

A close-up photograph of a person's hand placing a blue puzzle piece onto a larger blue puzzle surface. The puzzle pieces are interlocking and the background is a soft, out-of-focus blue. The text is overlaid on the lower half of the image.

**ICD-10 & 5010 – Mitigate the Impact,
Maximize the Benefit**

Midwest Fall Technology Conference

Introductions



Shely O'Laughlin

Managing Director, Revenue Cycle Management
5010/ICD-10 Program Director



Emily Rafferty

Senior Consultant
5010/ICD-10 Program Manager

Discussion Topics

- Overview of 5010/ICD-10 Mandates
- Benefits & Challenges
- How to prepare for 5010/ICD-10
- Key Takeaways
- Question & Answer Session



Learning Objectives

- The impacts and requirements of ICD-10 and 5010
- The pitfalls related to the 5010 and ICD-10 transition, including revenue cycle dangers, the “mapping trap,” and the potential for unrealized benefits
- The opportunities related to ICD-10 and 5010, including improved efficiency, data integrity and increased transparency and standardization with payers
- How ICD-10 paves the way for better health care
- The advantages of implementing ICD-10 and 5010 together, and the benefits of an effective migration
- How to assess the level of investment necessary to make the most of this change

Overview of 5010/ICD-10 Mandates

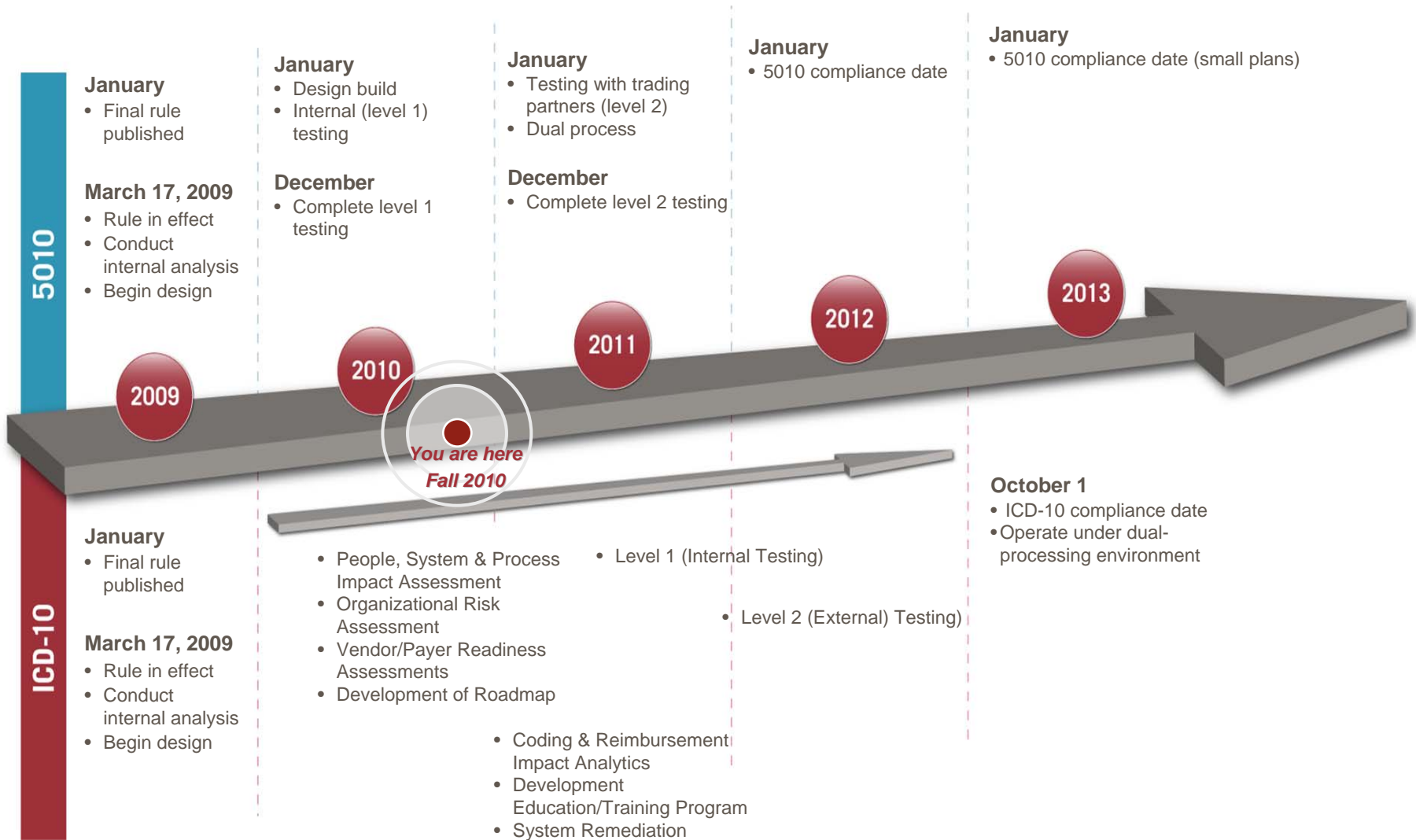
What is 5010?

