

NCHICA 15th Annual Conference & Exhibition

Using ICD-10 As a Technology Driver

Presented by:
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Tuesday, September 22nd, 11:30am – 12:20pm



Using ICD-10 as a Technology Driver

The use of IT as part of a well developed strategy and implementation plan will be key for the survival of payers and providers. The presenters will play the roles of payers and providers engaging in a mental tug-of-war that will enlighten the audience on the decisions that organizations will make during the transition and the approach that each must take for achieving ICD-10 compliance.

Session objectives include:

- Explain how a well developed strategy and implementation plan for ICD-10 can lead to a short- and long-term competitive advantage
- Develop a greater understanding for the strategies of payers and providers for the transition to ICD-10
- Outline the productive and counter-productive decisions that can be made by payers and providers during the transition to ICD-10
- Increase awareness of how ICD-10 will help make IT work more effectively to lower costs and improve outcomes



Agenda

- **The Rule**
- Providers
 - The Goals
 - The Strategies
 - The Decisions
- Payers
 - The Goals
 - The Strategies
 - The Decisions
- The Results

TRANSACTIONS AND CODE SETS OVERVIEW

HIPAA Privacy and Security Rules Healthcare organizations often consciously chose how and at what level they were going to comply

Instead of fully complying, some organizations risked fines that were lower than the expected cost of compliance

HIPAA Transactions and Code Sets Rule Short-term Impacts Compliance by providers is required in order to submit electronic claims and receive payments from Medicare, Medicaid, and other plans

Compliance by payers is required in order to receive electronic claims and send precise reimbursements

HIPAA Transactions and Code Sets Rule Long-term Impacts Compliance by providers is required in order to ensure effective revenue cycle management, to participate in pay-for-performance (P4P), and to deliver value-based care to consumers

Compliance by payers is required for reporting outcomes, monitoring fraud and abuse, setting P4P rates, and enabling value-based purchasing by consumers

Background and Impact on Payers and Providers

History of ICD-10

Definition of ICD	International Classification of Diseases
History/Purpose	Developed by World Health Organization (WHO) in the late 19th Century as the International List of Causes of Death
Evolution	Became the basis for classification of illness and treatment throughout the world
Current ICD Usage in US	Only industrialized nation using the approximately 30-year-old ICD-9 and CPT-4 (Current Procedural Terminology)
Planned ICD Usage in US	ICD-10 Clinical Modification (CM) and Procedural Coding System (PCS) were modified for usage in the US by 3M Corporation under contract to CMS in 1998
Output Systems	ICD was not designed or intended for primary documentation of clinical care; input coding systems, such as SNOMED CT, are used for that purpose
Legislative Authority	HIPAA Electronic Transactions and Code Sets, 1996

