

February 18, 2014

Marilyn Tavenner, Administrator
Centers for Medicare & Medicaid Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Administrator Tavenner:

We write with concern about the Centers for Medicare & Medicaid Services' (CMS) plan to perform front-end testing of the ICD-10 billing code system during the week of March 3, 2014. Given the size and scope of the potential transition to ICD-10, the brevity and limited scope of this test is worrisome. This change will impact millions of physicians and patients, and hundreds of billions of dollars in payments that flow through Medicare and Medicaid. Other major federal IT projects--such as the implementation of Healthcare.gov--have demonstrated the importance of thorough pre-testing every aspect of new systems, both the front-end and back-end components. System-wide errors and delay could adversely impact both patients' own pocketbooks and provider cash flows. In fact, CMS' own documentation warns providers to "[e]stablish an emergency fund to cover unexpected costs and possible reimbursement delays."¹

The significance of this transition can hardly be overstated. The economic impact of the ICD-10 transition on insurers and medical providers will be billions of dollars. The Association of Health Insurance Plans has estimated the total cost just for health insurance companies could be as high as \$3 billion. A recent report to the American Medical Association found the impact of the transition to be \$83,290 for a small practice and \$2.7 million for a large one. Before either Medicare or Medicaid could conceivably transition to any new diagnostic coding method, CMS must establish clear metrics and perform system-wide tests to certify its readiness.

We ask you would assist our oversight of CMS' planned transition to the ICD-10 coding system by answering the following questions:

¹ Centers for Medicare and Medicaid Services, "FAQs: ICD-10 Transition Basics," April 2013.

1. What metrics will CMS use to evaluate the success of the ICD-10 testing period in March? What are the targets CMS has set for each of these metrics to determine whether the testing period was successful?
2. Will the testing period allow Medicare providers to test accurate and prompt claim adjudication? If not, does CMS plan on executing more testing periods before full implementation (currently scheduled for October 1, 2014) to ensure claims can be accurately submitted and paid under ICD-10?
3. Before full implementation, does CMS plan to test the appeal process for claims submitted due to incorrect ICD-10 codes as providers and staff transition to the new system?
4. When does CMS plan to release results from the testing period to the public, so that providers and other entities may make necessary changes to their systems?
5. How will CMS measure the ICD-10 readiness of Medicare Administrative Contractors (MAC) and state Medicaid agencies before full implementation? Will CMS require MACs and Medicaid to demonstrate successful end-to-end testing before all providers have to switch to ICD-10? What is the current ICD-10 readiness of these entities?
6. Provide a list of any internal or third-party testing CMS has scheduled before full implementation of the ICD-10 coding system.
7. Will CMS perform full testing of Recovery Audit Contractors (RAC), the Fraud Prevention System (FPS), and other anti-fraud efforts to ensure full capability to perform anti-fraud investigations? If so, what metrics and targets will CMS use to ensure ICD-10 readiness of RACs and the FPS?
8. When will CMS release a crosswalk of Local Coverage Determinations and all other Medicare claim transaction edits associated with ICD-10 codes?
9. How often has CMS studied the ICD-10 readiness of the providers and other third parties? What industry analyses or surveys is CMS relying on for information on the ICD-10 readiness of providers and other third parties?
10. Has studied CMS the impact the ICD-10 transition may have on upcoding? Describe the results of any findings.

Thank you for your cooperation in our review. Given the imminence of the testing period, we respectfully request you would submit answers no later than February 26, 2014.

Sincerely,

A handwritten signature in blue ink that reads "Tom Coburn". The signature is stylized with a large, sweeping "T" and a cursive "Coburn".

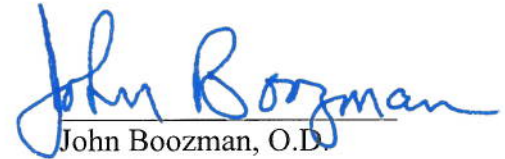
Tom A. Coburn, M.D.
U.S. Senator

A handwritten signature in blue ink that reads "Rand Paul". The signature is written in a cursive, flowing style.

Rand Paul, M.D.
U.S. Senator

A handwritten signature in blue ink that reads "John Barrasso". The signature is written in a cursive, flowing style.

John Barrasso, M.D.
U.S. Senator

A handwritten signature in blue ink that reads "John Boozman". The signature is written in a cursive, flowing style.

John Boozman, O.D.
U.S. Senator