- HIPAA requires covered entities to use mandated standards in the electronic transmission of healthcare transactions
- Standards set by Accredited Standards Committee (ASC) X12
- Current standard is version 4010A1
- Covered entities include: All payers, providers & clearinghouses
- Transactions include: healthcare claims (837), remittance advice (835), eligibility (270/271), claims status (276/277) & authorizations (278), enrollment (834), premium payment (820)
- Dept. of Health & Human Services is requiring the industry upgrade to X12 version 5010 by **January 1, 2012**
 - > Mandate indicates Level 1 (internal testing) should be completed in 2010 and Level 2 (external testing) should be completed in 2011

What is ICD-10?

- ICD = International Classification of Diseases
- ICD-10-CM – Diagnosis codes
- ICD-10-PCS – Procedure codes
 - > Hospital-based services only
- Currently, HIPAA requires use of version 9, however majority of the world is already on version 10
- Covered entities include: All payers, providers & clearinghouses
- The Dept. of Health & Human Services (HHS) is mandating that all covered entities upgrade to version 10 by **October 1st, 2013**

5010 and ICD-10 Compliance Timelines



5010 & ICD-10 Impact on Providers



Patient Access	Clinical and Ancillary	Health Information Management	Charge Entry, Claims and Billing	Receivables	Analytics and Reporting
<ul style="list-style-type: none"> ED registration Central registration — ambulatory Point of service Ambulatory/satellite services Admitting Transaction 270/271 (eligibility) Transaction 278 (referrals/authorizations) 	<ul style="list-style-type: none"> Physician, nurse documentation Ancillary and support services documentation Use of workflow within EMR Case management Charge reconciliation Clinical documentation improvement programs Workflow between clinical units Order entry 	<ul style="list-style-type: none"> Coding and abstracting Deficiency tracking Claim edit work lists NCCI/LRP edits Encoding and grouping Transaction 837P/I (claims — professional and institutional) 	<ul style="list-style-type: none"> Claims Contracting Cash application Physician billing Charge entry Transaction 837I/P (claims — institutional and professional) 	<ul style="list-style-type: none"> Cash application/payment posting Follow up and denial management Transaction 835 (remittance) Transaction 276/277 (claims status) 	<ul style="list-style-type: none"> Clinical analytics Revenue analytics Federal and state reporting ICD-9 to ICD-10 mapping and translation Financial Reporting

Project Governance — Education and Training — Compliance — IT

5010 & ICD-10 Impact on Payers



Medical Management	Provider Contracting and Pricing	Membership Contracts and Benefits	Claims Adjudication	Claims Submissions	Risk Adjustment
<ul style="list-style-type: none"> Identification and stratification Personal health record medical content Provider effectiveness Claims system edits Medical necessity approvals v. reviews 	<ul style="list-style-type: none"> Provider contracting Provider effectiveness Demographics and payments Actuarial and analytical systems Membership and provider portals Financial payments Enterprise data warehouse 	<ul style="list-style-type: none"> Hospital patient eligibility verification Contract DB CMS Membership Claims related reports Claim related interfaces Transaction 270/271 (Eligibility) Transaction 278 (Referrals/ Authorizations) 	<ul style="list-style-type: none"> Adjudication Claim editing DRG grouper Go's program processing Transaction 837P/I/D (Claims – Professional, Institutional & Dental) Transaction 276/277 (Claims Status) Transaction 835 (Remittance) 	<ul style="list-style-type: none"> Real-time claims submission EDI claims, other transactions Data collections 	<ul style="list-style-type: none"> Filtration logic PDE reconciliation CMS claim submission Risk score calculation

