Transitioning from ICD-9-CM to ICD-10-CM

Tidewater Physicians Multispecialty Group
Williamsburg, VA
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Our Agenda

• Some guidelines for this morning’s presentation
• Our Transformational Point of View
• What is ICD-10?
• Who is impacted by this transition?
• Why this matters?
• Why transition?
• How will this transition impact TPMG?
• What should you be doing now to prepare?
Guidelines

- It's early and so if you need coffee....
- We did not invent ICD-10
- It was not our idea to make this transition to ICD-10
- Please ask questions as we go
Our Transformational Point-of-View

**Clinical Maturity Level**

1. 2. 3. 4. 5.

**Clinical Enterprise Maturity (CEM):** A concept unique to DHG Healthcare, the CEM is a qualitative evaluation that measures numerous characteristics associated (among other things) with the state of an organization’s physician enterprise in combination with its overall clinical integration accomplishments and planning.

**Change Management Themes:**

- “Do More Get More”
- Right Care, Right Place, Right Time
- People
- Community Health Management
- Process
- Value
- Technology

**Market Staging:** An evaluation of an individual market’s level of evolution with respect to resident payment models. This concept, which DHG Healthcare has developed and applies in our business planning practice, considers evolutionary facts such as depth of non-FFS transition, level of consolidation, employer base, and similar characteristics.
ICD-10: What is it?

- ICD is the International Classification of Diseases developed by the World Health Organization (WHO) and ten international centers for the clinical and epidemiological storage and retrieval of diagnostic information, health services payments, standardized health records, and public health assessments, and it includes compilations of national mortality and morbidity statistics.
- The US is the last of the developed nations to adopt ICD-10. Because ICD-10 compliance will be required for claims submission and payment, the US implementation effort can be far more complex than it was for other countries.
- ICD-10 represents a significant change in the standard healthcare coding systems in decades.
- ICD-10 will impact every system, process and transaction that contains or uses a diagnosis code or inpatient procedure code.
ICD-10 Complexity

ICD-10 consists of two parts:

• **ICD-10 Clinical Modification (ICD-10-CM)** – the diagnosis classification system developed by the Center for Disease Control and Prevention for use in all US healthcare treatment settings.

• **ICD-10 Procedure Coding System (ICD-10-PCS)** – The classification system developed by the Centers for Medicare and Medicaid Services (CMS) for use in the US for inpatient hospital settings. Does not replace CPT coding for outpatient services.

The U.S. ICD-10 classifications are far more complex than those that have been deployed in other countries.
## Comparison of the Diagnosis Code Sets

<table>
<thead>
<tr>
<th></th>
<th>ICD – 9</th>
<th>ICD -10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Codes</td>
<td>3-5 characters in length</td>
<td>3-7 characters in length</td>
</tr>
<tr>
<td></td>
<td>Lacks laterality</td>
<td>Has Laterality (i.e., codes identifying left and right)</td>
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<tr>
<td></td>
<td>Approximately 13,000 codes</td>
<td>Approximately 68,000 codes</td>
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<tr>
<td></td>
<td>First character may be alpha (E or V) or numeric; characters 2-5 are numeric</td>
<td>Character 1 is alpha; characters 2 and 3 are numeric; characters 4-7 are alpha or numeric</td>
</tr>
<tr>
<td></td>
<td>Limited space for adding new codes</td>
<td>Flexible for adding new codes</td>
</tr>
<tr>
<td></td>
<td>Lacks detail</td>
<td>Very specific</td>
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</tbody>
</table>
ICD-10 Code Structure

- Characters 1 through 3 - category
- Characters 4 through 6 – Etiology, anatomic site, severity, or other clinical detail
- Character 7 – Extension
- Example:
  - S52 – Fracture of forearm
  - S52.5 – Fracture of lower end of radius
  - S52.52 - Torus fracture of lower end of radius
  - S52.521 – Torus fracture of lower end of right radius
  - S52.521A – Torus fracture of lower end of right radius, initial encounter for closed fracture
ICD-10 Code Structure

- Right knee joint replacement = 0SRD0JZ
  - 0 = Medical and surgical section
  - S = Lower joints
  - R = Replacement
  - D = Knee Joint, right
  - 0 = Open
  - J = Synthetic substitute
  - Z = No Qualifier
Who Is Impacted?

