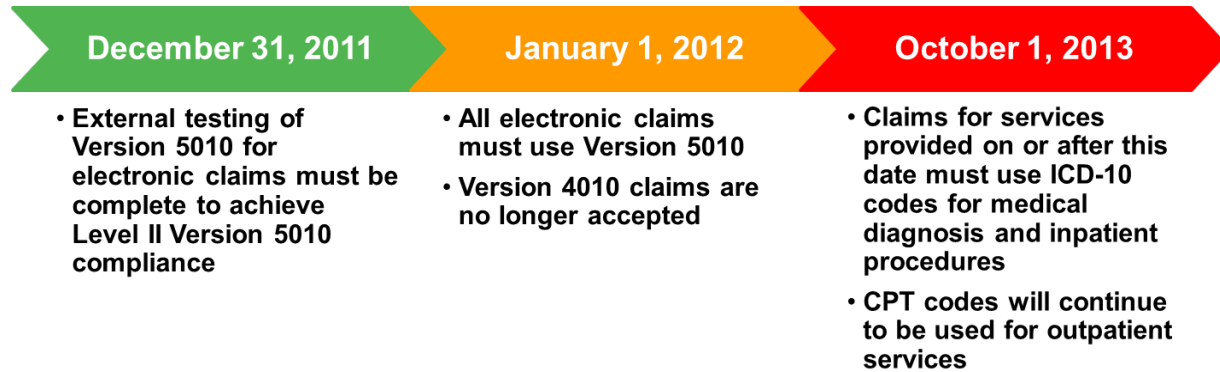




## INTRODUCTION: WHAT IS ICD-10?

*The ICD-10 coding system is utilized by the World Health Organization to track and trend disease processes universally. While ICD -10 has been used throughout the world for a number of years, the United States has not transitioned to this coding system and continues to report information with the previous version known as ICD-9.*

**TABLE 1 – ICD-10 IMPLEMENTATION TIMELINE**



With the transition from the ICD-9 system to ICD-10, the system has been expanded to include more health-related conditions and greater specificity. Per the Department of Health and Human Services, the compliance date for implementation of ICD-10 is October 1, 2013. Table 1 illustrates the ICD-10 implementation preparedness timeline.

CMS’s annual estimated costs in millions of dollars over seven years for ICD-10 implementation includes system changes from 2011-2017, productivity losses from 2014-

2017, and training costs from 2013-2017. The annual estimated costs over seven years range from \$49 million to \$1.2 billion, totaling approximately \$2.97 billion dollars as shown in Table 2. These costs include estimated productivity losses from improper and returned claims of \$543 million. In a survey of 242 healthcare provider organizations conducted in July 2011, those surveyed stated they anticipate a minimum of a 10% reimbursement loss due to improper or denied claims with 60% of the respondents stating that they anticipate cash flow issues to arise.

**TABLE 2 – CMS’S ANNUAL ESTIMATED COSTS OVER 7 YEARS FOR ICD-10 (IN MILLIONS)**

| Year                            | 2011         | 2012         | 2013         | 2014           | 2015         | 2016         | 2017        |
|---------------------------------|--------------|--------------|--------------|----------------|--------------|--------------|-------------|
| <b>Training</b>                 | \$0          | \$0          | \$152        | \$1,123        | \$141        | \$0          | \$0         |
| <b>Productivity Losses</b>      | \$0          | \$0          | \$0          | \$31           | \$329        | \$165        | \$49        |
| <b>System Changes</b>           | \$147        | \$293        | \$488        | \$50           | \$0          | \$0          | \$0         |
| <b>TOTAL COST (IN MILLIONS)</b> | <b>\$147</b> | <b>\$293</b> | <b>\$640</b> | <b>\$1,204</b> | <b>\$470</b> | <b>\$165</b> | <b>\$49</b> |

