

North Carolina's Navigation to ICD-10

Leadership and the ICD-10 Strategic Advantage

June 24, 2010

Presented by:

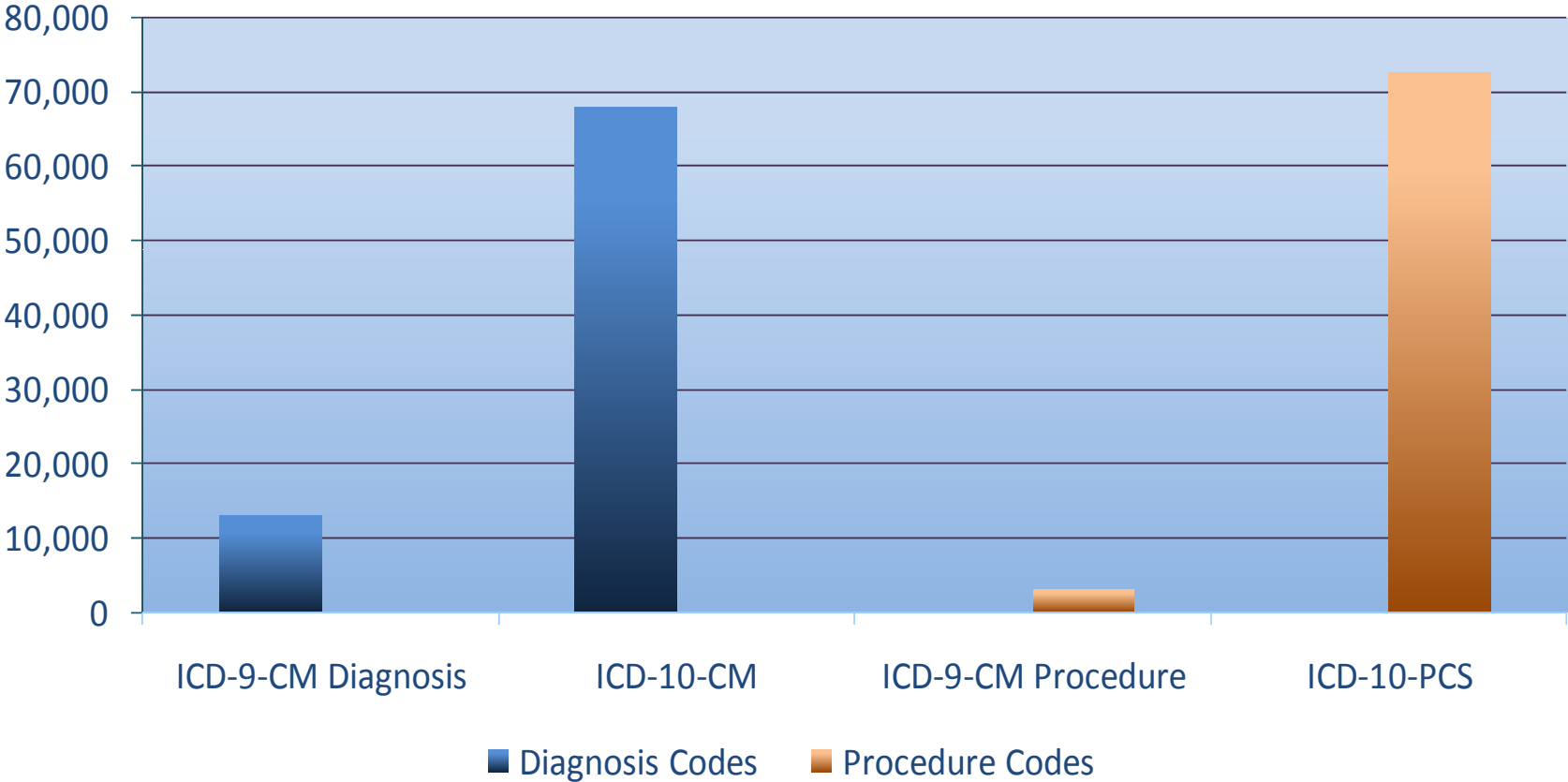


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Agenda

- High-Level Overview of 5010 and ICD-10
- 5010: Payers, Providers, and Leadership Observations
- ICD-10: Payers, Providers, and Leadership Observations
- ICD-10 Business Issues
- Recommended Next Steps

