICD-9 platform during the transition period. While the delay may mean that some plans can slow down their ICD-10 implementation strategies, it's important for all plans to continue moving the process forward and progressing towards ICD-10 implementation. We will continue to monitor for further developments.

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