
Transitioning to ICD-10-CM/PCS

Challenges & Opportunities

Presented By:

Annie Boynton BS, RHIT, CPC, CCS, CPC-H, CCS-P, CPC-P, CPC-I, CPhT
Director 5010/ICD-10 Communication, Adoption & Training



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I. 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

UnitedHealthcare will be code-ready by early 2013 to allow for business process changes, training, contract renewals, and trading partner testing.

Background

ICD diagnosis and procedure codes are fundamental to UnitedHealthcare'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.

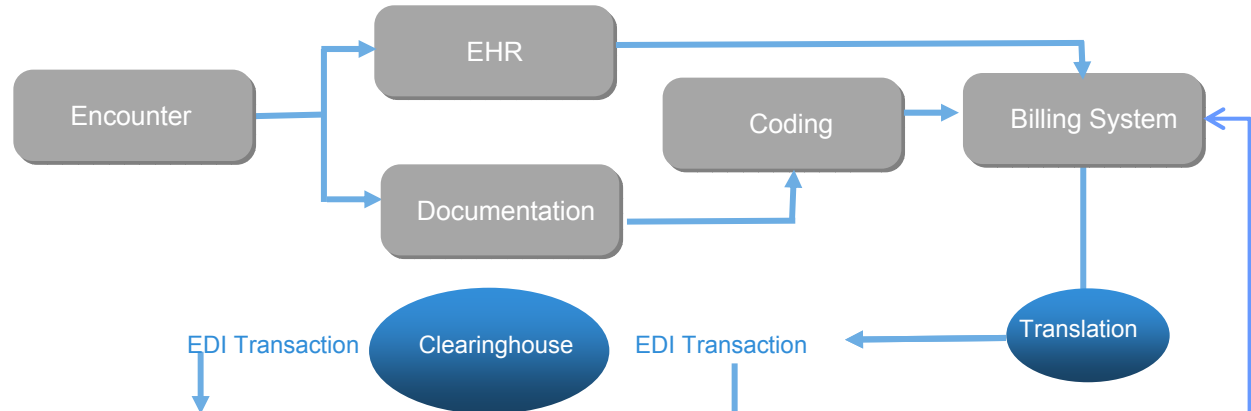
Operational costs: Due to the "Date of Service" implementation requirement, simultaneous support of ICD-9 and ICD-10 will increase operation costs after implementation in 2013.