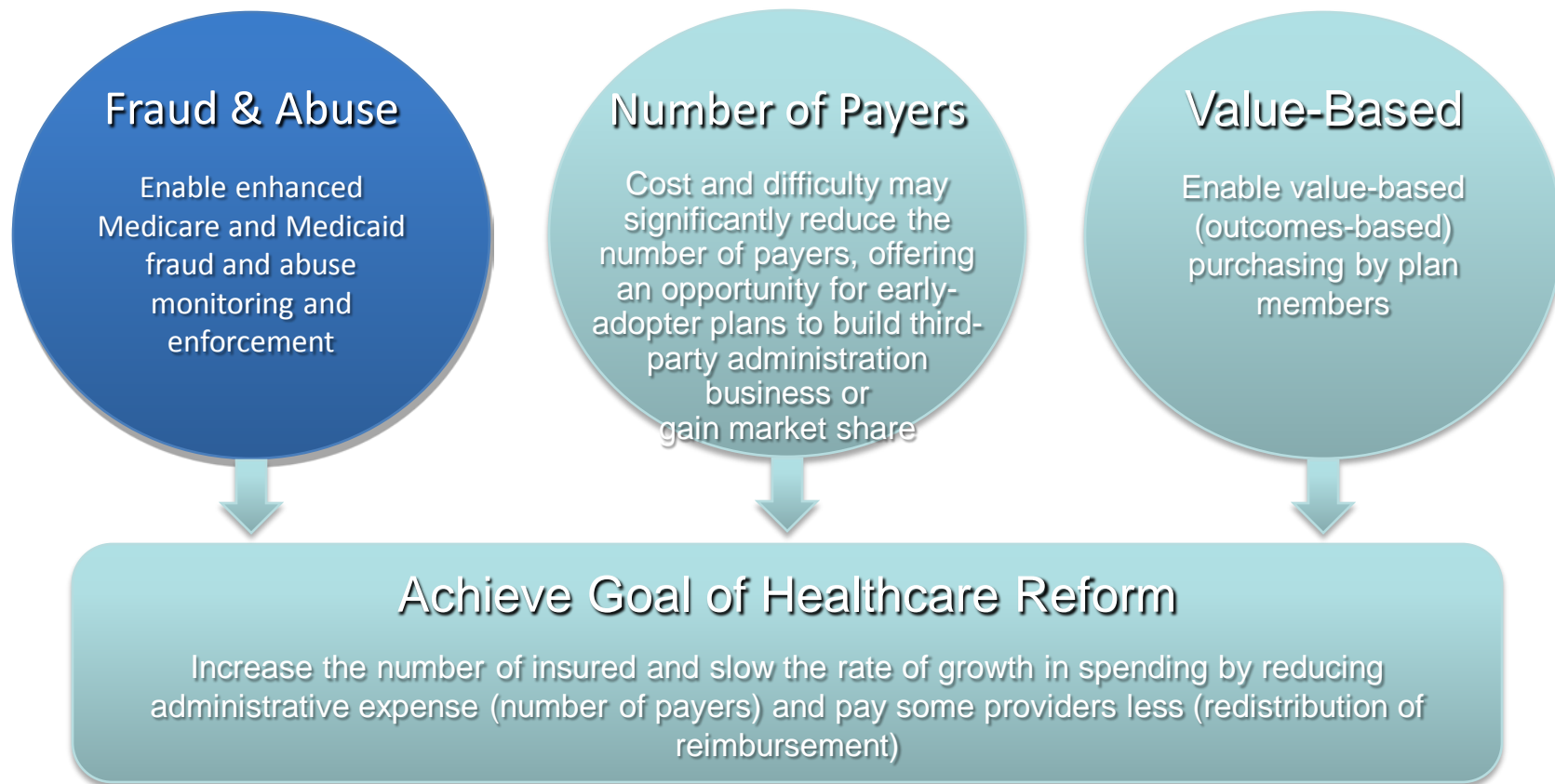
Background and Impact on Payers and Providers

Do all Payers and Providers use ICD-10?

	ICD-10-CM	ICD-10-PCS	CPT-4	HCPCS
Payers	✓	✓	✓	✓
Hospitals Inpatient	✓	✓		
Hospitals Outpatient			✓	✓
Physicians	✓		✓	

