



HFMA Lone Star Winter Institute

ICD-10 Impact and Preparation

Rick Lyman, Senior Manager, Deloitte Consulting

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Agenda

ICD-10 Overview

ICD-10 Code Changes and General Equivalent Mappings

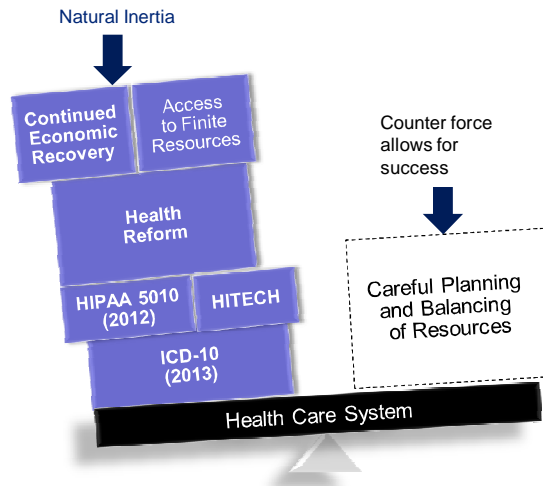
ICD-10 Impact and Preparation

Questions

ICD-10 Overview

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ICD-10 Sits Among a Myriad of Critical Issues That Must be Absorbed by the Health Care System Over the Next Five years



The ability to absorb the volume of change will be dependent upon the ability to balance all of the work required

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ICD-10 is a Complete Replacement of the Current ICD-9 Coding System

The Federal Government through the Centers for Medicare and Medicaid Services (CMS) is driving the healthcare industry to upgrade diagnosis and procedure coding standards (ICD-10) by October 1, 2013

ICD-10 Changes		Implications				
<p>ICD-10 <i>(International Classification of Diseases version 10)</i></p> <p>The ICD is the international standard diagnostic classification for general epidemiological, health management purposes and clinical use</p> <p>ICD-10 CM & PCS is an upgrade of the U.S. developed Clinical modification (ICD-9-CM) of Diagnosis and Procedure Codes, first adopted in 1979</p>	<p>Significant increase in clinical granularity</p>	<p>Pervasive Impacts</p> <ul style="list-style-type: none"> • Diagnosis codes and procedure codes flow through mission critical operational systems and analytical tools • Alignment of technology remediation with business and technology strategies • Business process reengineering, training and change management is essential <p>Comprehensive Benefits</p> <ul style="list-style-type: none"> • Quality Measurement • Public Health Disease Surveillance • Clinical Research • Organizational Monitoring and Performance • Reimbursement 				
	<table border="0"> <tr> <td style="border: 1px solid black; padding: 5px;"> <p>ICD-9 CM (Diagnosis) 5 digits numeric >14,000 unique codes</p> </td> <td style="font-size: 2em; vertical-align: middle;">➔</td> <td style="border: 1px solid black; padding: 5px;"> <p>ICD-10 CM (Diagnosis) 7 alphanumeric characters > 68,000 unique codes</p> </td> </tr> <tr> <td style="border: 1px solid black; padding: 5px;"> <p>ICD-9 CM (Procedure) 5 digits > 4,000 unique codes</p> </td> <td style="font-size: 2em; vertical-align: middle;">➔</td> <td style="border: 1px solid black; padding: 5px;"> <p>ICD-10 CM (Procedure) 7 alphanumeric characters > 72,000 unique codes</p> </td> </tr> </table>		<p>ICD-9 CM (Diagnosis) 5 digits numeric >14,000 unique codes</p>	➔	<p>ICD-10 CM (Diagnosis) 7 alphanumeric characters > 68,000 unique codes</p>	<p>ICD-9 CM (Procedure) 5 digits > 4,000 unique codes</p>
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ICD-10 Specific Impacts and Benefits for Payers and Providers

While the complexity involved in the transition from ICD-9 to ICD-10 will require significant business & technology investment, the richer clinical data embedded in those transactions provides a platform for improving health care data and information

