Sacred Heart Health System

ICD-10 – One Year and Counting!
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“The Only Thing We Have to Fear, is Fear Itself”

Franklin D. Roosevelt
Anthony Pelezo, MD

Emergency physician by training
Managed Care Medical Director 2003-2007
Medical Director McKesson Health Solutions 2007-2009
  • ClaimCheck
  • ClaimsXTen
  • InvestiClaim
Indiana Medicaid Director of Policy and Reimbursement 2009-2012
  • NCCI and ICD-10 Project Lead
  • Primary Business Lead HP MMIS Remediation
  • Primary Architect Payment Policy Revision/Remediation
Joined Sacred Heart Health System as ICD-10 Project Lead November 2012
Agenda

• Regulatory Overview
• Why Change from ICD-9?
• Anticipated Industry Benefits
• ICD-10 Overview
• The Revenue Cycle
• Impacts/Risks of the Migration to ICD-10
• How do I Prepare?
• Questions
Regulatory overview

On August 24, 2012, the U.S. Department of Health and Human Services ("HHS") published the final rules for the modifications to the Health Insurance Portability and Accountability Act ("HIPAA") electronic transactions and codes set standards.

Modifications to the HIPAA code set standards include the implementation of ICD-10 CM diagnosis for institutional and professional services as well as the ICD-10 PCS procedures for institutional procedures effective for services performed on or after October 1, 2014.
Why change from ICD-9?

- ICD-9 Lacks Specificity
- ICD-9 Lacks Scalability
- World Health Organization is already using ICD-10 for global reporting of disease.
- ICD-10 provides better standard for Health Information Exchange
Anticipated industry benefits

Greater level of specificity and clinical detail, and improvements in capture of advances in medical technology

Medical terminology and classification of diseases have been updated to be consistent with current clinical practice

Up-to-date classification systems will provide much better data for:

- Measuring the quality, safety, and efficacy of care
- More accurate payment for procedures
- Enhancing disease management
- Facilitation of computer-assisted coding systems
- Improved clinical documentation
- Greater flexibility for expansion of new codes
- Preventing and detecting healthcare fraud and abuse
ICD-10 overview

Current State Diagnosis
ICD-9-CM vol 1&2
3 to 5 digits
~13,000 codes

Future State Diagnosis
ICD-10-CM (2014)
3 to 7 alpha and numeric characters in length
69,382 codes

Current State Procedure
ICD-9-CM vol 3 Procedure
3 to 4 digits
~4,000 codes

Future State Procedure
ICD-10-PCS Procedure (2014)
7 alpha and numeric characters in length
71,920 codes
### Revenue Cycle: Where are ICD-9 Codes Currently Being Used?

**Manual and Automated Processes**

**Users:** Physicians, Nurses, Coders, HIM, Schedulers, Registration, Billing, Finance, others

**Information Technology**
Major Impacts/Risks of the Migration to ICD-10

- Revenue
  - Market-wide changes in medical, administrative, and payment policy
  - Contracting
  - Cash flow
- ICD-10 Implementation Costs
  - IS/IT, HIM, Revenue Cycle, Program Management
- Long and short term productivity loss
- Clinical Documentation Specificity Requirements
- Provider and Payer Readiness
Depletion of Cash Reserves

- Increased denial rates
- Increases in days to payment (A/R)
- Impact of delayed revenue on loss of interest
- Changes in reimbursement

Must have a plan to mitigate cash flow disruption

- Coder loss of productivity is estimated to be between 20-50%
- Denials are expected to increase by 100-200%
- Accounts receivable days are expected to expand 20-40%
- Claim error rates are expected to increase from 6-10% (current state 3%)

Revenue Cycle

Provider Issues

Productivity loss/coding deficiencies

• Productivity loss – estimated 10-50% loss in productivity depending on literature
• Short term productivity loss will be higher and more pronounced
• System deficiencies/lack of readiness
• ICD-9 and ICD-10 business process gaps
  – Appeals
  – ‘Payment Policy’ denials (px:dx)
  – Prior Authorization
• Documentation deficiencies - CDI
  – Physician documentation
  – EMR systems
• ICD-10 coding tools
  – GEM-based mapping - not sufficient for coding in ICD-10
  – The CMS reimbursement mapper
ICD-10 checklist - Training

- Education, education, education
- Training is key
  - Everything begins with good documentation
  - Educate physicians by specialty type
  - Provide rapid access tools and resources
  - Review EHR systems for ICD-10 functionality
    - Look up functionality
    - Short lists
ICD-10

How do I Prepare?

ICD-10 checklist – Training estimates

- The level and extent of training will depend upon your environment and overall ICD-10 strategy
- The Sacred Heart experience
  - Site leaders - General Awareness, 5-10 hours
  - Physicians – Specialty dependent, 10-20 hours (est.)
  - PFS - Patient Access – 15-25 hours
  - Coding and Compliance - ‘Super Users’ – 80-120 hours
  - ICD-10 Expert – 160-200 hours
How do I Prepare?

ICD-10 checklist – Systems

- Ensure all systems and applications are scheduled for upgrade well in advance of the 10/1/2014 implementation date
- Allow adequate time for testing
- Partner with payers early
- Inventory all systems not under your direct control
  - Clearinghouses
  - Web-based Applications
ICD-10 checklist – Process Changes

- Change business process and workflows to match the ICD-10 requirement
- Policy and Procedure changes
- Computer Assisted Coding
- Mapping tools
Questions
Contact Information

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