High-Level Overview of 5010 and ICD-10

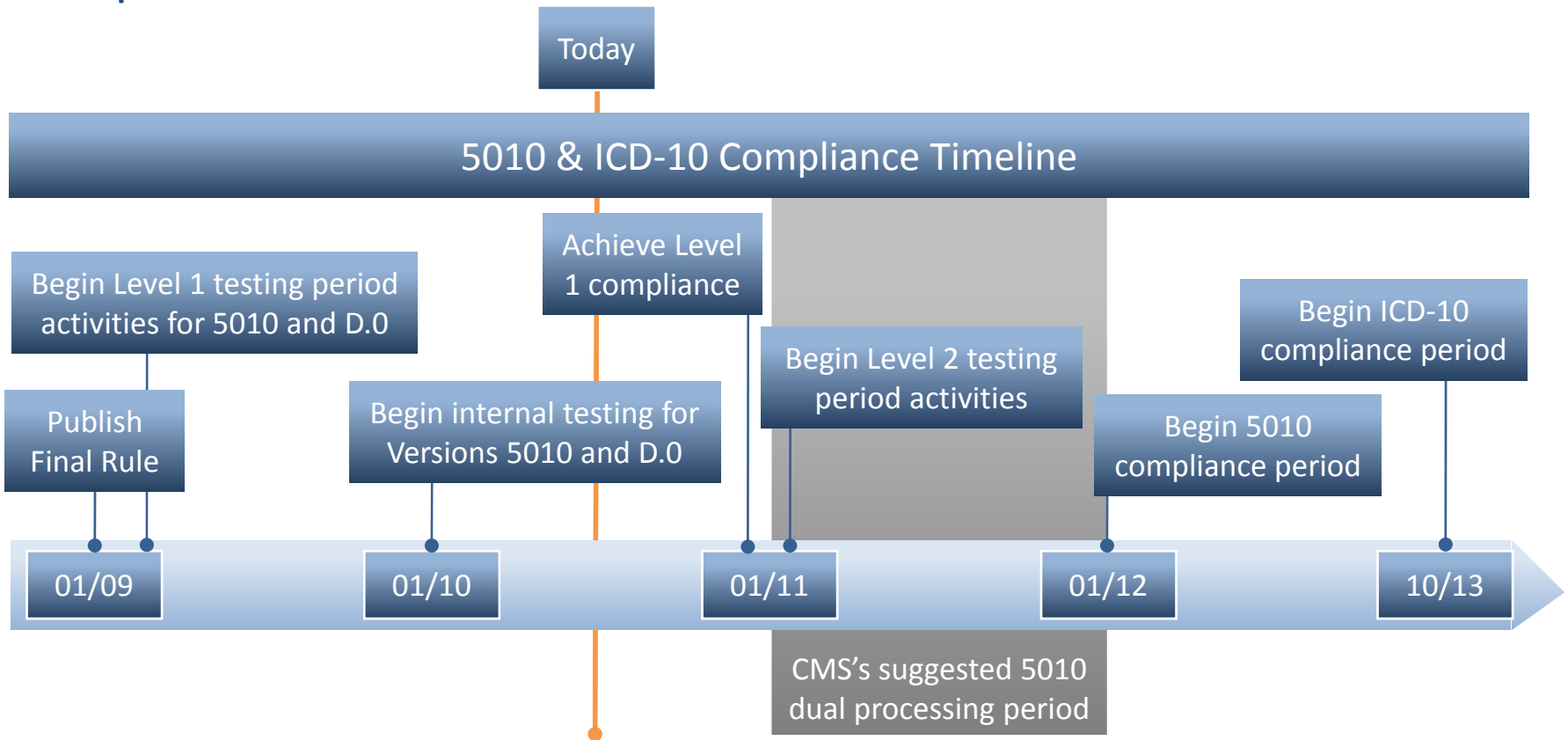


High-Level Overview of 5010 and ICD-10

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

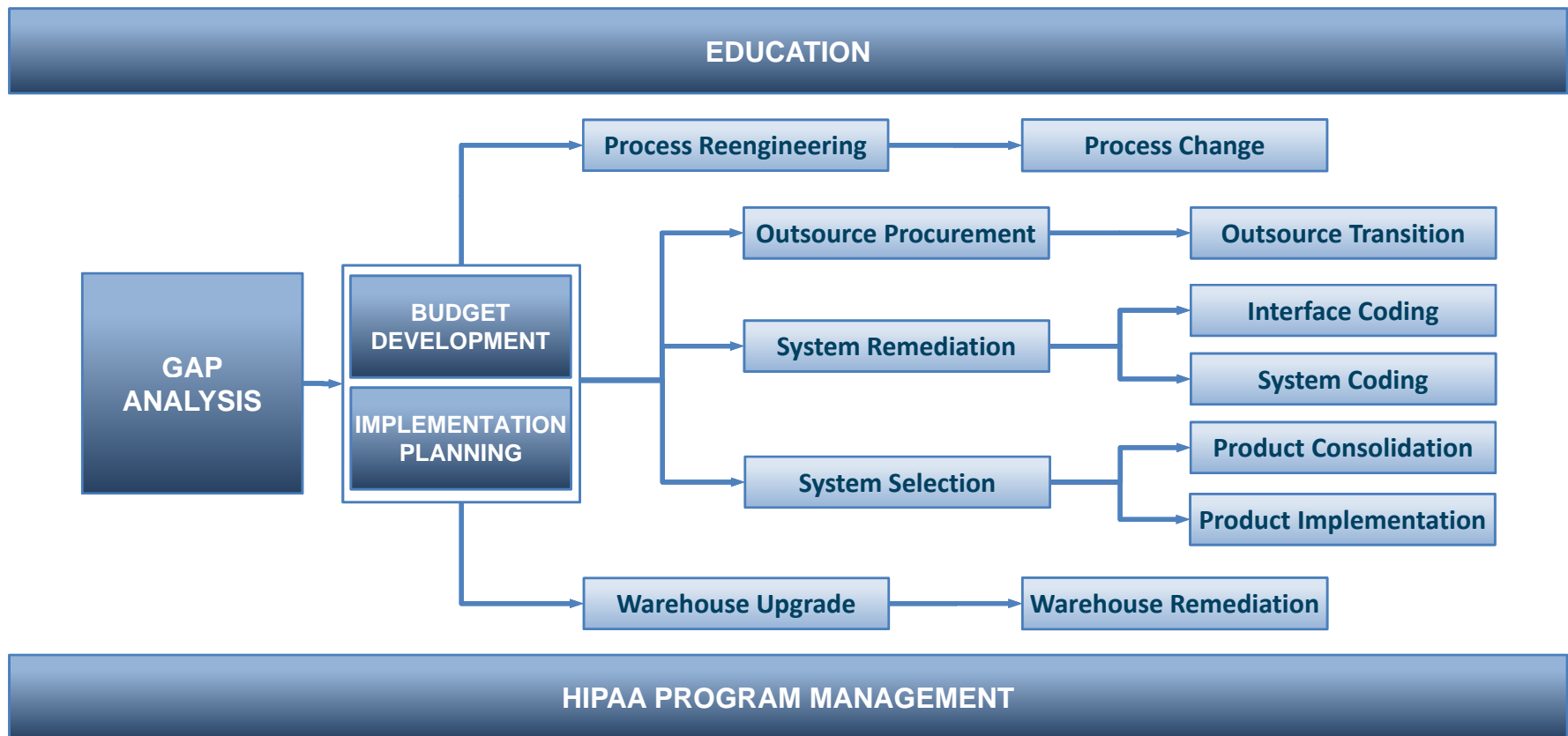
High-Level Overview of 5010 and ICD-10

Compliance Timeline



High-Level Overview of 5010 and ICD-10

A Typical Compliance Program



High-Level Overview of 5010 and ICD-10

Show of Hands

- ✓ Completed Executive Readiness 5010 and ICD-10 Assessment
- ✓ Completed Comprehensive 5010 Assessment
- ✓ Completed Comprehensive ICD-10 Assessment
- ✓ Completed Comprehensive Combined 5010 and ICD-10 Assessment

High-Level Overview of 5010 and ICD-10

Impact	Payer	Provider
Organizational size	✓	✓
80% IT and 20% business	✓	✓
Mission-critical application software	✓	✓
Bigger Impact than expected		✓
Limited resources	✓	✓
4010 not going away any time soon	✓	✓
Lost opportunities without reengineering	✓	✓

5010: Payers, Providers, and Leadership Observations

On-The-Ground Observations

- Overall organizational readiness
- Vendor due diligence
- Key observations at payers and providers
- Lessons learned from past HIPAA projects

Opportunity should not be lost to gain strategic advantage

5010: Payers, Providers, and Leadership Observations

***Finding:* HIPAA 5010, Version D.0, and 3.0—Readiness of business partners to accept or send transactions is the top barrier to successful implementations of HIPAA Modifications Regulations**

Based on the feedback from the participants in the Environmental Scan, the top barriers in the order of priority are:

- 1 Readiness of business partners to accept or send transactions
- 2 Costs of remediation
- 3 Timing of current deadlines
- 4 Current state of economy
- 5 Vendor preparedness
- 6 Senior Management Support

While Readiness of business partners to accept or send transactions is top barrier, Costs of remediation is the close second and will continue to be during this economic climate.