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

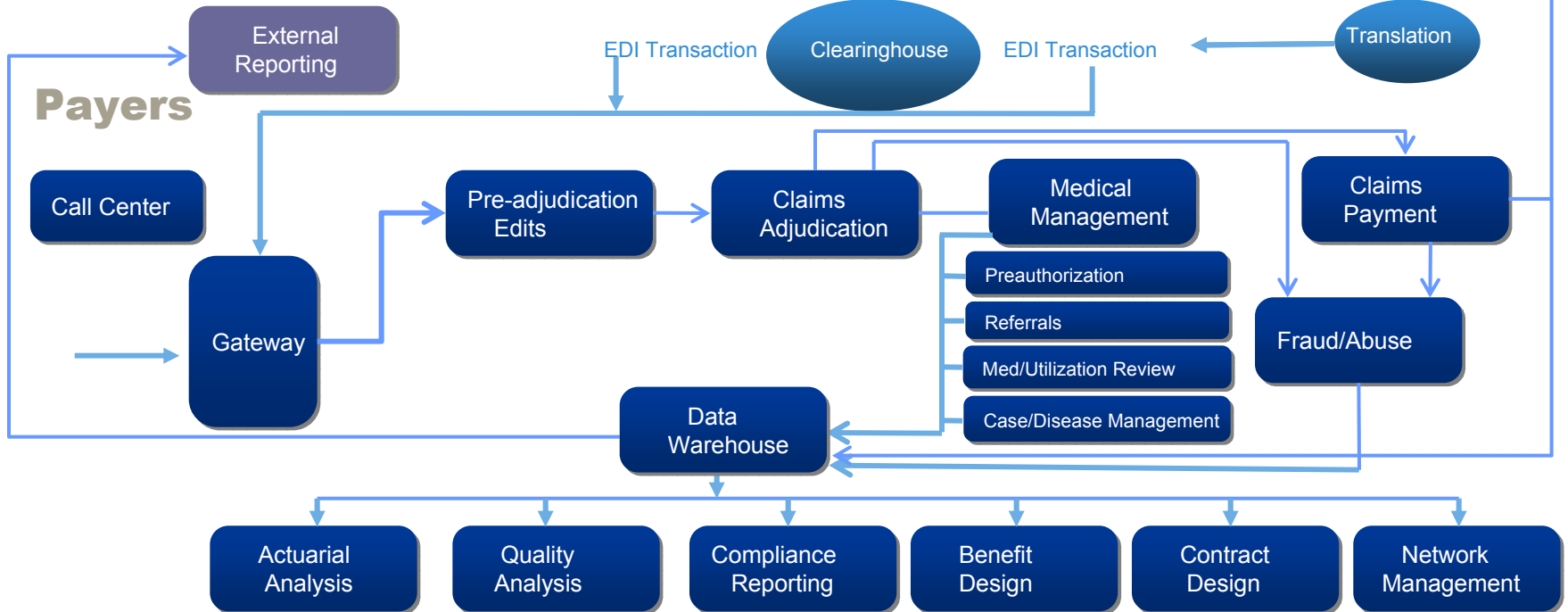
ICD-10 Impact Map

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

Physicians



Payers



ICD-10 Snapshot

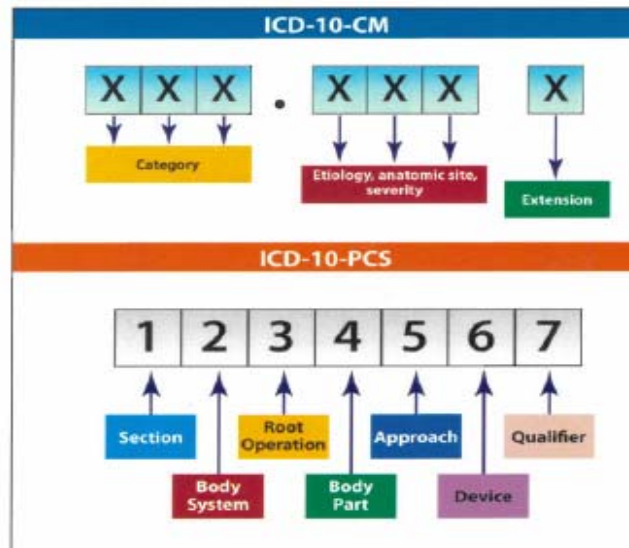
ICD-10 Quick Reference Guide

October 1, 2013: ICD-10 Implementation Deadline

Comparison of ICD-9 vs. ICD-10

	ICD-9-CM	ICD-10-CM
Format	3-5 characters	3-7 characters
# of codes	approx 13,000	approx 68,000
Adding new codes	limited space	flexible
Level of detail	minimal	extensive
Laterality	lacking	present
Specificity	limited	extensive
Interoperability	US only	US & most international
	ICD-9-PCS	ICD-10-PCS
Format	3-4 numeric only	7 alpha-numeric
# of codes	approx 3,000	approx 87,000
Technology	outdated	current
Adding new codes	limited space	flexible
Level of detail	minimal	extensive
Laterality	lacking	present
Body parts description	generic	detailed
Description of methodology	lacking	detailed
DRG	limited	enhanced
Procedure definition	lacking	precise

Source Code Format



Why ICD-10?