Data Warehouse Interfaces – Reports – Portals – Financial System – Analytics

Benefits & Challenges

Benefits of ICD-10

- More accurately defined patient services due to more specific diagnosis and treatment information
- Improved clinical documentation to support ICD-10 and meaningful use criteria
- Ability to better manage revenue cycle reducing rejected claims and write-offs
- Greater achievement of the benefits of an electronic health record
- Recognition of advances in medicine and technology
- Alignment of the US with coding systems worldwide; improved ability to track and respond to international public health threats
- Improved disease management
- Better understanding of health care outcomes

How ICD-10 Impacts Health Care

Value Based purchasing

- Decrease fraud and abuse activities
- Specific diagnosis and treatment information – defining the services accurately

Pay-for-Performance and Biosurveillance

- Specificity of coding needed to use within pay-for-performance and biosurveillance activities

Reporting and Quality Measurement

- Support comprehensive quality data reporting
- Increased understanding of complications, tracking care outcomes allow us to create better clinical treatment plans and standards

Globally

- Allow U.S. to compare data internationally
- Track spread of disease, treatment outcomes - respond appropriately to epidemic-prone and emerging diseases

How ICD-10 Impacts Health Care

Research

- Ability to connect hidden relationships in disease and outcomes
 - Classifying the nature of injuries and correlating them with cause, treatment, and outcome
-

Monitoring and Performance

- Better data to support payers and providers in performance improvement and containing costs

ICD-10 Improvements

Three key areas need to be evaluated from a business process and technology perspective.

PRECISION and ACCURACY of ICD-10-CM over ICD-9-CM

ICD-9-CM	Description	ICD-10-CM	Description
493.92	Acute asthma exacerbation	J45.21	Asthma, mild, intermittent, with acute exacerbation
		J45.41	Asthma, moderate, persistent, with acute exacerbation
		J45.51	Asthma, severe, persistent, with acute exacerbation

LATERALITY of ICD-10-CM over ICD-9-CM

Description	ICD-9-CM	ICD-10-CM
Ototoxic hearing loss, right ear	389.8	H91.01
Ototoxic hearing loss, left ear	389.8	H91.02
Ototoxic hearing loss, bilateral ears	389.8	H91.03
Ototoxic hearing loss, unspecified ear	389.8	H91.04

