Preparing the Physician Practice for ICD-10

Presented By:

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Associate Director

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Managing Consultant
Today’s Speakers

**Caroline Rader** is an Associate Director with Navigant Consulting’s healthcare coding and documentation practice. She is the designated service line leader within NCI’s Healthcare Practice for CDM and Charge Integrity Services; including Outpatient Clinical Documentation Improvement. She has been an author and speaker for HCCA, AHIMA, HFMA and ACDIS on related topics.

**Susan Allen** is a Managing Consultant with Navigant Consulting’s healthcare practice. She is a coding professional with 15 years experience in physician-based coding, auditing, and compliance initiatives. She is a certified coder and ICD-10 trainer. Susan works with some of the largest physician groups in the country, consulting on coding and documentation quality, compliance programs and audits.

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Objectives

» An overview of the adoption of ICD-10 for the physician practice and its impact

» Provide a thorough understanding of the costs of the adoption of ICD-10

» Preparation checklist, budget considerations and implementation plan
Overview

» ICD-10-CM is a diagnostic coding system developed by WHO in the 1970s to replace ICD-9 on October 1, 2013.

» ICD-10-PCS is a procedural coding system that will also be adopted.
   ◦ CPT will remain the coding system for physician services.

» ICD-10-CM provides enormous opportunities for improving documentation processes for health records

» ICD-10-CM will offer more specificity
   ◦ More characters
      – ICD-9 = 3-5 numeric characters
      – ICD-10 = 3-7 alphanumeric characters
Overview

» Improves clinical practice:
  › Details the disease process and resources utilized for diagnosis and treatment
  › Enables systems to reduce medical errors and redundancies

» Better precision in clinical coding:
  › Connect information between clinical providers and others
  › Develop meaningful information about the care provided to consumers (e.g. cost, outcomes)
  › Provide for clinical detail that can improve the delivery of healthcare

Section 3

Estimated Costs
Estimated Costs

» How much is implementation going to cost?
  › Healthcare Industry
    – Robert E. Nolan, RAND, CMS, AHA
      ◦ Inconsistencies in cost estimates
  › Physician Practice
    – Nachimson Advisors LLC, Robert E. Nolan, RAND, PriceWaterhouseCoopers
      ◦ Varying approaches and estimated costs
        □ ICD-10-CM v. ICD-10-PCS
        □ Productivity Losses
        □ Renegotiating Payer Contracts
        □ Systems Implementation
      ◦ Consistency in key areas – SORT OF!

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Estimated Costs

<table>
<thead>
<tr>
<th>Physician Practice Size</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Internal</td>
</tr>
<tr>
<td>Very Large (21+)</td>
<td>$3,292,623</td>
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<tr>
<td>Large (11-20)</td>
<td>$1,598,031</td>
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<tr>
<td>Mid-Sized (6-10)</td>
<td>$350,959</td>
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<td>Small (3-5)</td>
<td>$106,255</td>
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<tr>
<td>Independent (1-2)</td>
<td>$77,553</td>
</tr>
</tbody>
</table>

NOTE: NCI has restated the cost estimates to provide for a single estimated amount. Where a study provided for a range in costs, NCI took the higher estimate. Amounts were also adjusted for inflation.
Estimated Costs

» Key Areas of Additional Costs
  › Information Systems
  › Education and Training
  › Contracting
  › Practice Operations Analysis
  › Coding, Documentation and Charge Capture Tools
  › Cash Flow Disruption

Estimated Costs

» Information Systems
  › Upgrades to HIPAA transaction standards
  › Readiness Assessment
    – Field size expansion / format revisions
    – Logic (edits, adjudication rules, etc)
    – Screen Maps
    – Tables / Files
    – Databases
    – Reports / Queries
    – COTS applications (translators, groupers)
  › Gap Analysis and Remediation
Information Systems to Consider

- Aggregate data reporting
- Billing systems
- Case Management and UR
- Case mix systems
- Clinical protocols
- Clinical reminder systems
- Clinical systems
- Coding and Encoding software
- Contracting
- Credentialing software and Provider profiling systems
- Decision support systems
- Disease management systems
- Medical necessity software
- Medical record abstracting
- Performance measurement systems
- Quality and Risk software
- Registration and scheduling systems
- Test ordering systems (CPOE)
- Utilization management

And More?!
Estimated Costs

» Education and Training
  › Across Office Staff
    - Physicians 6 hours (8 hours per AHIMA)
    - Coders 40 hours (10 hours per AHIMA)
    - Clinical 6 hours (8 hours per AHIMA)
    - Other Administrative 6 hours (8 hours per AHIMA)
  › Cost Variables
    - Level of knowledge of staff
    - Source of education and training
    - Physician specialties
    - Use of technology
    - Coding responsibilities within the practice