ICD-9 Limitations:

- Outdated, with limited ability to accommodate new procedures and diagnoses
- Lacks the precision needed for a number of emerging uses such as pay-for-performance and biosurveillance
- Limits the precision of diagnosis-related groups (DRGs)
- Lacks specificity and detail, uses terminology inconsistently, cannot capture new technology, and lacks codes for preventive services
- Will eventually run out of space, particularly for procedure codes

ICD-10 Advantages:

- Supports value-based purchasing and Medicare's anti-fraud and abuse activities by accurately defining services and providing specific diagnosis and treatment information
- Supports comprehensive reporting of quality data
- Ensures more accurate payments for new procedures, fewer rejected claims, improved disease management, and harmonization of disease monitoring and reporting worldwide
- Allows the United States to compare its data with international data to track the incidence and spread of disease and treatment outcomes

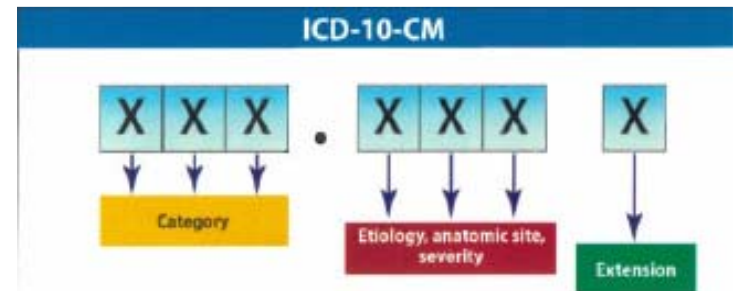
ICD-10-CM Diagnosis Code Example

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



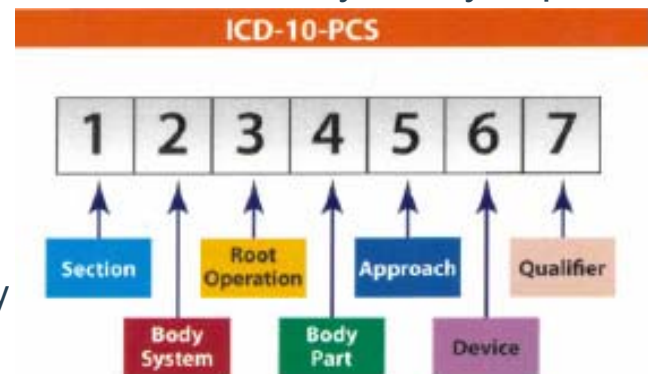
ICD-10-PCS Procedure Code Example

Procedure Code Set - Heavily Impacts Inpatient Procedures

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 be created based on the CMS-created General Equivalency Mapping (GEM) files
 - GEMs are more than 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.

Example ICD-9 to ICD-10 changes

ICD-9	ICD-10
14,000 Diagnosis Codes 4,000 Procedure Codes	68,000 Diagnosis Codes 87,000 Procedure Codes
Angioplasty (procedure codes) 1 code	Angioplasty (procedure codes) 854 different codes
39.50	047K047 Specifying body part, approach and device
Pressure Ulcer Codes (diagnosis codes) 7 codes	Pressure Ulcer Codes (diagnosis codes) 125 different codes
707.00-707.99 Show location, but not depth	L89.131 Specific location, depth, severity, occurrence
No equivalent ICD 9 Code -Indicated through notes and other methods	Y71.3 <i>Surgical instruments, materials and cardiovascular devices associated with adverse incidents</i>
Autopsy 89.8	No ICD 10 code



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

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 Code: 81352 - *Other Open Fracture of Distal End of Radius (Alone)*