Centers for Medicare & Medicaid Services—Industry Planning for Implementation of
HIPAA Modifications: Versions 5010, D.0, 3.0 and the ICD-10 code sets
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ICD-10: Payers, Providers, and Leadership Observations

NCVHS Letter to DHHS Secretary Sebelius on March 3, 2010

- Compliance monitoring and timeline adherence
- Medicaid readiness
- Implementation issues with the standard transactions (5010, D.O, 3.0)
- Vendor readiness
- Education and outreach (distinct from training)
- ICD-10 code sets: mapping, crosswalks, and training
- Testing
- Lack of central directory of resources for services, assistance, and collaboration

<http://www.ncvhs.hhs.gov/100303lt.pdf>

ICD-10: Payers, Providers, and Leadership Observations

Impact	Payer	Provider
Member benefits	✓	
Provider relations	✓	
Reporting	✓	
Potential cash flow interruption		✓
Productivity loss	✓	✓
Vendor due diligence	✓	✓
Education / training requirements	✓	✓
Gaining strategic advantage	✓	✓

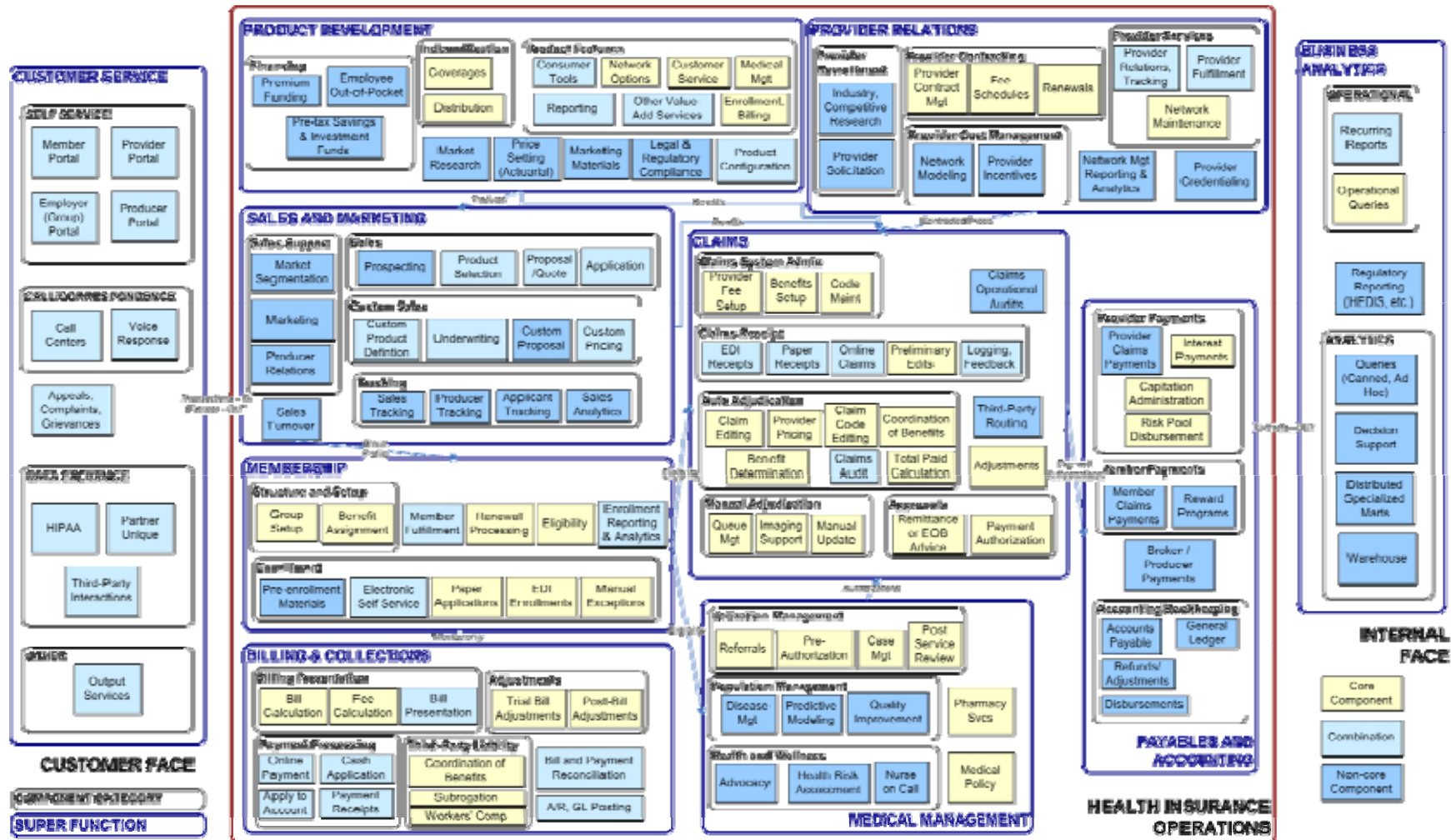
ICD-10: Payers, Providers, and Leadership Observations