	Investments	Potential Long Term Benefits
Health Plans	<ul style="list-style-type: none"> ▪ Modifying systems & interfaces across the enterprise to accommodate revised structure ▪ Developing & implementing revised workflows & business processes to support use of data ▪ Modifying provider contracts & benefits plans to align to new coding structure ▪ Modifying actuarial & decision support tools to incorporate & leverage new information 	<ul style="list-style-type: none"> ▪ Better visibility to member health status for predictive modeling, experience based rating, & underwriting ▪ Better data to inform medical management & wellness programs ▪ Greater ability to drive clinical quality through performance based contracts
Providers	<ul style="list-style-type: none"> ▪ Modifying systems & interfaces across the enterprise to accommodate revised structure ▪ Developing & implementing revised workflows & business processes to capture more detailed information ▪ Training Clinicians & coders to support the greater specificity of documentation & coding required by ICD-10. ▪ Evaluating revenue impact & negotiating with payers to maintain or enhance revenue based on case mix 	<ul style="list-style-type: none"> ▪ Greater ability to develop clinical pathways & protocols based on more detailed code sets ▪ Opportunity for differentiated reimbursement for complex cases ▪ Data Accuracy as a result of new data reporting & coding nomenclature to provide clarity on disease management, healthcare outcomes, enhanced medical documentation leading to increase in reimbursement, managed care contracting & overall reporting comparison for provider profile comparison

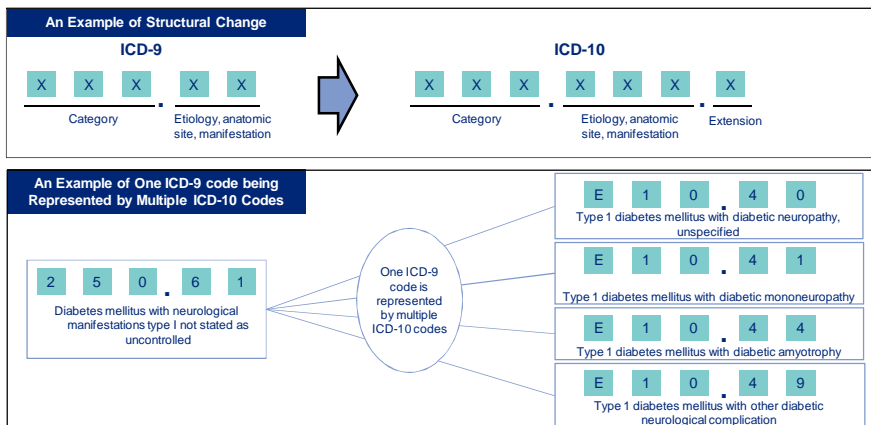
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ICD-10 Code Change and General Equivalent Mappings

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The Basics of the ICD-10 Change

The ICD-10 code set is a full replacement of the ICD-9 code set that will provide additional granularity for diagnosis and procedure codes. This additional granularity is the primary driver of value

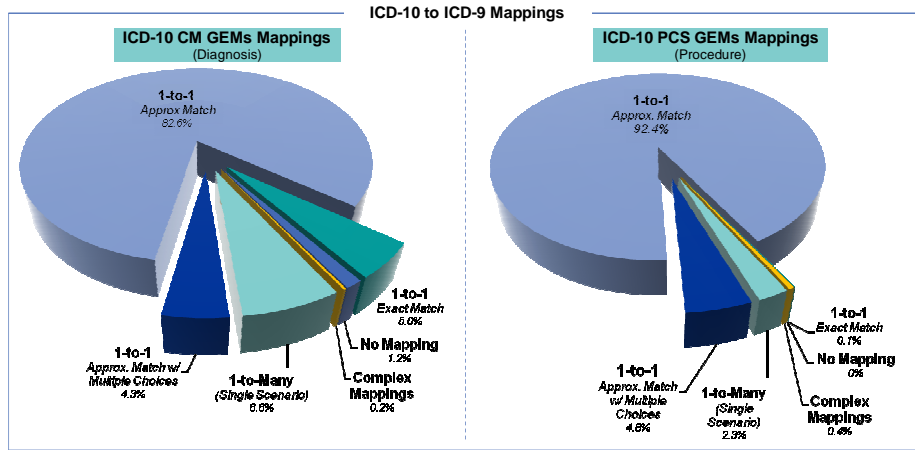


The industry expects that mapping ICD-9 and ICD-10 codes will be a complex task

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CMS General Equivalent Mappings (GEMs)

Changes in ICD structure complicates mapping between ICD-9 and ICD-10; so CMS created the GEMs to define all reasonable alternatives for mappings in both directions.