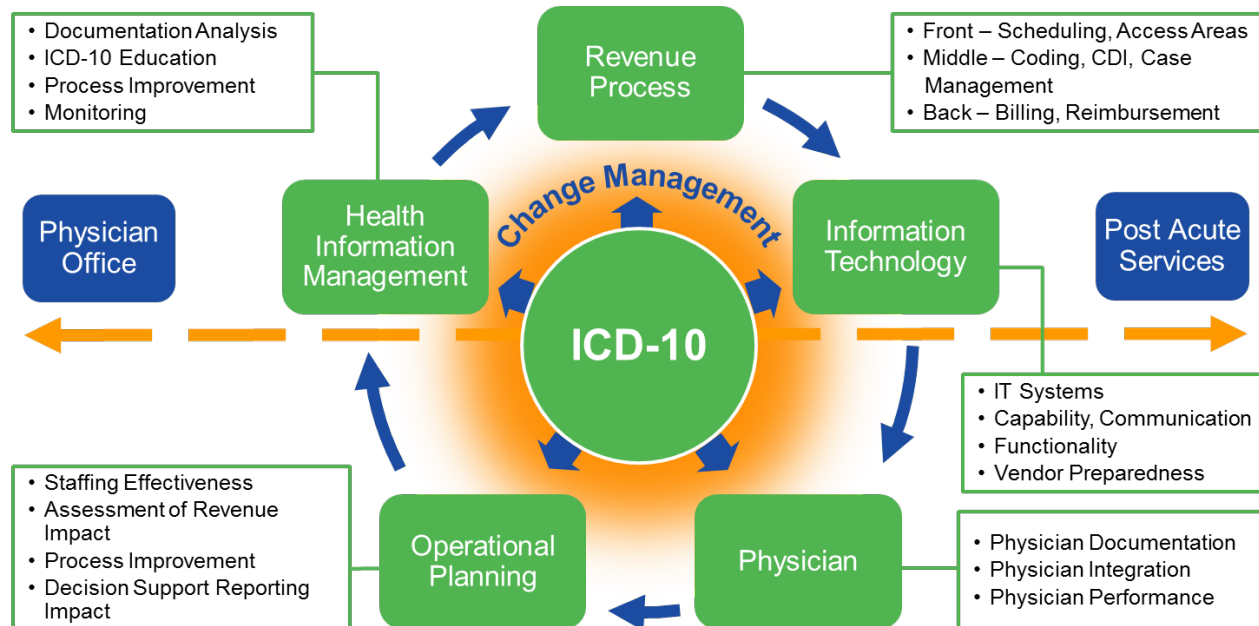
## TRANSITION PLANNING

The need for transition planning to ICD-10 has begun. All entities covered by the Health Insurance Portability and Accountability Act (“HIPAA”) that submit claims for services provided on or after October 1, 2013 must use ICD-10 codes for medical diagnosis and inpatient procedures. If not submitted properly, claims and other transactions may be rejected, requiring re-submission with ICD-10 codes. Since lack of compliance may result in delays and impact reimbursements, it is critical to prepare in advance for the change to ICD-10.

Key preparation activities will include: the assessment of current physician documentation

patterns and the ICD-9 coding thereof in comparison to the documentation requirements necessary for the same endeavor in ICD-10; analysis of current operational processes; staffing requirements and systems that will be impacted; and the determination of the financial impact of this transition. As Table 3 illustrates, the impact of ICD-10 on organizations goes beyond a process change within Healthcare Information Management. ICD-10 implementation not only impacts the revenue cycle but also has significant impact on other key operational areas such as patient registration and precertification, quality reporting and clinical pathways.

**TABLE 3 – THE SYSTEM IMPACT OF ICD-10**



## WHAT'S NEXT?

Organizations must determine areas of risk and opportunity throughout the organization's revenue cycle from preadmission to remittance and, if applicable, expand into other areas such as the physician office, skilled nursing and long-term acute care processes and documentation. Consideration of the entire patient continuum is vital in preparing for the necessary changes. The goal of any assessment is to limit the impact of ICD-10 implementation on the organization's revenue cycle.

During the analysis, the organization should consider technical issues such as the productivity impact with coding professionals using comparative information categorized by case complexity and identification of the number of ICD-10 diagnosis. In addition, the organization may wish to perform a procedural code analysis that compares ICD-9 codes assigned compared to ICD-10 for deficiencies by physician and service type.

### KEY ASSESSMENT COMPONENTS

- **Determination of the current state of ICD-10 preparedness** including the organization's team structure and awareness including, if desired, a comprehensive systems audit for ICD-10 compatibility;
- **Assessment and mapping of current data process flow** including identifying where ICD-9 coded data is stored, captured and transmitted through the revenue cycle from preadmission information to remittance;
- **Review of outside vendor readiness** to include discussions surrounding the ICD-9 to ICD-10 transition period;
- **Analysis of current ICD-9 data to ICD-10 crosswalk** based on available documentation utilizing the organization's computer assisted coding and coding professional technical review in follow up;
- **Determination of areas of physician documentation** opportunities for improvement; and,
- **Identification of staffing strengths and weaknesses** in the areas of revenue cycle most impacted by the flow of ICD-10 information including preadmission, patient access, case management, health information management and patient accounting.



## CONCLUSION

With proper preparation, organizations can avoid losses and cash collection delays during ICD-10 implementation due to improper and returned claims. As previously discussed, the transition to ICD-10 impacts all facets of the healthcare continuum. Successful outcomes of approaching this initiative proactively are: 1) Increased efficiency in claims processing during the transition to ICD-10; 2) Improved claims accuracy; 3) Improved data capture for knowledge based decision making; and 4) Decreased unnecessary cash flow issues. Approaching the conversion from an organizational perspective, as opposed to solely from a health information management or information technology perspective, allows organizations to address the associated impact to physicians, operations, and patient satisfaction.

*To discuss how this subject may affect your business, please contact:*

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