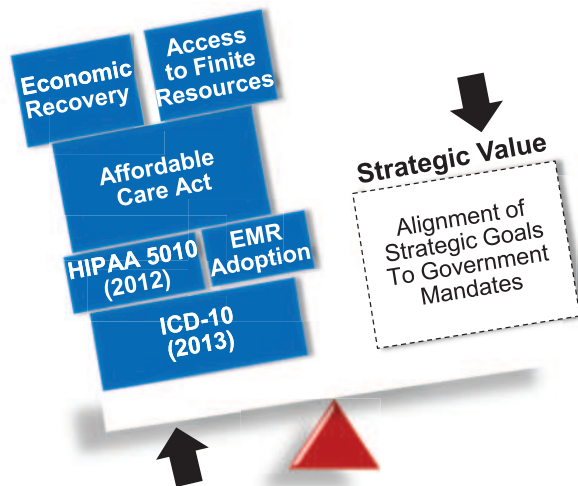


# ICD-10 Strategic Thinking: What to Consider Beyond the Basic Tactics of Remediation



July 22, 2011

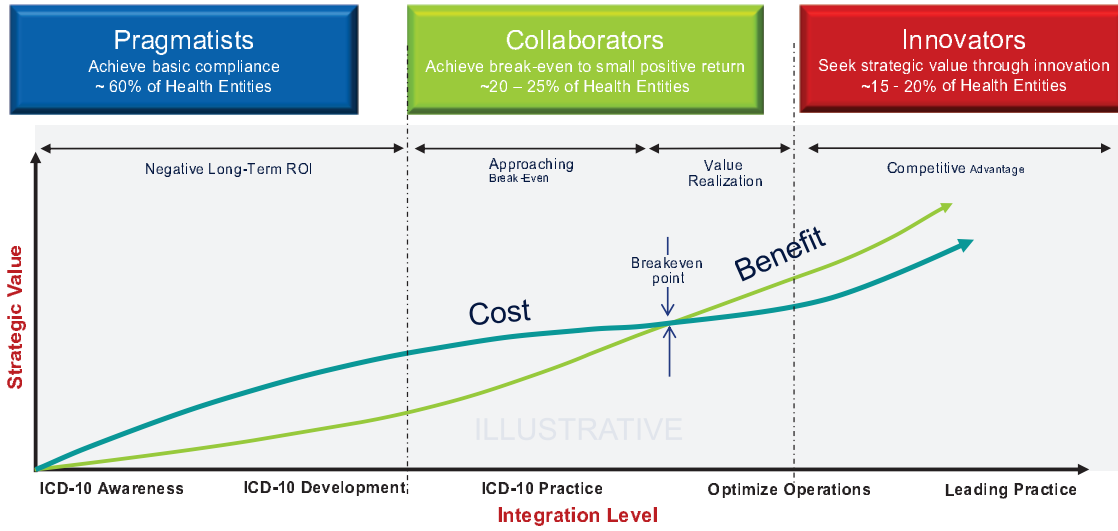
## ICD-10 sits among the top issues the industry has to weigh



**A strategic approach is required to drive value into the overwhelming effort that faces today's health care organizations.**

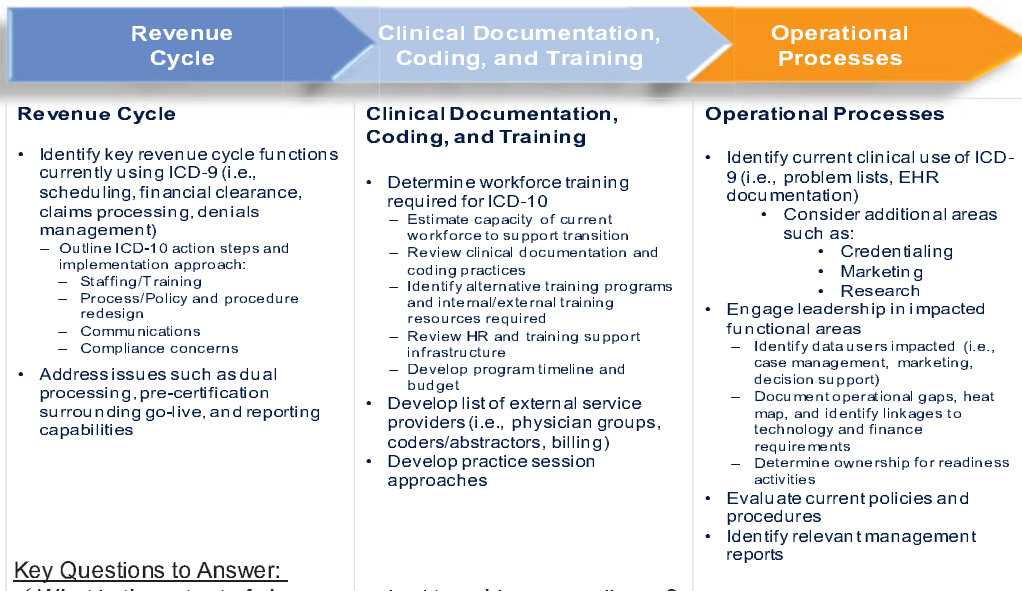
# Garnering benefits

Knowing your desired strategic position is the first step in capturing strategic value through your ICD-10 remediation