Background and Impact on Payers and Providers

The Not-So-Well Publicized Intent of the Transactions and Code Sets Rule

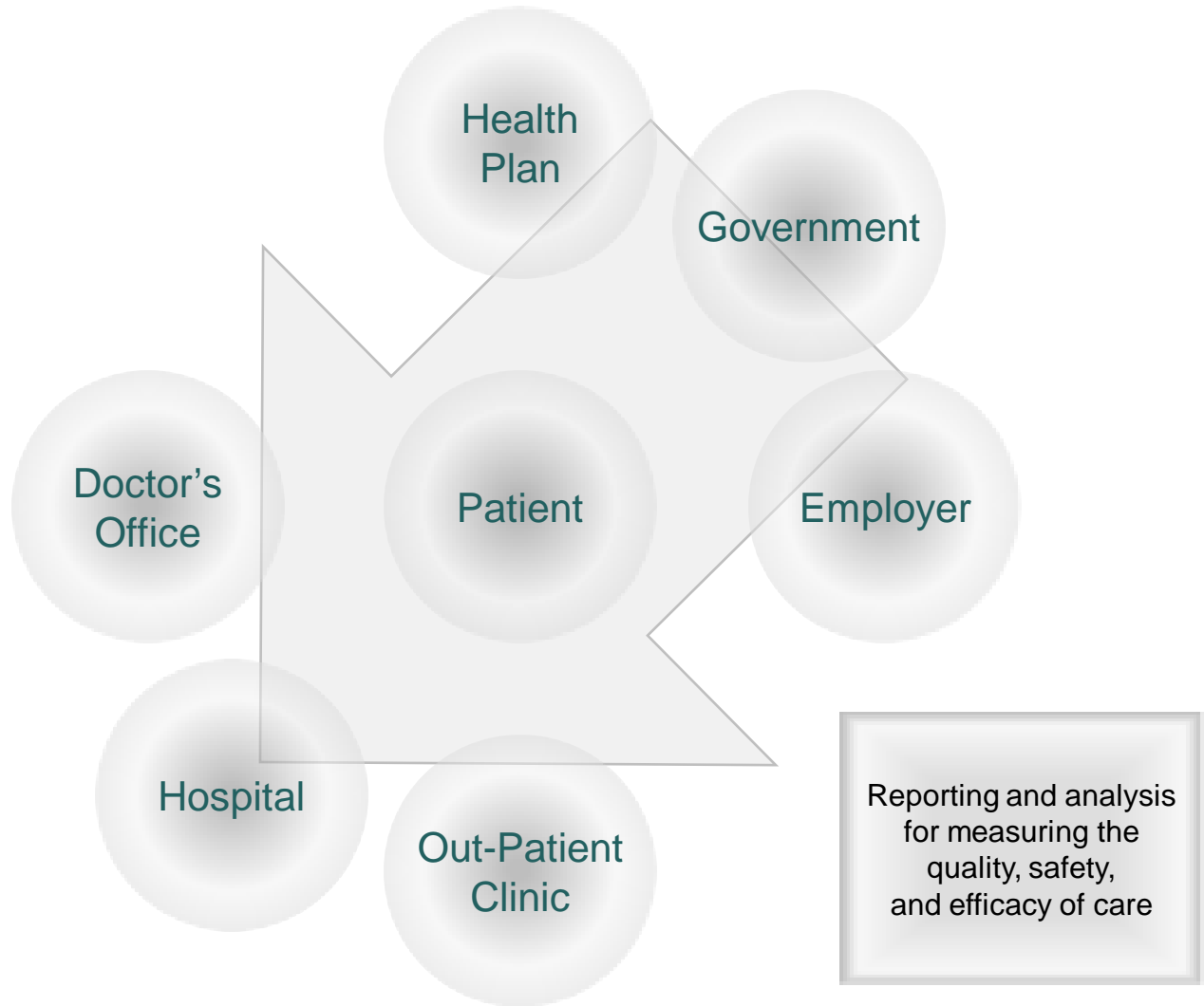




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THE PROVIDERS

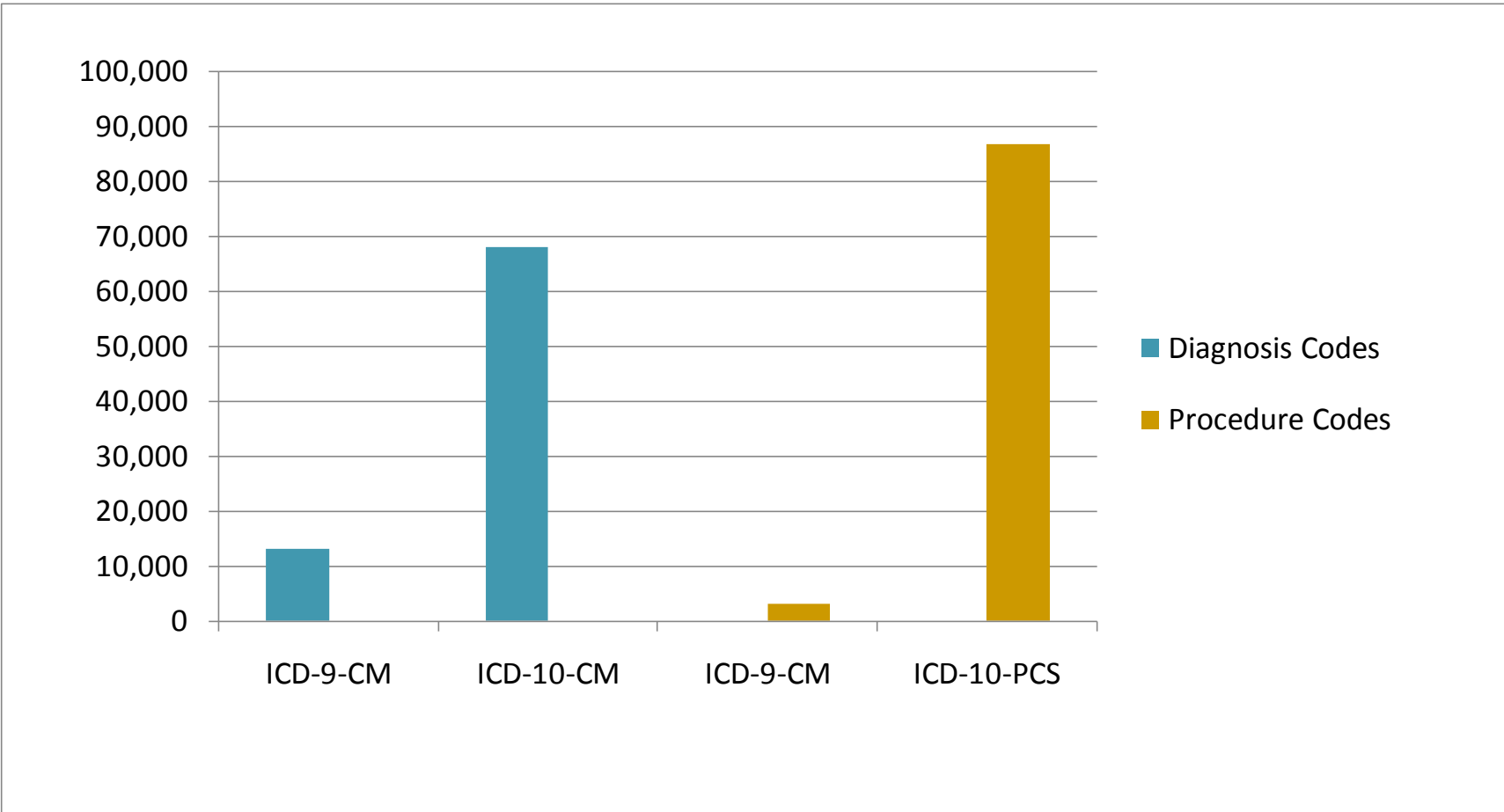




TRANSACTIONS AND CODE SETS OVERVIEW

Description	5010/NCPDP	ICD-10
Billing and claims systems	X	X
DRG's		X
HL7 interfaces		X
Billing coding systems		X
Change in clinical documentation		X
CPR/EHR/EMR/PHR		X
Vendors provide compliant releases	X	X
Minimal training required	X	
Major training required		X
Testing required	X	X

TRANSACTIONS AND CODE SETS OVERVIEW



Impact and Transition Strategy for Providers

Hospitals: Impact of ICD-10 & 5010

- This presents sweeping change to the healthcare industry, affecting alerts, information systems, processes, rules, operations, training, staffing, and competencies
- Among providers of care, hospitals are affected the most:
 - Required to implement both ICD-10-CM (Clinical Modification) with approximately 70,000 codes and ICD-10-PCS (Procedural Coding System) with approximately 90,000 codes
- As a practical matter for hospitals, the change from ICD-9 to ICD-10 and addition of ICD-10 PCS:
 - Presents an exponential increase in the number and specificity of codes
 - Requires the reengineering of the documentation of encounters using an EMR with auto-coding tools



Impact and Transition Strategy for Providers

Physician Practices/Groups: Impact of EMR and



- Physician practices/ groups are required to implement ICD-10-CM (Clinical Modification) only and will continue to use CPT-4 (Current Procedural Terminology)
- They are “coerced” to begin using an EMR
- Implementation requires use of these two major drivers:
 - Change Leadership
 - Clinical and Business Process Reengineering
- The method and sequence of implementing EMR and ICD-10 will greatly determine the success of implementation –
EMR should be implemented FIRST
- Implementation of EMR is potentially disruptive to cash flow, operations, productivity, and staffing

Impact and Transition Strategy for Providers

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Impact and Transition Strategy for Providers

Impact of EHR/EMR and ICD-10 (cont.)

