ICD-10 Payer-Provider Communication Touch-Point

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I. HIPAA 5010 EDI Changes

Key Building Blocks: HIPAA 5010 and ICD-10

**ICD-10**
- International Classification of Diseases, 10th Edition
- Update of sign, symptom and condition codes developed by World Health Organization.
- Used by physicians and health care professionals to report diagnoses and inpatient procedures; payers use the codes to accurately pay for procedures and services.
- ICD-9 codes no longer accepted for dates of service on and after October 1, 2013

**HIPAA 5010**
- Update standards for electronic transactions including claims. Impacts all HIPAA Covered Entities and all HIPAA covered transactions.
5010 Enforcement Action

On March 15th the Centers for Medicare & Medicaid Services’ Office of E-Health Standards and Services (OESS) announced that it would not initiate enforcement action of HIPAA 5010 non-compliance until July 1, 2012

- The compliance date has not changed, this is an enforcement delay only
- Many payers went live with 5010 on 1/1/2012 as planned
- Recommended to Providers:
  - Continue to work with trading partners to become compliant before the deadline
  - Talk to trading partners to determine 5010 readiness and ability to accept the new standards as of January 1, 2012

  *CMS 5010 Enforcement will begin July 1, 2012*

II. ICD-10 Challenges & Benefits
**ICD-10 Executive Summary**

**Summary**
January 15, 2009 – Department of Health and Human Services (DHHS) published a final rule requiring covered entities (providers, health plans & clearinghouses) to comply with new code set regulations for:
- International Classification of Diseases, 10th Edition (ICD-10)
  - Clinical Modifications (ICD-10-CM) Diagnosis Code Set
  - Procedure Coding System (ICD-10-PCS) Inpatient Hospital Procedure Coding System.

DHHS Required Compliance Date: October 2013 – KEEP MOVING FORWARD DESPITE DELAY – ICD-10 IS COMING!

Payers will need to be code-ready far in advance to allow for business process changes, training, contract renewals, and trading partner testing.

**Background**
ICD diagnosis and procedure codes are fundamental to Payer’s business operations. Significant changes to the coding structure will have major impacts on many business processes and systems. This in turn will require extensive training and updates to medical policies and contracts.

Industry analysts and advocacy organizations have prioritized ICD-10 and HIPAA 5010 as the top two initiatives for health care organizations’ focus for the next three years.

**Problem Statement**
- **Implementation costs**: Compliance with ICD-10 will require significant information technology (IT) and other resources and capital expenditure.
- **Operational costs**: Due to the “Date of Service” implementation requirement, simultaneous support of ICD-9 and ICD-10 will increase operation costs after implementation.

Organizations will be challenged on how to mitigate the implementation and operational costs of this mandate.

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**Implications of an ICD-10 Delay**

- It is important to continue moving forward with ICD-10
- Loss of momentum poses a significant risk to the entire healthcare industry
- Overcome fear of change!
- Do not mistake ‘reexamination’ for ‘termination’

- ICD-10 is coming!
- Treat the delay as a gift of time, additional time will help spread out costs, and allow the industry to become better prepared for ICD-10
- Strategic thinking is more critical than ever
  - Planning
  - Training
  - Testing
ICD-10 Challenge

ICD-10 requires a more complex business approach than HIPAA 5010.

- HIPAA 5010 changes were specified by CMS by prescriptive EDI technical specifications. CMS recommended health care payers’ use of new and modified HIPAA 5010 data elements.
- ICD-10, on the other hand, requires health care payers to interpret the new ICD-10 code set and determine how to modify business processes so that efficiencies can be gained to drive organizational value and competitive differentiation.
- ICD-10 process changes will impact all physician practices and hospitals but there are benefits too:
  
  **Medical Management**
  - Medical Policy changes made to align with ICD-10 may impact business process
    - Opportunity: richer code set allows for more focused Care Mgmt & Wellness Programs
  
  **Contracting**
  - Updating contracts containing ICD-9 codes & references may impact business process
    - Opportunity: additional detail allows for a more precise pricing structure
  
  **Fraud & Abuse**
  - Richer data set available for Fraud & Abuse analytics may impact business processes
    - Opportunity: greater specificity of code sets allows for more automation in reviews
Physicians

In both Physician and Payer settings, ICD-10 represents a major impact to all business and technology areas that utilize medical codes.