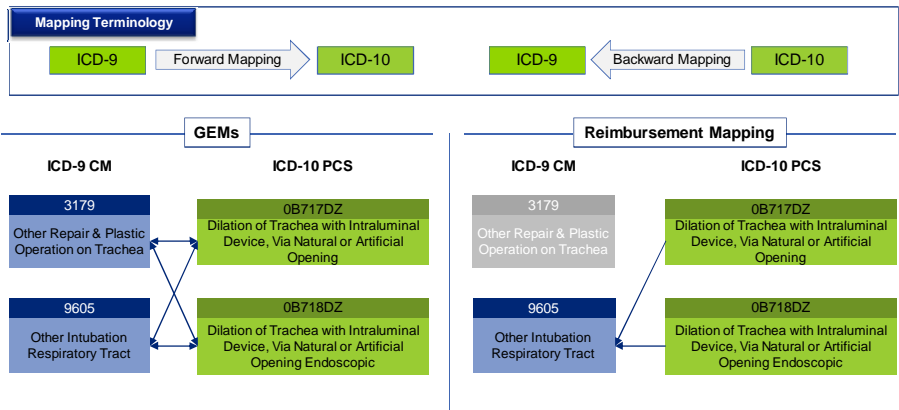


The GEMs contain some complex many-to-many mappings and thus cannot be used as a crosswalk. GEMs however, provide the foundation for the CMS Reimbursement Mappings

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CMS GEMs vs. CMS Reimbursement Mappings

CMS Reimbursement Mappings, which can be thought of as a crosswalk, eliminate alternative paths for ICD-10 to ICD-9 mappings to enable such scenarios as accepting ICD-10 claims but adjudicating internally against ICD-9



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ICD-10 Impact and Preparation

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What Are The Impacts and Who Is Impacted?

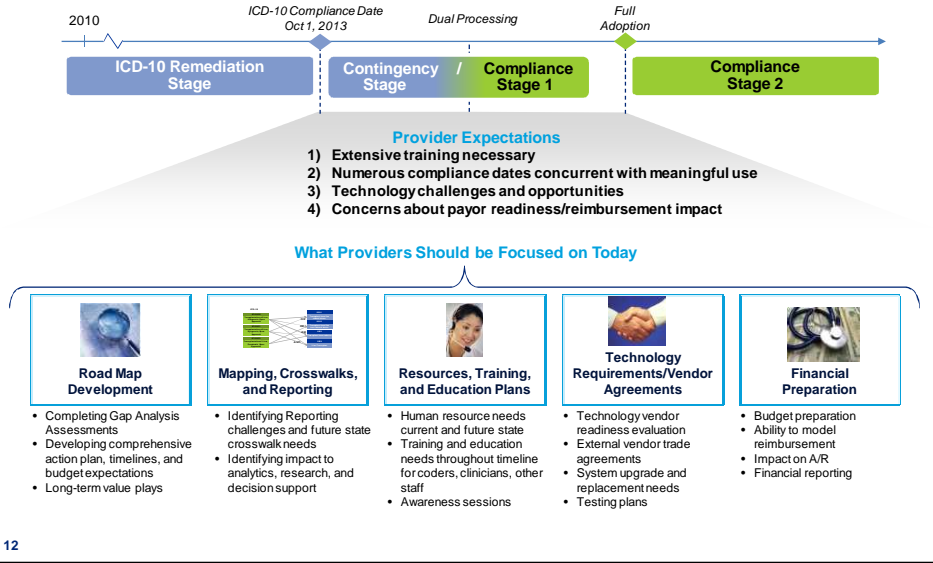


Significant technology and process changes in addition to industry adoption will be required to achieve the intended benefits of ICD-10

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The Provider Market View

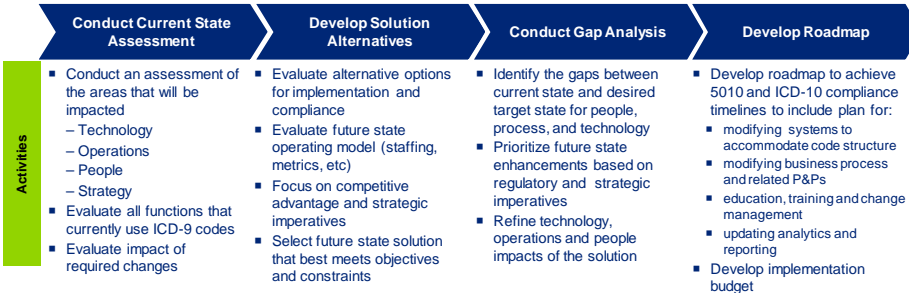
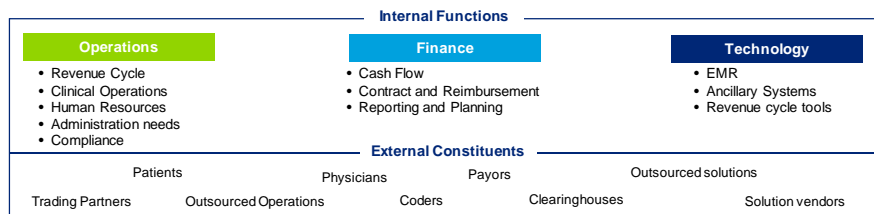
Only 20-30% of the provider market has initiated ICD-10 planning, training, and preparation efforts.



