

International Classification of Diseases (ICD-10) Implementation

FY2012 Request: \$5,100,000
Reference No: 50814

AP/AL: Appropriation

Project Type: Information Technology / Systems / Communication

Category: Health/Human Services

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Alison Elgee

Estimated Project Dates: 07/01/2011 - 10/31/2016

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Brief Summary and Statement of Need:

This is a new FY12 capital request. This project is for a federally-mandated upgrade to the International Classification of Diseases Version 10 (ICD-10) code set used for electronic health-care commerce by Alaska Medicaid and the provider community. This upgrade must be completed by October 2013 to avoid federal penalties for non-compliance. This code set provides a flexible standard coding convention with unique codes for substantially different health conditions and allows new codes to be easily incorporated.

Funding:	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	Total
Fed Rcpts	\$4,500,000						\$4,500,000
G/F Match	\$500,000						\$500,000
Gen Fund	\$100,000						\$100,000
Total:	\$5,100,000	\$0	\$0	\$0	\$0	\$0	\$5,100,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	0
Totals:	0	0

Additional Information / Prior Funding History:

This is the first year for this request.

Project Description/Justification:

This project is being implemented to comply with federal standards for electronic health-care commerce by Alaska Medicaid and the provider community and to avoid fines for non-compliance.

The nation's healthcare system is undergoing a transformation in an effort to improve the quality, safety and efficiency of patient care. The International Classification of Diseases Version 10 (ICD-10) code set provides a flexible standard coding convention with unique codes for a wide range of health conditions and establishes standard formats for exchange of data between computer systems. By using this updated standard, Alaska Medicaid eliminates the risk of federal penalties for failure to comply with the law.

The guiding principles for this implementation are:

- Implementation of required changes by the compliance date of October 1, 2013;
- Accommodation of the provider community as they prepare to test and implement their changes; and
- Minimal remediation of the Legacy System.

ICD-10 implementation is anticipated to take over 24 months. In order to meet the federal deadline, compliance implementation work must start immediately.

Project Cost By Line Item			
Line Item	Total Requested	Federal Share	State Share
Personal Services	500,000	360,000	140,000
Software Licences	1,600,000	1,440,000	160,000
Contractual Services	3,000,000	2,700,000	300,000
Total	5,100,000	4,500,000	600,000

The federal source of funding is the Center for Medicare & Medicaid Services (CMS).

One contractor will modify the existing system to be compliant with the new law and a second contractor will provide technical assistance. No hardware will be purchased. Maintenance costs are anticipated to be included by existing service contracts.

As a result of the project, Alaska Medicaid will continue its electronic commerce with the providers who serve our beneficiaries. Greater than 80% of our claims activity is electronic in nature and losing the capacity to conduct electronic commerce will have a significant negative impact on the public.

If this project is not funded, Alaska Medicaid will not be able to maintain electronic commerce with the provider community and there is a high risk of fines for non-compliance.

Mission Statement:

To promote and protect the health and well-being of Alaskans

End Result:

Alaskans have access to health care.