- Implementation of ICD-10 is potentially disruptive to other areas:
 - Requires change in encounter documentation using a common medical terminology (e.g., SNOMED CT) mapped to ICD-10, making data more useful and interoperable
 - Requires a timeframe of nine months to a year to gain proficiency in coding
 - Requires significant level of training for clinical and non-clinical practice staff
 - Can cause a physician productivity drop of 25% to 40% (often never to recover)
 - Can cause an initial 50% decrease in coder productivity (based upon experience)
 - Can cause a potential 100% increase in accounts receivable and days to collection

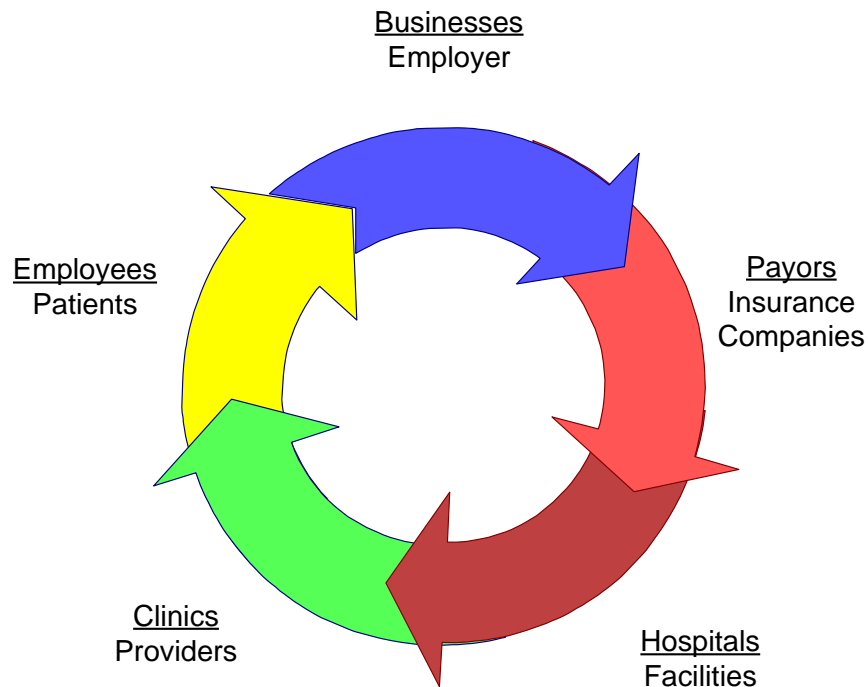


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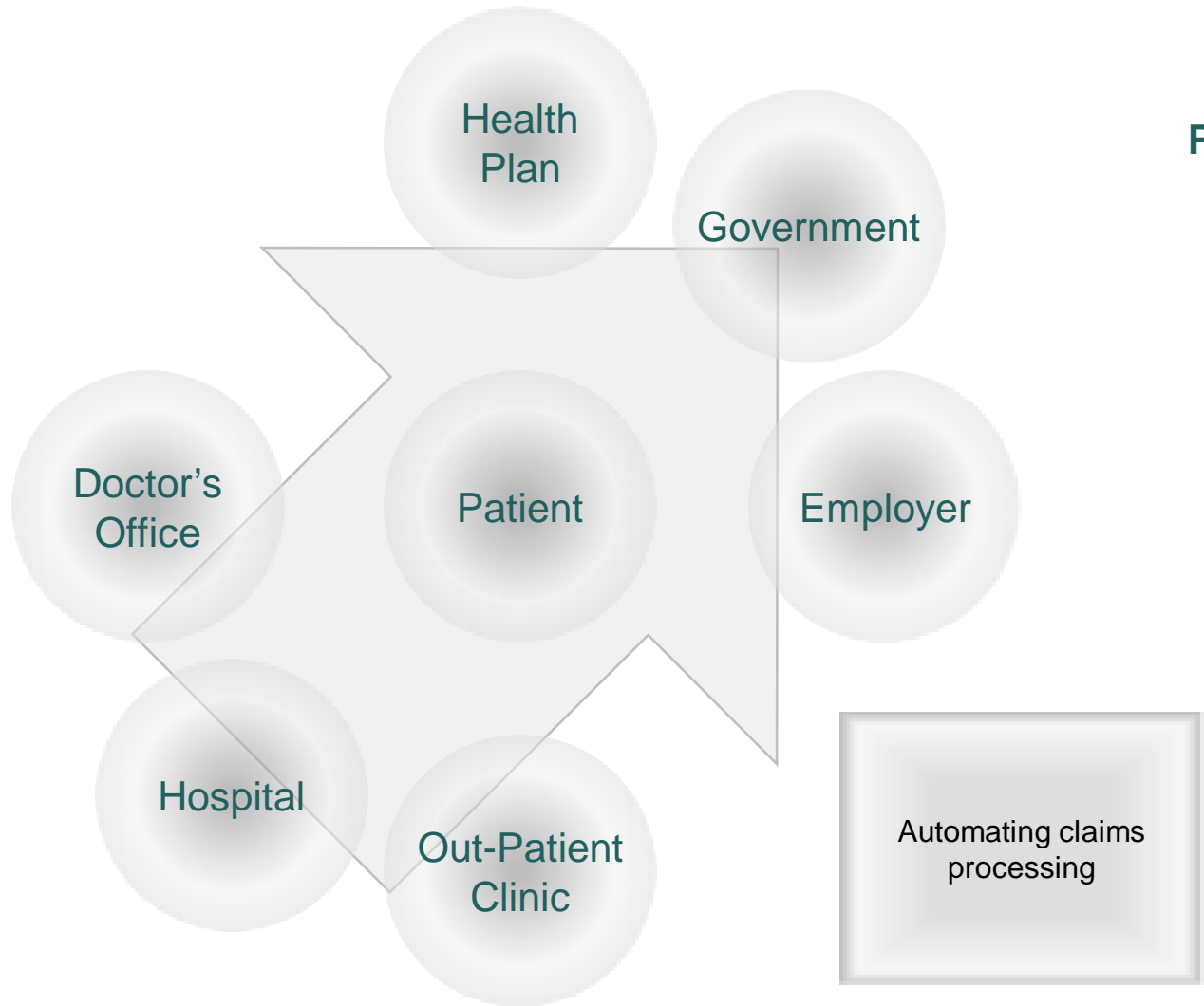