Based on Studies by Nolan, RAND, PWC and Nachimson
Estimated Costs

### Tables

#### Table 1: Estimated Costs by Physician Practice Size

<table>
<thead>
<tr>
<th>Physician Practice</th>
<th>Physician Education and Training</th>
<th>Coders Education and Training</th>
<th>Coders</th>
<th>Clinical/Admin Staff Education and Training</th>
<th>Staff</th>
<th>Total Education and Training</th>
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</thead>
<tbody>
<tr>
<td>Very Large (21+)</td>
<td>$126,400</td>
<td>$5,908</td>
<td>10</td>
<td>$13,500</td>
<td>$54</td>
<td>$45,808 $331,000</td>
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<tr>
<td>Large (11-20)</td>
<td>$22,260</td>
<td>$1,182</td>
<td>2</td>
<td>$1,500</td>
<td>9</td>
<td>$28,712 $63,500</td>
</tr>
<tr>
<td>Mid-Sized (6-10)</td>
<td>$12,640</td>
<td>$591</td>
<td>1</td>
<td>$1,500</td>
<td>6</td>
<td>$14,731 $34,000</td>
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<tr>
<td>Small (3-5)</td>
<td>$6,320</td>
<td>$591</td>
<td>1</td>
<td>$500</td>
<td>2</td>
<td>$7,411 $20,500</td>
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<tr>
<td>Independent (1-2)</td>
<td>$2,528</td>
<td>$591</td>
<td>1</td>
<td>$250</td>
<td>1</td>
<td>$3,369 $14,500</td>
</tr>
</tbody>
</table>

*Based on Studies by Nolan, RAND, PWC and Nachimson, With Adjustment of Hours Required as Published by AHIMA, Federal Register, Vol. 74, No. 11, January 16, 2009*

#### Table 2: The Difference

<table>
<thead>
<tr>
<th>Physician Practice</th>
<th>Total Education and Training STUDES</th>
<th>Total Education and Training AHIMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Large (21+)</td>
<td>$121,327 Internal $331,000 External</td>
<td>$145,808 Internal $331,000 External</td>
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<td>$23,372 Internal $63,500 External</td>
<td>$28,712 Internal $63,000 External</td>
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<td>$12,430 Internal $34,000 External</td>
<td>$14,731 Internal $34,500 External</td>
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<tr>
<td>Small (3-5)</td>
<td>$6,901 Internal $20,500 External</td>
<td>$7,411 Internal $16,500 External</td>
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<td>Independent (1-2)</td>
<td>$4,277 Internal $14,500 External</td>
<td>$3,369 Internal $8,500 External</td>
</tr>
</tbody>
</table>

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Estimated Costs

» Contracting
  › Update to Existing Contracts
  › Cross-walking ICD-9 to ICD-10 where able
  › Estimate per Contract
    – Studies provided for 1 hour per contract

Estimated Costs

<table>
<thead>
<tr>
<th>Physician Practice Size</th>
<th>Contracting</th>
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<td></td>
<td>Internal</td>
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<td>Very Large (21+)</td>
<td>$1,654</td>
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<tr>
<td>Large (11-20)</td>
<td>$1,654</td>
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<td>Mid-Sized (6-10)</td>
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<td>Small (3-5)</td>
<td>$827</td>
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<tr>
<td>Independent (1-2)</td>
<td>$827</td>
</tr>
</tbody>
</table>
Estimated Costs

» Practice Operations Analysis
  › Assess Need for Improvements
    – Coding
    – Documentation
    – Insurance Authorization
    – Billing
  › Understand Flow of Information and Its Impact on Coding, Documentation, Charge Capture and Billing
    – Documentation Proficiency
    – Coding Proficiency
    – Processing of Clean Claims

**Table:**

<table>
<thead>
<tr>
<th>Physician Practice Size</th>
<th>Practice Operations Analysis</th>
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</thead>
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<td></td>
<td>Internal</td>
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<td>Very Large (21+)</td>
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<td>$28,358</td>
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<td>$8,153</td>
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<tr>
<td>Independent (1-2)</td>
<td>$4,077</td>
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</tbody>
</table>
Estimated Costs

» Coding, Documentation and Charge Capture Tools
  › Update Current Tools
    – Superbills/Charge Tickets
    – Clinical Subsystems
    – Documentation Templates
    – “Cheat Sheets”
    – Internally Defined Edits
  › Update Coding Policies and Procedures
  › Update Internal Education and References Documents