# Provider Gap Assessment Considerations

## Focus Areas – Operations

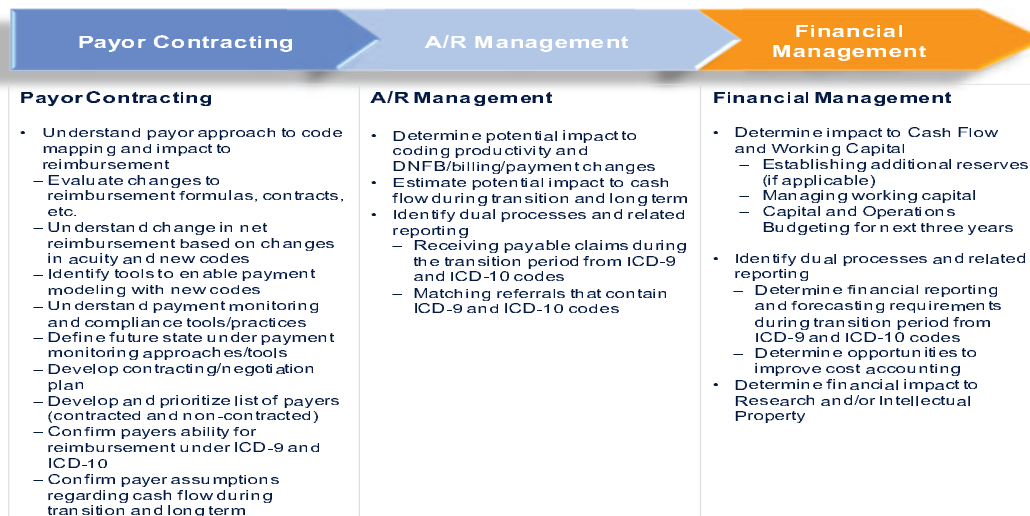
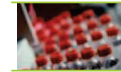


Key Questions to Answer:

- ✓ What is the extent of change required to achieve compliance?
- ✓ What specific functions, workflow, and personnel will be impacted?
- ✓ How will gaps be prioritized?
- ✓ How can the organization optimize compliance and strategic benefit?
- ✓ Who in the organization is on point for managing the ICD-10 transition?
- ✓ What contingency plans need to be developed for preparation to transition to ICD-10?

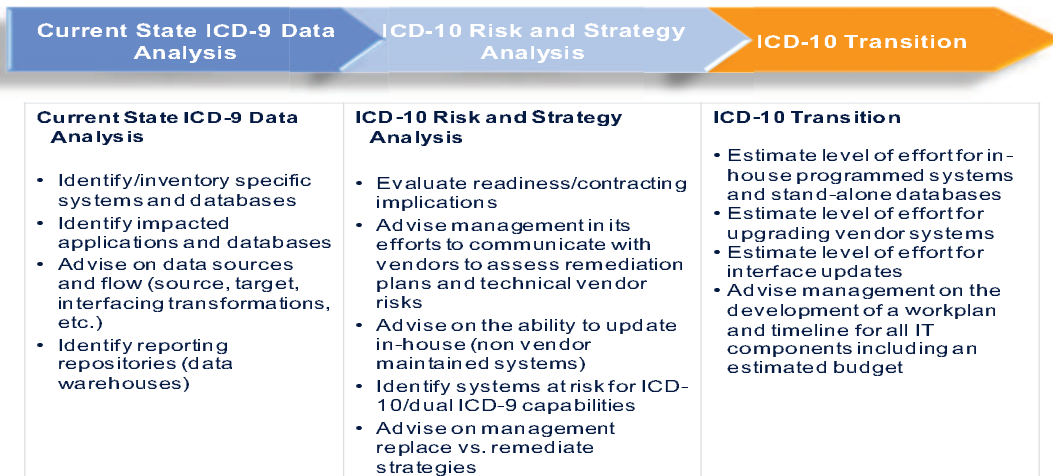
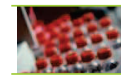
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## Focus Areas – Finance



Key Questions to Answer:

- ✓ What financial resources are required?
- ✓ What will be the impact to accounts receivable and cash flow?
- ✓ What managed care contracts will need to be renegotiated?
- ✓ How will payors develop new reimbursement schemes?
- ✓ What is the magnitude of the financial impact of changes to reimbursement?
- ✓ What finance tools and processes will need to be modified to support the transition to ICD-10?