Benefits of 5010

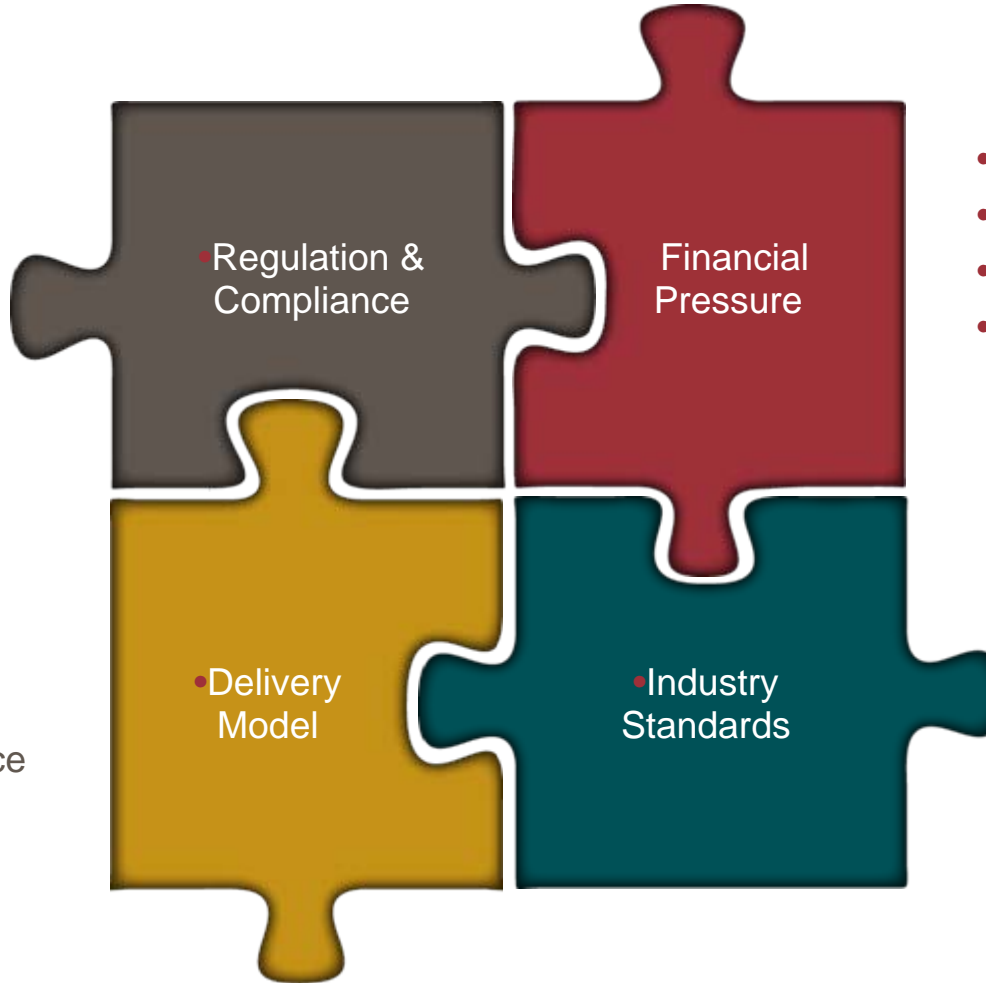
- Increased automation – reduce the need for phone calls across all transactions
- Payers are now required to send data that is important to providers in an eligibility inquiry (ex: patient financial data, relevant benefits at the service line level, etc.)
- Transactions are much clearer with far less ambiguity, which should result in fewer companion guides
- Electronic remittance complexities are addressed and clarified -- handling reversals, corrections, interest payments, and prompt pay discounts.
- Claim status and referrals/authorizations now report enough detail to make transaction meaningful for providers – should increase usage.

5010 Transactions — Current & Future

EDI Transaction	Current Use (4010)	Future Use (5010)
837 Claims	Widely Used	Widely Used
835 Remittance	Widely Used	
270/271 Eligibility	Marginal Usage	
278 Referral and Authorization	Minimal Usage	Increased Detail, Consistency and Use
276/277 Claim Status	Minimal Usage	
834 Enrollment	Inconsistent Use	Undetermined
820 Premium Payments	Inconsistent Use	

Context for Healthcare Transformation 2010 → 2015

- HIPAA 5010
- ICD-10
- Meaningful Use of EHR
- Quality Reporting



- Bundled Payments
- HSA
- Insurance Reform
- Medicare Rate Trickle-Down

- ACOs
- Consumerism
- Medical Home
- Pay for Performance
- Population / Demographics

- HIE/REC
- HITECH
- Personal Health Records



Most Significant Technical Challenges

- Coordination between payers, providers and vendors
- Upgrade to 5010/ICD-10 timeline
 - > Testing
 - > Go-Live (contingency plan for vendors/payers not ready by compliance date)
- Design & maintenance of dual-processing environment
 - > Downstream impacts on reporting & analytics
 - > Impact to operational workflow
 - > ICD-9 to ICD-10 Mapping/Translation
- Remediation of interfaces and/or any homegrown applications
 - > Producer vs. receiver of 4010/ICD-9 data
 - > Resources/funding to upgrade application
- Modification of documentation templates within EMR to support ICD-10 – this may or may not be provided by vendor

Most Significant Operational Challenges

- Impact to Coding
 - > Required education/training
 - > Productivity losses pre & post go-live
- Impact on physician documentation
 - > Required education/training
 - > Workflow within EMR
 - > Physician query process
- Contract negotiations
 - > ICD-9 to ICD-10 mapping/translation
 - > Impact of ICD-10 on reimbursement
 - > Requires review of all managed care contracts & transparency with payers

Step 1:
Identification of Potential
Areas of Risk

Step 2:
Review of Coding
Accuracy & Clinical
Documentation

Step 3:
Education & Training

72 Year-old Female w/ COPD (Reimbursement Risk = \$1,502)

ICD-9-CM

Diagnoses

49121 - Obstructive chronic bronchitis w/ exacerbation

33399 - Other extrapyramidal diseases & abnormal movement dis.