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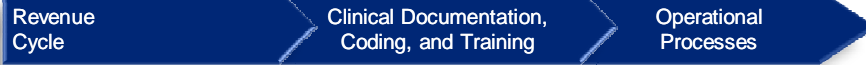
How Should Providers Get Started?

In the short term, providers need to conduct an initial ICD-10 assessment and develop a roadmap for implementation, considering both internal functions and external constituents;



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Focus Areas – Operations



Revenue Cycle

- Identify key revenue cycle functions currently using ICD-9 (i.e., scheduling, financial clearance, claims processing, denials management)
 - Outline ICD-10 action steps and implementation approach:
 - Staffing/Training
 - Process/Policy and procedure redesign
 - Communications
 - Compliance concerns
- Address issues such as dual processing, pre-certification surrounding go-live, and reporting capabilities

Clinical Documentation, Coding, and Training

- Determine workforce training required for ICD-10
 - Estimate capacity of current workforce to support transition
 - Review clinical documentation and coding practices
 - Identify alternative training programs and internal/external training resources required
 - Review HR and training support infrastructure
 - Develop program timeline and budget
- Develop list of external service providers (i.e., physician groups, coders/abstractors, billing)
- Develop practice session approaches

Operational Processes

- Identify current clinical use of ICD-9 (i.e., problem lists, EHR documentation)
 - Consider additional areas such as:
 - Credentialing
 - Marketing
 - Research
- Engage leadership in impacted functional areas
 - Identify data users impacted (i.e., case management, marketing, decision support)
 - Document operational gaps, heat map, and identify linkages to technology and finance requirements
 - Determine ownership for readiness activities
- Evaluate current policies and procedures
- Identify relevant management reports

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Focus Areas – Finance



Health Plan Contracting

- Understand payer approach to code mapping and impact to reimbursement
 - Evaluate changes to reimbursement formulas, contracts, etc.
 - Understand change in net reimbursement based on changes in acuity and new codes
 - Identify tools to enable payment modeling with new codes
 - Understand payment monitoring and compliance tools/practices
 - Define future state under payment monitoring approaches/tools
 - Develop contracting/negotiation plan
 - Develop and prioritize list of payers (contracted and non-contracted)
 - Confirm payers ability for reimbursement under ICD-9 and ICD-10
 - Confirm payer assumptions regarding cash flow during transition and long term

A/R Management

- Determine potential impact to coding productivity and DNFB/billing/payment changes
- Estimate potential impact to cash flow during transition and long term
- Identify dual processes and related reporting
 - Receiving payable claims during the transition period from ICD-9 and ICD-10 codes
 - Matching referrals that contain ICD-9 and ICD-10 codes

Financial Management

- Determine impact to Cash Flow and Working Capital
 - Establishing additional reserves (if applicable)
 - Managing working capital
 - Capital and Operations Budgeting for next three years
- Identify dual processes and related reporting
 - Determine financial reporting and forecasting requirements during transition period from ICD-9 and ICD-10 codes
 - Determine opportunities to improve cost accounting
- Determine financial impact to Research and/or Intellectual Property

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Focus Areas – Information Technology

Core Financial Systems

Clinical Systems

Practice Management Systems

Current State ICD-9 Data Analysis

- Identify/inventory specific systems and databases
- Identify impacted data components
- Map data sources and flow (source, target, interfacing transformations, etc.)
- Identify research databases utilizing ICD-9 data elements

Use of ICD Data

- Identify operational report implications
- Identify analytical report implications
- Determine information usage opportunities using new code set
- Determine requirements and limitations for transition

Current System Constraints

- Vendor Readiness
- Evaluate current contracts and SLAs to determine readiness/contracting implications
- Initiate communication with vendors to assess remediation plans and technical/vendor risks
- Define systems at risk for ICD-10/dual ICD-9 capabilities
- Determine replace vs. remediate strategies

Action Steps

- Develop functional and technical requirements
- Develop remediate/replace plans
- Estimate capacity of IT teams to implement requirements
- Develop testing timeline and process
- Update systems
- Design and implement storage and reporting enhancements

Questions

Contacts

Chris Armstrong
Deloitte Consulting
cmarmstrong@deloitte.com
714-473-6125

Rick Lyman
Deloitte Consulting
rlyman@deloitte.com
317-698-1691