Key Questions to Answer:

- ✓ Which of the organization's technical components will be impacted by ICD-10 mandates - applications, databases, reports, interfaces, etc
- ✓ How pervasive/invasive are the impacts to systems, and what is the level of risk of non-compliance?
- ✓ What is the indicated remediation strategy (upgrade, replace, in-house coding, etc.)?
- ✓ What high-level steps and estimated timeline are required to complete the migration?

# Provider Market Strategies and Key Success Factors

# ICD-10 assessment and implementation challenges

The magnitude of ICD-10 and its aggressive compliance timeline require an understanding of ICD-10 implementation challenges and early remediation planning.

Lessons Learned	Non-for-Profit Academic Medical Center (3 hospitals, 30 health centers, serving 1.2M residents)	Non-for-Profit Integrated Delivery System (23 hospitals, serving residents in multiple states)
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Potential disruptions in cash collection</li> <li>• Need for significant enhancement in clinical documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Prioritization of resources/ funding required</li> <li>• Complex and extensive training</li> <li>• Outreach required for training</li> <li>• Human resources need to be part of project team to develop recruiting, retention, and remote solution alternatives.</li> </ul>
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Research databases exist housing ICD-9 data</li> <li>• Over 2,600 reports require remediation</li> <li>• Over 60 applications (20%) require remediation or replacement</li> <li>• Technology solutions, such as computer assisted coding and physician assistive tools, to be selected</li> </ul>	<ul style="list-style-type: none"> <li>• 43% of reviewed applications and over 500 interfaces need ICD-10 remediation</li> <li>• Over 1,000 reports require changes</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>• Process for claims testing with trading partners necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistency in GEMS maps limits ability to model and predict reimbursement impacts</li> <li>• Process for claims testing with trading partners required</li> </ul>

## Tips to a successful transition to ICD-10



**A key to a successful ICD-10 transition** is identifying the business and technical capabilities necessary to support obtaining ICD-10 benefits and meeting regulatory requirements.

Our findings from current ICD-10 projects show significant impacts in Operations, Technology/ Informatics, and Finance including:

- 1 Solutions need to accommodate dual processing** to enable ICD-9 and ICD-10 code submission for extended timeframe; impacts people, process and technology
- 2 Data remediation is needed** across significant numbers of systems and applications (examples range from 50 to over 400 systems)
- 3 High volume of reports will require remediation** in order to continue to support strategy development to address trending reports and garner benefits from the granular data set (some organizations over 3,000 reports)

## Tips to a successful transition to ICD-10 (cont'd)

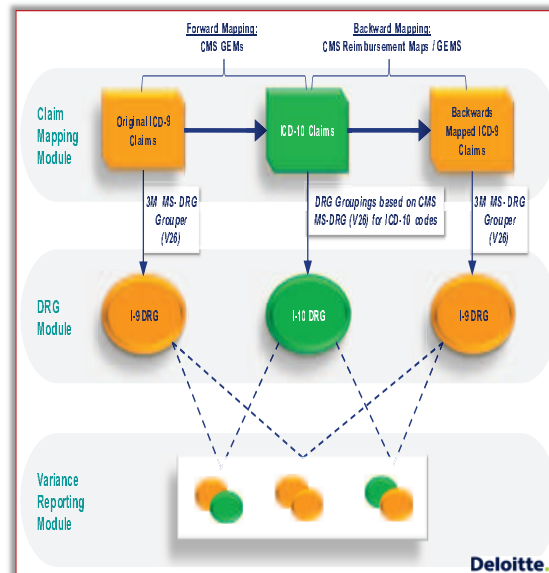


- 4 **Implementation/remediation is complicated** by external trading partner, payor, and vendor readiness and testing timeframes
- 5 **Organizational budgets have ranged for selected clients from \$17M to \$100M** for ICD-10 implementation depending upon size and complexity of organization
- 6 **Participation will be required from a cross-functional team** to design an efficient workplan that addresses impacts to EHR/documentation, productivity, training, A/R, managed care contracting, resource needs, and costs
- 7 **Research data, financial reporting, trending tools, and comparative analysis will need to be evaluated** related to cross-over time periods with both ICD-9/ICD-10 codes

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## Cross walk considerations

- ✓ **Utilize tools to simulate and assess impacts to ICD-10 migration** and provide additional insight to clinical documentation challenges
- ✓ **Analyze existing claim experience** based on CMS' ICD-9 to ICD-10 equivalency maps (GEMS)
- ✓ **Solutions to accommodate dual processing are required** to enable ICD-9 and ICD-10 code submission for extended timeframe
- ✓ **Bi-directional crosswalk capabilities are required for providers** to enable a single source for data mapping and enabling reporting continuity strategies for 2013 and beyond