The following organizations must be ICD-10 compliant on October 1, 2014:

- Providers
  - Hospitals
  - Physicians
  - Outpatient facilities
  - Home Health Agencies
  - Reference Laboratories

- Health Plans and Payers
  - Third Party Administrators

- Federal & State Agencies
  - State Medicaid Departments
  - Centers for Disease Control and Prevention

Entities not covered by HIPAA – e.g. property and casualty insurers, worker’s comp and disability plans – may choose to forgo adoption.
Why This Matters

• Failure to effectively plan for and manage the transition to ICD-10 will significantly impact the organization’s cash flow and financial viability
  • Inability to drop bills and submit claims
  • Increased denials
  • Increased risk of non-compliance
  • Increased operating costs

• Organizations that are not well prepared can expect to see
  • Increase in avoidable denials
  • Increase in accounts receivable outstanding
  • Significant drop in staff productivity resulting in increase in use of contract staffing and overtime
Why This Matters

• Providers that are prepared and that have a well defined work plan for readiness can
  • Ensure their continuing ability to submit claims
  • Establish monitoring processes to ensure compliance
  • Implement or revise processes to manage days in AR
  • Implement training and education plans to reduce the loss in productivity
  • Identify and address existing process weakness that will result in current period financial improvement
  • Establish communication channels with payers to speed resolution of issues post transition
Why Transition?

• Flexible coding convention that allows new procedures, diagnosis, and technologies to be easily incorporated.

• Precise codes to differentiate body parts, surgical approaches, and devices used.

• Robust code set helps support the detailed information requirements of Electronic Medical Records

• Greater specificity and clinical information may result in:
  – Improved ability to measure the variability, effectiveness and outcomes associated with care delivery
  – Refined reimbursement methodologies leading to more accurate reimbursement
  – Enhanced performance measurement capabilities, e.g. outcomes, costs, value analysis
  – Advanced population health tracking capabilities
  – Decreased need for medical necessity substantiation and/or supporting documentation
The Journey To Risk Capability

Risk Capable

Data Analytics

Revenue Transformation

Clinical Integration

Patient Centric • Value Driven
Key Element: Understanding the Data

Using **Data Analytics** (including actuarial tools) to understand population characteristics and “build the right risk capability” based on relevant critical success factors.
ICD-10 provides new and more detailed clinical information...

Ever more powerful technology is emerging that will allow organizations to evaluate and manage clinical activities...

Using this improved clinical information, the delivery of care is fundamentally changed and thus the business of care delivery is changed.
The Old Model
The New Model
ICD-10: What is Impacted?

• The transition to ICD-10 will impact essentially every clinical and business process
  – Pre-Visit
    • Eligibility
    • Referrals
    • Prior authorizations
    • Patient problem lists
    • Disease registry
  – Visit
    • Encounter form or superbill
    • Documenting the encounter
    • Orders
    • Referrals
ICD-10: What is Impacted?

• The transition to ICD-10 will impact essentially every clinical and business process
  – Post Visit
    • Consultation reports
    • Updating the patients problem list
    • Updating the disease registry
    • Public health reporting
    • Quality reporting
    • Research considerations
  – Billing
    • Proper and correct diagnosis codes – medical necessity denials
    • Compliance
    • Technology – PM/EHR/other technology
ICD-10: What is Impacted?

- The transition to ICD-10 will impact essentially every clinical and business process
  - Cash management
  - Budgeting
  - Increased operating expenses
    - Training
    - New software
    - Coding assistance
  - Reduced physician productivity due to increased time needed for documentation
    - Estimated 3%-4% more time to document
    - Less time to see patients or other clinical activities
Considerations

ICD-10 Adoption

- Business Process Impacts – Optimizing Business Processes
- IT System Readiness and Testing
- Accurately Adjust Contracts and Project Financial Impact
- Vendor/Third-Party Compliance
Questions and Discussions