Healthcare Model



THE PAYERS

Payers



Providers



THE GOALS – LEADING TO SHORT- AND LONG-TERM COMPETITIVE ADVANTAGE

- Minimize impact with business relationships
 - Providers
 - Employers
- Improving outcomes accuracy
- Reducing the cost of treatment
- Improving organizational IT effectiveness
- Minimize disruption to operations
- Maximize claims overall processing
- Minimize ICD-10 inquiry phone calls



THE STRATEGIES – UNDERSTANDING THE PATH TO COMPLIANCE

- Identify all areas affected by ICD-10
- Define resources requirements
 - Internal
 - External
 - Vendors
 - Trading partners
- Create a multi-year budget
- Development of detailed implementation plan
- Exercise change control and change management
- Engage finance and compliance senior resources
- Develop concrete communications plan
- Manage post-implementation
 - Training needs
 - Reimbursement levels
 - Inquiry phone calls



THE DECISIONS – EXAMINING THE ACTIONS THAT PAYERS WILL TAKE

- Budgets spanning years
- Managing risks
- Provider contracts must be examined
- Application remediation options
- Use of crosswalks
- Balancing daily operations with ICD-10 initiative resource requirements
- Infrastructure
- Vendor relationships
- Testing planning
- Transition and conversion planning
- Training planning
- Go-live criteria
- Business continuity & disaster recovery plans



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THE RESULTS

- Reporting and analysis for measuring the quality, safety, and efficacy of care
- Monitoring patterns and levels of utilization
- Designing payment systems, including more innovative pay-for-performance models
- Automating claims processing
- Managing care and disease processes
- Conducting clinical trials and epidemiological research
- Tracking public health and risks
- Enabling increased Medicare and Medicaid fraud and abuse monitoring and enforcement
- Setting health policy
- Designing healthcare delivery systems (precise modeling of needed services)
- Providing data to consumers on costs and outcomes of treatment options (supports increased consumer cost responsibility and use of HSAs)

- Limited action being taken on ICD-10 at any level
- 5010 project underway without approved budget
- Vendor contracts have not been reviewed so upgrade costs might apply
- Executive leadership may want to consider combining Initiatives with ICD-10 activities
- Minimal to no outside educational activities occurring regarding ICD-10