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## Key implementation strategic elements

### Controls

- ✓ **Pre-go-live and post implementation performance monitoring and indicators** for discharge not final billed, accounts receivables, and documentation queries
- ✓ **Analyzing and monitoring plans** for coding accuracy, underpayment management, denials, and clinical documentation requirements
- ✓ **Deep knowledge of ICD-10 code set** to enable collaboration with partners and early data evaluation
- ✓ **Budget planning and resource identification** for successful remediation and capture of benefits

### Triggers

- ✓ **Engaging owners of informatics, technology, and business** in strategy sessions using process redesign information, vendor readiness, and trading partner information to develop the overall strategy for technology changes related to ICD-10
- ✓ **Scheduling early meetings with the top 5 payers** in which the organization is reimbursed through DRG, AP/APR DRG or other payment models impacted by ICD coding
- ✓ **Gaining insight into clinical documentation improvement** through enhanced use of technology and testing options

### Levers

- ✓ **Analyzing ICD-10 data gathered through early adoption** to evaluate trends, data variation, case mix changes, and detailed data impact
- ✓ **Taking an enterprise data management approach** to create and maintain consistent, structured data that can be used in a more meaningful and efficient manner

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## ICD-10 transition — Key strategic decisions

- ✓ **Develop collaboration plan with payers and third-party trading partners**
- ✓ **Consider solutions for early ICD-10 adoption and reporting**
- ✓ **Decide on the use of crosswalks versus native coding** to address dual- processing challenges including ICD-9, ICD-10, SNOMED, and CPT solutions
- ✓ **Determine strategic ICD-10 position for implementation and adoption** related to garnering benefits
- ✓ **Plan to select and implement organization-wide bi-directional crosswalk** to provide a single source for data mapping and enabling reporting continuity
- ✓ **Develop an enterprise-wide timeline and payer, vendor, and testing strategy**
- ✓ **Use ICD-10 compliance to further market agendas, business models, and clinical capabilities** and derive strategic value from the remediation effort.
- ✓ **Consider operational improvements and efficiencies opportunities** as part of remediation
- ✓ **Connect initiatives/manage through a combined PMO**, migration to ICD-10 with activities towards achieving Meaningful Use regarding electronic medical records

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# How to determine benefits

Providers should consider how their significant business & technology investment in the ICD-10 transition can demonstrate benefits to the organization.

	Current Operations	Technology/Innovations
Clinical	<ul style="list-style-type: none"> <li>• <b>Enhanced clinical documentation and coding accuracy</b> to enhance the assessment and monitoring of patient safety and quality indicators, as well as compliance with third-party payor coding and billing rules and regulations</li> <li>• <b>Provision of higher-quality data</b> due to improved medical coding accuracy and granularity</li> <li>• <b>Expanded use of data granularity</b> for diagnosis, procedure and case mix groups to profile a patient's condition or track length of stay related to improving utilization management</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Become an ICD-10 early adopter</b> using ICD-10 data through mapping tools earlier than the compliance date to enable longer trend timelines</li> <li>• <b>Include ICD-10 clinical documentation requirements in related initiative</b> such as EHR build and Meaningful Use</li> <li>• <b>Enhance clinical documentation programs now</b> to begin having clinical discussions with physicians about documentation elements required for ICD-10 without starting stand and deliver education programs</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• <b>Improved claims adjudication and provider reimbursement rates</b> between provider and health plans due to appropriate payments for new procedures, and fewer miscoded and rejected claims due to greater specificity in ICD-10 codes</li> <li>• <b>Increased cost savings</b> through effective infrastructure planning. Cost savings can be realized by correctly predicting resource utilization, appropriate use of site of service and improved care delivery team communication</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Conduct financial model analysis</b> to determine impact of mapping on current state reimbursement</li> <li>• <b>Use ICD-10 data to assess growth and strategy analysis</b> prior to October 1, 2013</li> <li>• <b>Understand potential payer business rules</b>, eligibility, medical management and product changes</li> <li>• <b>Develop models to use ICD-10</b> to further evaluate costs and potential savings opportunities</li> </ul>

## Wrap-up

# Key ICD-10 Takeaways



Achieving strategic value through ICD-10 requires a thoughtful plan and enterprise commitment today

Payers and providers are gaining strategic advantage by modeling their operations and financials in an “ICD-10 world” to identify and mitigate risk

Organizations should look to develop a strategic ICD-10 position through early adoption focused on garnering benefits

A deep knowledge of the code set can be used to further market agendas, business models, and clinical capabilities as organizations seek to derive strategic value

An emerging key success factor across payers, providers and all health entities is collaboration with your trading partners

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## Questions/Contact Information

**Chris Armstrong**

Principal

Deloitte Consulting LLP

[cmarmstrong@deloitte.com](mailto:cmarmstrong@deloitte.com)

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