ICD-10 Code: S52571M - *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

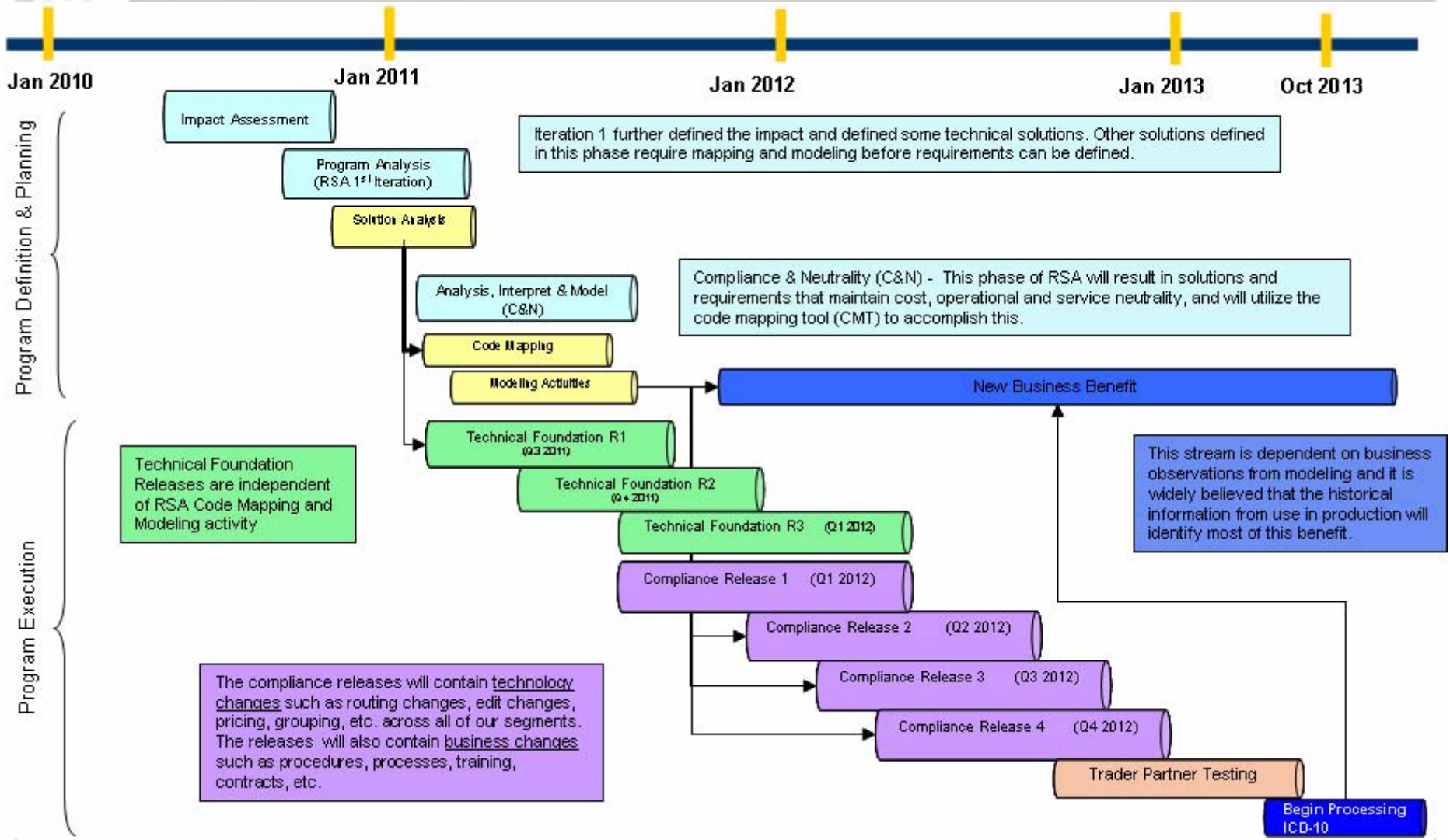
•ICD-10 codes = 1731

II. ICD-10 Readiness at UnitedHealthcare

UnitedHealthcare Principles for ICD-10

- **Full Regulatory Compliance**
 - UHG will fully comply with the regulatory mandate as described in the Final Rule published January, 2009
- **Cost Neutrality**
 - Operational Stability
 - Clinical Integrity
 - Revenue Predictability
- **Full Remediation for Native Processing**
 - Any system not scheduled for decommissioning must be remediated to natively accept, process and output results for all transactions using compliant ICD-10 code sets
 - Explore opportunities where “Map & Wrap” better fits the corporate strategic agenda
- **Leverage ICD-10 Program Objectives to Advance the Strategic Agenda**
 - Aggressively pursue Decommission opportunities
 - Pursue Consolidation Opportunities (EDI Hub, Eligibility Common Solutions, etc.)
 - Identify synergies with Claims Highway initiative