The Potential Tug of War Between Providers and Payers

Providers to Payers

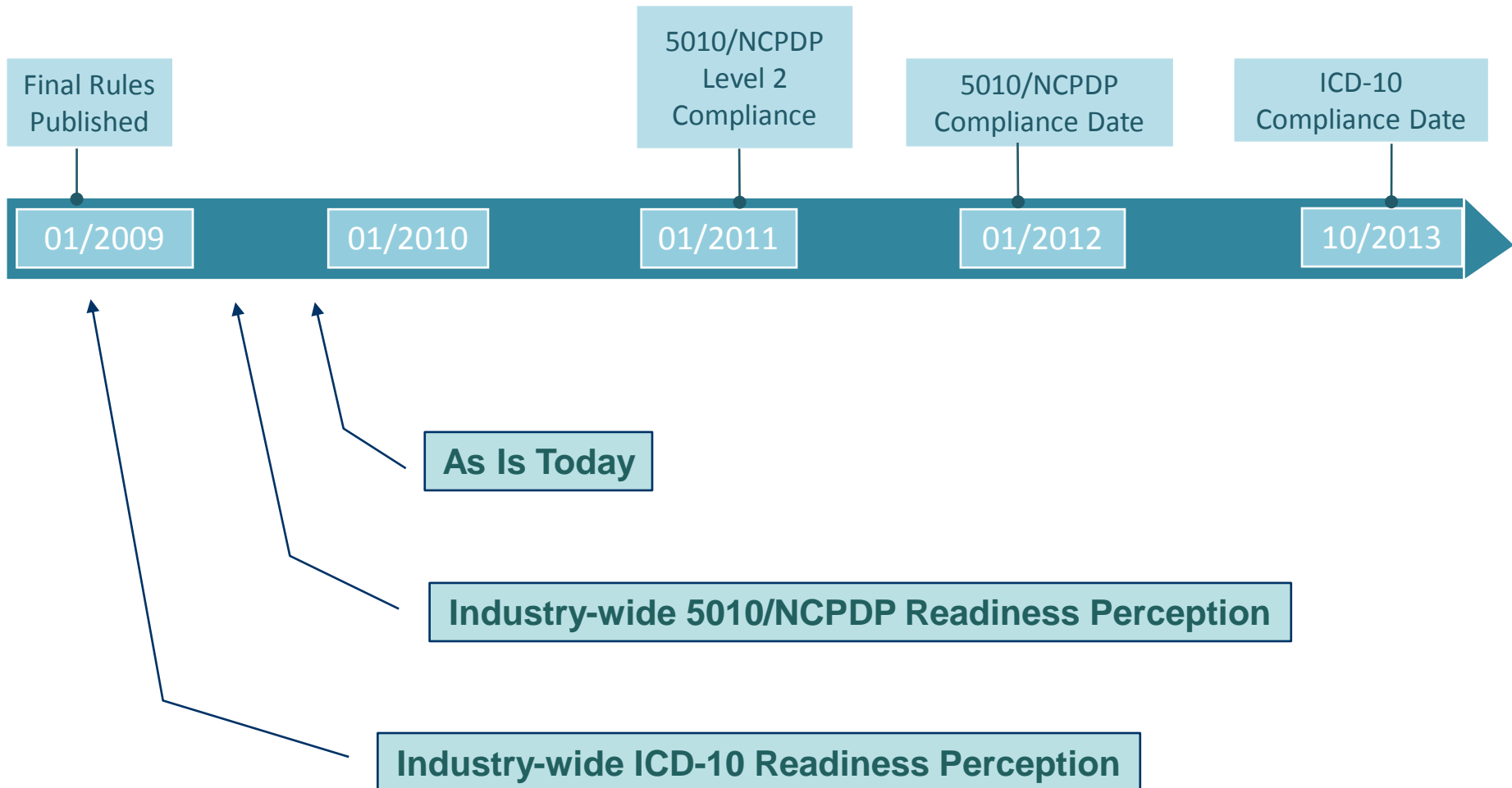
- Why are you rejecting so many claims?
- I hear you are not really using ICD-10?
- Does that mean I am getting paid based on ICD-9?
- So you are underpaying?

Payers to Providers

- Why don't you code better?
- We are accepting ICD-10, are you still using ICD-9?
- We are using our standard fee schedule, didn't you agree to it?
- Did you know we are making a few changes to your provider contracts?

Compliance Timeline

HIPAA 5010/NCPDP Transactions and ICD-10 Code Sets



Thank You

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