On-The-Ground Observations

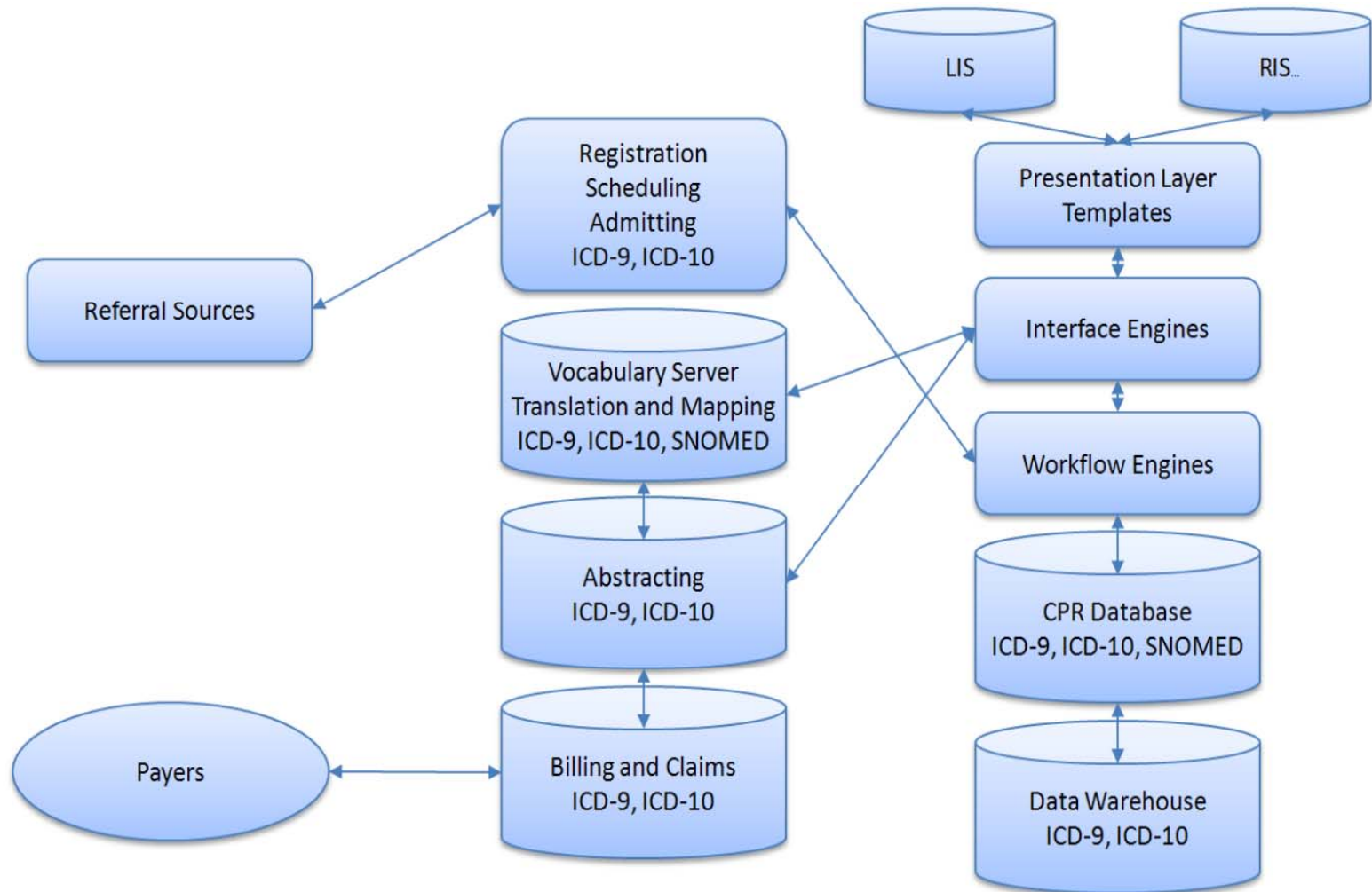
- Take the time to reengineer
- Vendor due diligence
- Plan for education and training
- Budget for the steps involved
- Early adopters