ICD-10 High Level Program Timeline



Industry Outreach

- **UnitedHealthcare is actively involved with the industry, participating with external organizations at the national and regional level:**
 - WEDI – Workgroup for Electronic Data Interchange
 - AHIP – America’s Health Insurance Plan
 - HIMSS – Health Information Management System Society
 - MN Collaborative – Minnesota Collaborative for ICD-10
 - MGMA – Medical Group Management Association
 - MHDC – Massachusetts Health Data Consortium
- **We continue to speak out on issues involving ICD-10 Implementation such as:**
 - Compliance
 - Acceptance
 - Testing
 - Communication
 - Regulatory Updates
 - Implementation Challenges
 - Implementation Costs

IV. Physician, Hospital, Office staff and Medical Society 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
- Physician Quality Reporting Initiative (PQRI) Incentives & penalties

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

ICD-10 Concerns Discussed - Practice

– Productivity impacts – Business/Technological Processes

- Incremental effort required to support increased granularity of ICD-10 codes will likely decrease productivity
 - More detailed medical records – more time to document
 - More time to translate/interpret by coders
 - Revision of coding “quotas”
 - Increased provider queries by coders
 - Increased queries for documentation by facilities
 - Same notes used in facility and office
 - Increased delays in authorizations
 - Increased claim rejections/denials
 - Per AHIMA/CMS Increase as much as 100-200%
 - More time to research/resolve reimbursement issues

– Training requirements - People

- Physicians
 - Documentation Remediation
- Coders
 - Code Selection/Documentation Interpretation/Clinical & Anatomical knowledge
- Revenue Cycle Staff
 - Policy/Contract Changes
- Office Administrative Staff
 - Prior Auth/Pre-certification Changes

ICD-10 Concerns Discussed – People

- 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
- Training is Costly
- Lack of tools/resources
- Competing priorities (5010, EMR, Meaningful Use, etc.)

Solutions

- Understand, value and invest in people - like never before
 - Staffing Shortages
 - Attrition Control Plans
- 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 training on ICD-10 now, but not for brushing up on implementation, anatomy and physiology, pathophysiology, pharmacology, etc (much more critical in ICD-10)

ICD-10 Concerns Discussed – Processes

- Establish a solid practice performance baseline as early as possible.
 - Knowing business in an ICD-9 world
- Conduct Payer/Vendor discussions prior to implementation to understand baseline practice performance.
 - New coding will likely change payer
 - Contracts
 - Reimbursement Policies
 - Coverage/Benefit Determinations
 - Need to create atmosphere of awareness
 - Changes and potential downstream impacts
 - 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)

- **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 – 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

Perform coding/documentation audits

- Documentation audits are done by conducting an analysis of documentation requirements in ICD-9 and comparing to documentation requirements in ICD-10.
 - Time consuming – resource intensive
 - Costly to outsource
- Documentation remediation plans for physicians
 - Time consuming – resource intensive
 - Costly to begin physician education programs
 - Crucial to documentation and ultimately revenue
- Practice coding in ICD-10 prior to go live
 - Time consuming
 - Impacts productivity and revenue
- Roughly 40% of the time ICD-9 Documentation works in the ICD-10 Code Set

Concerns/Risks Discussed - Financial

- 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

Solutions

- Establish a solid financial baseline/revenue cycle including
 - What does the practice ICD-9 world look like today?
 - What will practices 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=6fa2600ae29fb210VgnVCM1000002f10b10a>
- Site Path:
 - UnitedHealthcareOnline.com -> Tools & Resources -> Health Information Technology ->HIPAA 5010 & ICD-10
- General Questions Mailbox

Questions??

- **Speaker Contact:**

- **Annie Boynton**

- **BS, RHIT, CPC, CCS, CPC-H, CCS-P, CPC-P, CPC-I, CPhT**
 - **Director 5010/ICD-10 Communication, Adoption & Training**

- **annie_boynton@uhc.com**