

Part B Insider (Multispecialty) Coding Alert

Physician Notes: Transition to ICD-10 Could Cost Large Medical Practice Upwards of \$2 Million

Plus: MedPAC brings payment information for physicians, therapists, and other providers to the forefront.

Transition to the ICD-10 diagnosis coding system may not just be a practical headache -- it could cost you a small fortune.

On Aug. 15, HHS announced its proposal to replace the ICD-9 codes with the ICD-10 series effective Oct. 1, 2011. Not only would the new code set completely overhaul your claims systems, software, and superbills -- but it could require vast training and significant expense outlay for your practice.

An Oct. 8 study by **Nachimson Advisors, LLC**, indicated that switching from the ICD-9 system to ICD-10 would cost a "typical small practice" (up to three physicians and two administrative staffers) \$83,290. A medium-sized practice (with 10 providers, a full-time coder, and six administrative staffers) would incur approximately \$285,195 in costs for the transition, and a large practice (with 100 providers, 64 coding staffers, and six administrative members) would take a \$2.7 million hit.

To read Nachimson Advisors' entire study on the issue, visit the Web site <http://nachimsonadvisors.com/Documents/ICD10%20Impacts%20on%20Providers.pdf>.

In other news ...

• **If you've ever been confused about how CMS sets fees and determines payment amounts, MedPAC has an answer for you.**

The Medicare Payment Advisory Commission (MedPAC) released its "Medicare Payment Basics" series, which discusses the specifics of payment rules for physician services, outpatient therapy, skilled nursing facilities, and other providers.

According to the document, "Under the fee schedule payment system, payment rates are based on relative weights, called relative value units (RVUs), which account for the relative costliness of the inputs used to provide physician services: physician work, practice expenses, and professional liability insurance (PLI) expenses.

To access the documents that make up the series, visit the MedPAC Web site at http://medpac.gov/payment_basics.cfm.