

GAO Highlights

Highlights of [GAO-15-789](#), a report to the Committee on Finance, U.S. Senate

Why GAO Did This Study

ICD is the standard code set used in the United States to document patient medical diagnoses and inpatient medical procedures. Every claim submitted by health care providers to payers for reimbursement, including those for Medicare programs, includes these codes. CMS is responsible for enforcing the use of ICD codes and is requiring providers to begin using the 10th revision of the codes (ICD-10) on October 1, 2015. Its role in preparing for the transition includes making changes to the agency's information technology systems used to process Medicare fee-for-service claims and supporting stakeholders' efforts to implement changes to the systems they use to submit Medicare claims that are to include ICD-10 data.

GAO was asked to study the actions planned and taken by CMS to support entities' transition to ICD-10. This report discusses (1) CMS's efforts to implement system changes needed for the agency to process claims that include ICD-10 codes, (2) the extent to which CMS's testing and verification actions are sufficient to ensure the system changes are made, and (3) steps CMS is taking to ensure that stakeholders have access to technical support needed to make system changes. To do this, GAO reviewed project documentation and held discussions with Medicare officials, contractors, and selected stakeholder groups that represent providers, health care clearinghouses, and insurers that share claims data with CMS.

GAO provided a draft of this report to HHS and incorporated its comments as appropriate.

View [GAO-15-789](#). For more information, contact Valerie Melvin at (202) 512-6304, melvinv@gao.gov.

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INTERNATIONAL CLASSIFICATION OF DISEASES

CMS Has Updated Systems and Supported Stakeholders' Efforts to Use New Codes

What GAO Found

The Centers for Medicare & Medicaid Services (CMS) has finished updating its systems with the changes it determined were needed to process the new International Classification of Diseases codes (ICD-10) on Medicare fee-for-service claims. In 2007, CMS began taking steps to identify components of its systems that needed to be changed to update the ICD codes from version 9 to 10. CMS began making the system changes in early 2010 as part of an established change management process for releasing system updates on a quarterly basis, and, by October 2013, had completed actions to modify its systems to process the new data. In doing so, CMS made changes to validate that codes on submitted claims were of the correct length and format specific to ICD-10 requirements and to determine whether submitted claims data included the proper codes to be processed and approved for payment.

Industry guidance states that systems testing should be conducted early and often in the life cycle of a project to allow for the modification of software in a timely manner, and that organizations should define procedures for approving systems for release and plan for contingencies to help mitigate risks that may be introduced when software changes are implemented into a live production environment. Consistent with these practices, CMS began testing and validating the changes made to its systems in March 2010. For each quarterly release, CMS conducted three levels of testing prior to implementing the systems that had been changed, including a level conducted to simulate a live production environment of Medicare claims processing. Agency reports on the outcomes of the tests described errors found and steps taken to ensure any such errors were corrected. The agency also held management reviews to determine whether each version of the modified systems was ready to be released into a live claims processing environment. In addition, CMS officials defined contingencies for cases when systems may not properly process claims that include ICD-10 codes. Such actions are important to help minimize the impact on Medicare stakeholders that could result from errors in CMS's systems. While CMS's actions to update, test, and validate its systems, and plan for contingencies can help mitigate risks and minimize impacts of system errors, the extent to which any such errors will affect the agency's ability to properly process claims cannot be determined until CMS's systems begin processing ICD-10 codes.

CMS provided technical support to help its stakeholders identify and make system changes. As early as 2008, CMS had developed and published a website that includes information related to the implementation of system changes to process and submit ICD-10 codes, such as checklists and "lessons learned" identified through collaboration with stakeholders, to help stakeholders identify and implement system changes. The agency also developed tools to help its Medicare Administrative Contractors update claims review and submission systems, such as those used to ensure valid claims are transmitted to CMS's claims processing systems. In addition, CMS expanded and enhanced capabilities to accommodate end-to-end testing that allowed stakeholders to test the integration of their systems with CMS's internal systems, and offered alternative technical solutions for submitting claims with ICD-10 data in case their systems are not modified in time to meet the compliance date.