<table>
<thead>
<tr>
<th>Physician Practice Size</th>
<th>Coding, Documentation and Charge Capture Tools</th>
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<tbody>
<tr>
<td></td>
<td>Internal</td>
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<td>Very Large (21+)</td>
<td>$2,226,725</td>
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<tr>
<td>Large (11-20)</td>
<td>$1,113,363</td>
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<tr>
<td>Mid-Sized (5-10)</td>
<td>$222,673</td>
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<td>$55,517</td>
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<tr>
<td>Independent (1-2)</td>
<td>$41,638</td>
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Estimated Costs

» Cash Flow Disruption
  › Expected Change in First Year Due to:
    – Reimbursement Models
      – Differences in Severity of Illness
    – Claim Processing and Re-Processing
    – Not Considering Learning Curve and Long Term Effects

Estimated Costs

<table>
<thead>
<tr>
<th>Physician Practice Size</th>
<th>Cash Flow Disruption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Large (21+)</td>
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<td>Mid-Sized (5-10)</td>
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<tr>
<td>Small (3-5)</td>
<td></td>
</tr>
<tr>
<td>Independent (1-2)</td>
<td></td>
</tr>
</tbody>
</table>
Estimated Costs

» What About the Long Term of Implementation?
  › Changes in Proficiency
  › Published Estimates
    › AHIMA estimates 1.33 additional minutes to code a physician office claim
    › AAPC estimates it will take 2-3 years for coders to become proficient in ICD-10
    › Nachimson estimates a 4% increase in physician work time to meet documentation needs
      › Proficiency may be realized but an increase will be sustained
    › MGMA cost surveys indicate the average physician can lose up to 4 visits per day due to increase in documentation time

Estimated Costs

» Ways to Minimize Costs
  › Take a Proactive Approach
  › Look for Opportunities to Share Training Costs
  › Look for Collective Approaches to Vendor Services Costs
  › Make Use of Your Internal Resources
    › Don’t Under Train Your Coders
    › Don’t Over-Involve the Physicians
  › Know When to Use External Resources
  › Test, Test, Test – Did I Mention the Need to Test?
  › Maintain Momentum After Implementation
It's not so much that we're afraid of change or so in love with the old ways, but it's that place in between that we fear... It's like being between trapezes. It's Linus when his blanket is in the dryer. There's nothing to hold on to.

~ Marilyn Ferguson
Preparation

» ICD-10-CM is expected to have a greater impact than the implementation of the HIPAA standard transactions or NPI.

» Coding changes will impact provider documentation procedures, record keeping procedures, fee schedules, medical review edits, and quality measures.

» ICD-10-CM implementation involves much more operational and daily changes, as workflow processes will need to change.

Preparation

» To be successful, physician practices should develop a harmonized project plan.

» The project plan should address the key areas related to implementation costs on “how to” with an assigned timeline and defined accountability.

» Sponsoring the project plan should be an individual in upper management, with support from a team/committee of key stakeholders.

  Information Technology  Practice Management
  HIM/Coding  Clinical Staff
  Patient Financial Services  Physician Staff
  Revenue Integrity  Contracting
  Compliance
Understand the Timeline

Preparation

A Physician Practice Timeline for ICD-10-CM

No.

1. Develop and send AHIMA’s "ICD-10 Transition Checklist" via e-mail to all physicians.
2. Schedule and present education sessions.
3. Obtain and present AHIMA’s "ICD-9 to ICD-10 Transition Guide.
4. Establish a change in the electronic medical record.
5. Provide ongoing support.

2010-2011

- One week prior to the implementation period:
  - Review the AHIMA’s "ICD-10 Transition Checklist"
  - Ensure all clinicians have access to the ICD-10 documentation
  - Access all ICD-10 related tools and resources
  - Access AHIMA’s "ICD-10 Transition Guide"

2010-2012

- Prior to the implementation period:
  - Review the AHIMA’s "ICD-10 Transition Checklist"
  - Ensure all clinicians have access to the ICD-10 documentation
  - Access all ICD-10 related tools and resources

2012

- Prior to the implementation period:
  - Review the AHIMA’s "ICD-10 Transition Checklist"
  - Ensure all clinicians have access to the ICD-10 documentation
  - Access all ICD-10 related tools and resources

AHIMA’s Project Checklist

Four Phases
- Phase I – Impact Assessment
- Phase II – Overall Implementation
- Phase III – Go-Live Preparation
- Phase IV – Post Implementation

Provided as Reference
Available On-Line


Questions
Thank You!

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Study References