ICD-9-CM Diagnosis Codes

- In use since 1979
- Alphanumeric (beginning with an E, V, or M)
- 3-5 characters, with decimal after 3rd character
- Character limitation of 001.00 to 999.99

ICD-9 is running out of room, due to:
- New terminology, etc.

ICD-10 Impact Map

In both Physician and Payer settings, ICD-10 represents a major impact to all business and technology areas that utilize medical codes.
ICD-10-CM Diagnosis Code Examples

Diagnostic Code Set - Broad Impacts

ICD-10-CM provides 50 different codes for “complications of foreign body accidentally left in body following a procedure,” compared to only one code in ICD-9-CM.

- T81 category for complications due to foreign body show how specific these ICD-10-CM codes are compared to the one general ICD-9-CM.
- ICD-10-CM codes describe the actual complication, e.g. perforation, obstruction, adhesions, as well as the actual procedure that had been done that resulted in the foreign body being left behind.

- T81.530, Perforation due to foreign body accidentally left in body following surgical operation
- T81.524, Obstruction due to foreign body accidentally left in body following endoscopic examination
- T81.516, Adhesions due to foreign body accidentally left in body following aspiration, puncture or other catheterization
ICD-9-CM Procedure Codes

• Also known as ICD-9 Volume III
• Numeric only
• 3-4 characters, with decimal after 2nd character
• Character limitation of 00.01 to 99.99
• ICD-9 is running out of room due to:
  • New technology
  • Updated terminology, etc.

  Example:
  • 93.22 Ambulation and gait training

ICD-10-PCS Procedure Code Structure
ICD-10-PCS Procedure Code Example

ICD-10-PCS provides dozens of combinations of codes for Coronary Artery Bypass Grafts compared to only 7 codes in ICD-9-CM.

- Specificity of an ICD-10-PCS code compared to the more general ICD-9-CM code.
- ICD-9-CM codes 36.14 and 36.16 would be reported for this same procedure.
- Each ICD-10-PCS character has a specific meaning, and there is no decimal point used in ICD-10-PCS procedure codes.

02100Z8 Bypass, One Coronary Artery to Right Internal Mammary Artery, Open

- 0 stands for the medical-surgical section.
- 2 is the heart and great vessels body system.
- 1 is the root operation of bypass.
- 0 is the body part – one coronary artery.
- 0 is the approach, which is open for this case.
- Z indicates no device was used.
- 8 is a qualifier for right internal mammary artery.

What Are Crosswalks?

- Crosswalks are a translation tool used to assign an ICD-9 code to the best possible match in ICD-10 (and potentially the reverse as well).
- Crosswalks will likely be created based on the CMS-created General Equivalency Mapping (GEM) files.
  - GEMs not crosswalks.
  - GEMs are more of 2 way translation dictionaries for diagnosis and procedure codes from which crosswalks will be developed.
  - Interpretation of the GEMs will impact everything from medical necessity to reimbursement.
- The development of a crosswalk ideally should be a temporary measure used for specific purposes.
- Crosswalks should not alter the meaning of a code; rather represent the facts as accurately as possible.
- Creating a crosswalk from "scratch" will incur significant costs.

Crosswalks are not the solution to ICD-10 deployment for the industry, rather a tool to be used in creating the solution.
The Mapping Problem

- Development of a single “official” mapping between ICD-9 and ICD-10 is a major industry concern:
  - Not all of all the codes will map accurately 1:1
  - All other codes will either lose information or assume information that may not be true
  - Imperfect mapping will affect processing and analytics in a way that impacts revenue, costs, risks and relationships
  - The level of impact is directly related to the quality of translation
  - The anticipated quality of translation is currently an unknown
  - GEMs do not provide a definitive match
  - There may be multiple translation alternatives for a source system code, all of which are equally plausible
  - Some translation projects will require selection of a “best alternative”