Procedures

None

DRG 192

Chronic obstructive
pulmonary disease w/o
CC/MCC

\$4,352

ICD-10-CM/PCS

Diagnoses

J441 - Obstructive chronic bronchitis w/ exacerbation

G2589 - Other Extrapyrimal Diseases & Abnormal Movement Dis.

Procedures

None

DRG 192

Chronic obstructive
pulmonary disease w/o
CC/MCC

\$4,352

Diagnoses

J441 - Obstructive Chronic Bronchitis w/ Exacerbation

G259 - Extrapyrimal and movement disorder, unspecified

Procedures

None

DRG 191

Chronic obstructive
pulmonary disease w CC

\$5,854

82 Year-old Female Hip Replacement (Reimbursement Risk = \$3,493)

ICD-9-CM

Diagnoses

82003 – Closed fracture of base of neck of femur

Procedures

8152 – Partial hip replacement

DRG 470

Major joint replacement
or reattachment of the
lower extremity w/o MCC

\$12,462.00

ICD-10-CM/PCS

Diagnoses

S72041A - Displaced fracture of base of neck of right femur

Procedures

0QR70JZ - Open upper femur replacement w/ synthetic substitute

DRG 470

Major joint replacement
or reattachment of the
lower extremity w/o MCC

\$12,462.00

Diagnoses

S72041A - Displaced fracture of base of neck of right femur

Procedures

0QR80JZ - Open femoral shaft replacement w/ synthetic substitute

DRG 482

Hip & femur procedures
except major joint w/o
CC/MCC

\$8,969.40

72 Year-old Female w/ Aortic Aneurysm (Reimbursement Risk = \$13,120)

ICD-9-CM

Diagnoses

- 4412 – Thoracic aortic aneurysm
- 4019 – Hypertension NOS

Procedures

- 3973 – Endovascular implantation of graft in thoracic aorta

DRG 237

Major cardiovascular procedure w MCC or thoracic aorta aneurysm repair

\$30,444.60

ICD-10-CM/PCS

Diagnoses

- I712 – Thoracic aortic aneurysm, without rupture
- I10 – Essential hypertension

Procedures

- 02UW4JZ - Percutaneous endoscopic revision of the thoracic aorta

DRG 237

Major cardiovascular procedure w MCC or thoracic aorta aneurysm repair

\$30,444.60

Diagnoses

- I712 – Thoracic aortic aneurysm, without rupture
- I10 – Essential hypertension

Procedures

- 02RW4KZ - Percutaneous endoscopic replacement of the thoracic aorta

DRG 238

Major cardiovascular procedure w/o MCC

\$17,324.40


















Most Significant Strategic Challenges

- Compliance vs. Optimization
- Alignment with other strategic initiatives
 - > Opening of new facility
 - > Remediation/Replace of systems
 - > Achieving meaningful use requirements
- Budgeting for transition
- Organization-wide impact



How to Prepare for 5010/ICD-10

Business Readiness & Remediation Action Items

5010	ICD-10	Action Item
		1. Define Project Management Structure
		2. Identify all People, Processes and Systems Impacted by 5010 & ICD-10
		3. Align with Other Strategic Initiatives
		4. Conduct Vendor/Payer/Provider Readiness Assessments
		5. Assess Business Readiness & Develop Roadmap
		6. Budget Considerations & Preparation
		7. Develop Detailed Remediation/Implementation Plan
		8. Remediation/Implementation (Education/Training, Testing, Workflow redesign, etc) <i>Note: Internal (Level 1) 5010 testing should be completed by 12/31/10.</i>
		9. Develop and Implement Ongoing Monitoring & Improvement Program

Key Takeaways

Four Key Takeaways

1. 5010/ICD-10 have an organization-wide impact – important to align with other strategic initiatives
2. 5010 & ICD-10 are just steps towards overall healthcare reform
3. Organizations need to optimize business workflow to leverage benefit of 5010 & ICD-10
4. It's possible to achieve revenue neutrality by understanding impact of ICD-10 on documentation, coding & reimbursement

Questions and Discussion