No easy method

ICD-10: Payers, Providers, and Leadership Observations

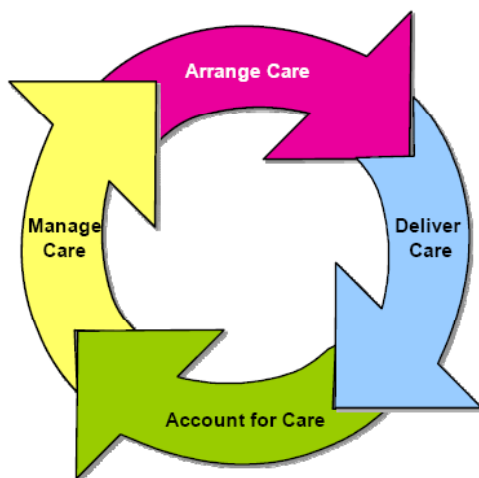


ICD-10: Payers, Providers, and Leadership Observations



ICD-10 Business Issues

Finding 2: If not planned, ICD-10 has a potential to cause severe work disruptions, claims payment delays and worsened stakeholder relations



- ICD-10 is not (only) a HIM (Health Information Management) or claims problem – It has a potential to improve all mega processes of Healthcare
- ICD-9 is everywhere – ICD-10 migration creates “Ripple Effect”
- Coordination among many-to-many relationships that exist among partners, technology organizations, consumers, and state and federal health agencies will be a challenge
- Remediation gets to the “benefit” side of the “cost-benefit” for ICD-10 rather than “Wrap and Map¹”

On the whole, the Healthcare Industry needs to plan ahead and begin to accelerate ICD-10 efforts to reduce disruptions in their operations

¹ “Wrap and Map”: External Translations for IT Systems (systems implemented in ICD-9) that are not remediated

ICD-10 Business Issues

***Finding:* Healthcare Industry sees a clear path for attaining regulatory compliance with HIPAA 5010 but lacks the same level of confidence with ICD-10**

HIPAA 5010 Compliance

- ***Familiarity with X12:*** Healthcare Industry has experience with ANSI X12 format based on their compliance with original HIPAA 4010 and NPI implementations.
- ***Impact contained within IT:*** Majority of the HIPAA 5010 impact is on IT only. Healthcare Industry treats HIPAA 5010 as a version control effort with minimal business impact.
- ***Familiarity with HIPAA implementations:*** Key stakeholders leading HIPAA 5010 have been involved in HIPAA 4010 implementations and are looking to develop strategies that mitigates the risk of non-compliance.

ICD-10 Compliance

- ***High business operations impact:*** Majority of impact of ICD-10 is on Business rather than IT. Significant training investments will be required to increase the awareness of ICD-10.
- ***Contract renegotiations with Trading Partners:*** Healthcare Industry will have a learning curve in terms of the usage of ICD-10 codes. It will take time for Healthcare Industry to remediate and agree upon the use of ICD-10 codes.
- ***Ripple effect within IT Systems:*** ICD-9 is used in almost all major IT Systems within Healthcare making it difficult to contain the changes imposed by ICD-10.
- ***Lack of experience with Code set Implementations:*** ICD-9 was implemented 30 years ago; IT Systems have evolved and have become more complex since the ICD-9 implementation.
- ***Significant impact on Laboratories:*** The impact on ICD-10 on Laboratories far exceed those for HIPAA 4010 and Y2K., and potentially increases the year over year operating costs (e.g., costs to hire additional certified coders) for Laboratories to support the additional complexity of ICD-10.

Leverage early adopters in U.S. to identify approaches, practices and strategies to enable wider achievement of ICD-10 compliance

Centers for Medicare & Medicaid Services—Industry Planning for Implementation of HIPAA Modifications: Versions 5010, D.O. 3.0 and the ICD-10 code sets
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Recommended Next Steps

- Do not wait
- Do not take shortcuts
- Share the results
- Do not delay decisions on information systems
- Base decisions on increasing competitive advantage

Plan – Budget – Execute



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