This month was supposed to mark the deadline for U.S. health care organizations to transition to ICD-10 code sets to accommodate codes for new diseases and procedures.

But President Obama in April signed legislation that pushed back the ICD-10 compliance date until at least October 2015. CMS then released a final rule establishing Oct. 1, 2015, as the new ICD-10 compliance deadline.

It's not the first time the federal government hit the snooze button on the transition from ICD-9 to ICD-10, which requires health care providers and insurers to change out about 14,000 codes for about 69,000 codes.


Industry reaction to the latest delay has been mixed, with stakeholders concerned about progress stalling and whether the deadline could be delayed once again.

This is a report for iHealthBeat, a daily news service of the California HealthCare Foundation. I'm Kenny Goldberg.

In his role as chief information officer for University of California-San Diego Health System, Ed Babakanian has had 300 people involved in the transition to ICD-10 codes.

He says his organization was prepared to roll it out this fall.

*(Babakanian): "But when I saw that there was a push to actually lobby the Congress to delay it, we didn't push back on that because we realized that many institutions were not ready."

CMS said the additional one-year deadline extension would give the health care industry the time it needs to be ready.

But the 71,000-member American Health Information Management Association believes that's a bad move.
Sue Bowman, AHIMA's senior director of coding policy & compliance, says the transition is already long overdue.

*(Bowman):* "We've known ICD-9 was failing and really unable to meet the needs and health information demands of today's environment way back in the 1990s. And here it is 2014, and we still haven't moved onto the next code set."

What's more, Bowman says the implementation delay will be expensive.

*(Bowman):* "In fact, the government itself said that a one-year delay costs the health care industry approximately $6.8 billion. That's billion with a B, dollars."

The Workgroup for Electronic Data Interchange recently surveyed the industry on ICD-10 readiness.

WEDI Chairman Jim Daley says the vast majority of vendors report their updated ICD-10 products are available now.

*(Daley):* "But more than a quarter said their products wouldn't be ready until 2015, or they said unknown. So there's good news and then some not so good news."

Daley says the survey reveals about one out of three providers has begun external testing. But when he drilled down on the data, some major discrepancies emerged.

*(Daley):* "Sure enough, the bigger organizations, they were way along, doing everything. It's the smaller ones that haven't moved along. In fact a lot of them said, 'we've stopped.'"

The California Association of Health Plans represents all of California's HMOs, including Kaiser Permanente and Anthem Blue Cross.

CAHP President Patrick Johnston says health plans had completed their preparations and were ready for the roll out.

He thinks delaying ICD-10 until next October is a big mistake.

*(Johnston):* "It's a lost opportunity more than anything else for providers, hospitals, physicians, health plans and certainly the biggest payer, which is the federal government, to base decisions on the best information, which comes from that granular level that's better understood by moving towards ICD-10."
CMS cautions that any further delays could render ICD-10 system updates and releases obsolete, and would undermine the investments already made to prepare for the transition.

Chantal Worzala, director of policy for the American Hospital Association, says she hopes the new deadline is etched in stone.

(Worzala): "The important piece moving forward is certainty, knowing that the new date is credible, will stand, and there will be no further wasting of resources."

Assuming that's the case, Worzala says the next step is for everyone to focus on testing.

(Worzala): "Engaged in not just rolling out a product, but going to the next step of testing whether or not claims coded in ICD-10 can be submitted, can be processed, and guidance about payment can be returned to the provider."

Nearly everyone involved in the transition to ICD-10 agrees on one thing: Now that the deadline's been extended another year, there are no more excuses.

UC-San Diego's Babakanian says come Oct. 1, 2015, it's show time.

(Babakanian): "Obviously, you know, it's going to hiccup a little bit, 'cause we're not used to it. But for us, we think that that's a way of measuring what it is being done in a health care facility to a patient. So once the country gets used to it, I think it's going to be a positive outcome."

This has been a report for iHealthBeat, a daily news service from the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at IHB@chcf.org. I'm Kenny Goldberg. Thanks for listening.