Example ICD-9 to ICD-10 changes

<table>
<thead>
<tr>
<th>ICD-9</th>
<th>ICD-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,000 Diagnosis Codes</td>
<td>68,000 Diagnosis Codes</td>
</tr>
<tr>
<td>4,000 Procedure Codes</td>
<td>87,000 Procedure Codes</td>
</tr>
<tr>
<td>Angioplasty (procedure codes)</td>
<td>Angioplasty (procedure codes)</td>
</tr>
<tr>
<td>1 code</td>
<td>804 different codes</td>
</tr>
<tr>
<td>39.50</td>
<td>047K047</td>
</tr>
<tr>
<td>Specifying body part, approach and device</td>
<td></td>
</tr>
<tr>
<td>Pressure Ulcer Codes (diagnosis codes)</td>
<td>Pressure Ulcer Codes (diagnosis codes)</td>
</tr>
<tr>
<td>7 codes</td>
<td>125 different codes</td>
</tr>
<tr>
<td>707.00-707.99</td>
<td>L89.131</td>
</tr>
<tr>
<td>Show location, but not depth</td>
<td>Specific location, depth, severity, occurrence</td>
</tr>
<tr>
<td>No equivalent ICD 9 Code</td>
<td>Y71.3</td>
</tr>
<tr>
<td>Indicated through notes and other methods</td>
<td>Surgical instruments, materials and cardiovascular devices associated with adverse incidents</td>
</tr>
<tr>
<td>Autopsy 89.8</td>
<td>No ICD 10 code</td>
</tr>
</tbody>
</table>
ICD-10 Crosswalk Example

- There may be multiple translation alternatives for a source system code, all of which are equally plausible
- Some translation projects require selection of a “best alternative”

Clinical Example:

ICD-10 Crosswalk Example

Clinical Example:

A provider sees a patient in a [subsequent encounter] for a [non-union] of an [open] [fracture] of the [right] [distal] [radius] with [intra-articular extension] and a [minimal opening] with [minimal tissue damage].

ICD-9-CM code: 813.52 Other open fracture of distal end of radius (alone)

ICD-10-CM code: S52.571M Other intra-articular fracture of lower end of right radius, subsequent encounter for open fracture type I or II with nonunion

NOTE: For all codes related to fractures of the radius:
- ICD-9 codes = 32
- ICD-10-CM codes = 1731

Example of Change Impact & Sensitivity – Diagnosis Related Groups (DRG) Based

[Diagram showing DRG grouping and code changes]
Benefits of ICD-10 Implementation
Transitioning to ICD-10 can result in significant value realization.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>How Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strategic imperative</td>
<td>• ICD-10 transition should be viewed more broadly than “complying with a government regulation”; it serves as an opportunity to create differentiation and new and incremental value for the organization.</td>
</tr>
<tr>
<td>• Positive impact to Case Mix / Quality Reporting</td>
<td>• More specific diagnosis reporting</td>
</tr>
<tr>
<td></td>
<td>• Case mix adjustments</td>
</tr>
<tr>
<td></td>
<td>• More specific quality monitoring / reporting; e.g., Stent Insertion (specific codes for open vs. subcutaneous stent insertions)</td>
</tr>
<tr>
<td>• Reduced cycle time</td>
<td>• Fewer claim rejections and denials due to non-specific diagnoses</td>
</tr>
<tr>
<td>• Increased throughput</td>
<td>• Fewer requests for clinical information</td>
</tr>
<tr>
<td>• Reduced administrative expense</td>
<td>• Expectations of fewer denials from payers could result in significant reduction of rework / administrative expense for both physicians and payers</td>
</tr>
<tr>
<td>• Positively affect patient / community health</td>
<td>• More specific disease management programs</td>
</tr>
<tr>
<td>• Enhanced reimbursement</td>
<td>• Targeted reimbursement based on revised diagnoses and procedure coding</td>
</tr>
</tbody>
</table>

III. Physician, Hospital, Office staff and Vendor Readiness

A Call to Action...
ICD-10 Impacts on Physicians

Different types of physician practices will experience different impacts:

- Private practice physicians (solo, small group)
- Large physician groups
- Employed & academic physicians (all models)
- Government, Researchers and other types

Physician practices are highly cost sensitive, and are already contending with:

- HIPAA Changes
- American Recovery and Reinvestment Act (ARRA)/Health Information Technology for Economic and Clinical Health (HITECH) meaningful use incentive drivers and penalty avoidance
- e-Prescribing incentives/penalties
- ACOs
- Physician Quality Reporting Initiative (PQRI) Incentives & penalties

**Bottom line:** physicians will have to increase level of medical record documentation across all places of service

Concerns/Risks Discussed - Practice

**Concerns/Risks - Productivity impacts**
- Incremental effort required to support increased granularity of ICD-10 codes will likely decrease productivity
  - More detailed medical records
  - More time to translate/interpret by coders
    - Revision of coding “quotas”
  - Increase provider queries by coders
  - Increase queries for documentation by facilities
    - Same notes used in facility and office
  - Increased delays in authorizations
  - Increased claim rejections
  - More time to research/resolve reimbursement issues

- Training requirements - People
  - Physicians
    - Documentation Remediation – More time to document (and in more detail)
  - Coders
    - Code Selection/Documentation Interpretation – More time to document
  - Revenue Cycle Staff
    - Policy/Contract Changes
  - Office Administrative Staff
    - Prior Auth Changes

*Productivity losses should be expected during the initial 3-6 months due to steep learning curve associated with use of ICD-10-CM/PCS*
Concerns/Risks Discussed - Practice

Concern/Risk Mitigation
– Establish a solid practice performance baseline as early as possible.
  – Knowing business in an ICD-9 world
- Collaborate with payers prior to implementation to understand baseline performance.
  • New coding will likely change everyone’s
    • Contracts
    • Reimbursement Policies
    • Coverage/Benefit Determinations
  • Need to create atmosphere of awareness
    • Changes and potential downstream impacts
– Perform coding/documentation audits
  • Practice coding in ICD-10 prior to go live - time consuming
  • Documentation remediation plans for physicians
    • Time consuming – resource intensive
    • Crucial to documentation and ultimately revenue
  • Roughly 60% of the time ICD-9 Documentation works in the ICD-10 Code Set

Considerations - Business Processes

• Office billing/coding work flow
  – Increased coding queries to physicians for further documentation
• Contracting code crosswalks reexamined
  – Medical management program requirements
• Prior Authorization/Notification changes
  – Increased complexity/requirements
• Billing & Reimbursement Accounting
  – Analysis and trending by payer, changes in coding and data trends
  – Previous data analysis obsolete
  – Extensive remapping required (i.e. comparing healthcare outcomes from ICD-9 to ICD-10)

Solutions:
• Analyze and remediate processes now to avoid potential productivity impacts
• Involve process stakeholders in implementation planning
• Centralize Planning
  – Consider formal project planning
• Develop a plan to monitor revenue impacts and responses
Concerns/Risks Discussed – Work Force

Concerns/Risks
- Job Transitions/Retirement
  - Aging workforce
  - Shortage of ICD-10 coding skills requiring years to master
  - Timing will have impact
  - Increased stress/fear of change = increased likelihood of attrition issues
- Inexperienced workforce coming into a very difficult climate – morale issues
- Training is Costly – Strategic Planning is Critical!
  - HIMSS Virtual Briefing October 2011
    - 50 hours training per coder @ $100/per coder = $5k per coder for ICD-10 education
- Lack of tools/resources
- Competing priorities (5010, EMR, Meaningful Use, etc.)

Concerns/Risk Mitigation
- Understand, value and invest in people - like never before
- Consider supplementing practice staff to support the initial transition
  - Help bridge initial decreased productivity
  - Better able to absorb attrition
  - Reduce stress to avoid mistakes
- Too early for full staff/coder training on ICD-10 now, but not for brushing up on anatomy and physiology, pathophysiology, pharmacology, etc (much more critical in ICD-10)

ICD-10 is likely to have a significant technological impact:
- Practice Management System
  - Code field type/size increase to 3 - 7 alphanumeric characters in all applications using ICD codes (including all clinical and financial applications where codes are entered/reported)
- Redesign System Interfaces
  - The way systems communicate may need to be remediated to allow for dual processing.
- Software Changes
  - Code editing programs (Example: Encoder) will need to be analyzed, redesigned and tested; Recalculation of DRG groupers and case mix indexes for inpatient billing
- Electronic Data Exchanges
  - Reporting to federal, state, and other regulatory agencies / authorities will need to be analyzed, redesigned to accommodate new data and tested

Solutions:
- Plan for possible systems remediation down time.
- Talk to Vendors and Trading Partners early-on.
- Consider asking the following:
  - Will your organization be compliant with ICD-10 by the October 1, 2013 mandate?
  - Who are the ICD-10 contact people and their contact information?
  - When will system upgrades for ICD-10 go into effect?
  - Will there be any additional fees charged as a result of the ICD-10 upgrade?
  - When will we be able to test ICD-10 claims/transactions?
  - Will there be any additional training needed as a result of the ICD-10 upgrade?
  - Is there a charge associated with any additional training that is required?
Concerns/Risks Discussed - Financial

Concerns/Risks
– Sustainability in the face of potential financial impacts
  • Delayed payments due to utilization of new codes
  • Increase in account receivables
  • Cash flow/line of credit risks due to possible negative revenue cycle impacts
  • Sustainability of the Superbill
  • Impacts to People, Business Processes, and Technology will be significant
– Industry estimates indicate at minimum 3-6 months and potentially up to a 5+ year stabilization of cash flow post ICD-10 cut over

Concerns/Risk Mitigation
– Establish a solid financial baseline/revenue cycle up front
  • What does the practice ICD-9 world look like today?
  • What things will a practice need to think about from a modeling/trending standpoint going forward?
  • What do practices need to monitor on the back end?
– Cash flow management
  • Establish transition plan with banks/payers as far in advance as possible
  • Consider reserving at least six months of revenue prior to implementation mandate
  • Have tools and processes to analyze practice cash flow in place early on
  • Establish a contingency plan to mitigate revenue impacts

ICD-10 and Physician Advocacy

• Practitioners will look to specialty societies, state medical associations and medical advocacy groups for leadership in areas of:
  – Code comprehension of specialty specific changes
  – Documentation guidance to satisfy medical necessity requirements and increased granularity of the ICD-10 code set
  – Training/Education that is specialty specific
  – Communication of regulations, guidelines and updates
  – Practice Management issues
• Specialty societies, and medical advocacy groups have a unique opportunity to strengthen their presence in the industry and lead an ICD-10 call to action within the medical community
ICD-10 Communications – Ongoing & Upcoming

• Outreach will be an important tool in strengthening the payer-provider partnership.

Communication Material/Pathway Suggestions:

– Free On-Demand Training
  • Webinars
  • Provider Town Halls/Education sessions
  • Documentation Audits Webinars – Geared toward Physicians – Targeted for Spring 2012
– Free Industry Informative Materials
  • FAQ’s
  • Blogs
  • Whitepapers
– Newsletters, Bulletins
  • Take advantage of existing provider communication vehicles
– Web-Site
  • For example the UHC public ICD-10 Website located at:
    https://www.unitedhealthcareonline.com/b2c/CmaAction.do?channelId=6fa2600aa098b210VgnVCM
    100000002f10b10a
– Site Path:
  • UnitedHealthcareOnline.com -> Tools & Resources -> Health Information Technology -> HIPAA 5010 & ICD-10
  • General Questions Mailbox

Additional resources:

• www.aapc.com/ICD10
  – Free Code Translator
  – Free Resources
  – Free Newsletters
• www.cms.gov/ICD10
  – Free Implementation guides
• www.icd10watch.com
  – Industry blog/watchdog
• www.ahima.org/ICD10
  – Free ICD-10 Newsletters
• www.icd10monitor.com
  – Talk Ten Tuesday Podcast