ICD-10: Is it the New Y2K?

Clinical Documentation Improvement Programs’ Impact On Success
It was New Year’s Eve 1999, and computer programmers the world over held their breath as the clock struck midnight. Would all of the preparation, contingency planning, and computer upgrades ensure that operations would continue without incident, or would computer systems across the globe simultaneously crash and business operations come to a halt? In much the same way, the entire healthcare industry today anxiously awaits the dawn of ICD-10, the updated coding system that takes effect next year. With all of the retooling of processes, systems, and thinking, is the transition to ICD-10 destined to be the new Y2K?

The U.S. Department of Health and Human Services (HHS) issued a rule on July 31, 2014, finalizing (again) the compliance date of October 1, 2015, for the transition to ICD-10. This final deadline confirms the implementation date and is intended to encourage providers and others in the healthcare industry to continue to ramp up their operations to ensure they are ready to go on October 1. A recent survey of providers disclosed that while 70% of healthcare entities had conducted readiness assessments and allocated funds toward implementation, only 50% had begun testing.

The increased specificity found in ICD-10 is reflected in its combination codes for conditions and common symptoms or manifestations, poisonings, and external causes; its added laterality (or specific anatomical site); its expanded codes that include injury, diabetes, and others; and its updated clinical terminology. As a result of this specificity, the required training for implementation is extensive.

All entities covered by the Health Insurance Portability and Accountability Act (HIPAA) that submit claims for services provided on or after October 1, 2015, must use ICD-10 codes for medical diagnoses and inpatient procedures. If the codes are not submitted properly, claims and other transactions may be denied or rejected, resulting in an adverse impact on cash flows.

CMS also states that while there are many entities that are not covered by HIPAA, the use of ICD codes often intersects with covered entities. Therefore, CMS expects that these non-covered entities such as worker’s compensation, automobile, and personal liability insurers will voluntarily transition to ICD-10.

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 pre-certification, quality reporting, and clinical pathways. (Shown in the graphic The System Impact of ICD-10)
The System Impact of ICD-10

Key preparation activities will include:
• 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.
• Determination of the financial impact of this transition.

How a CDI Can Help

As defined by AHIMA, clinical documentation improvement (CDI) programs were formed in an effort to work with care providers to appropriately reflect the quality of patient care while increasing accuracy in coding and reporting. Due to the need for increased documentation specificity, physician queries will increase, causing delayed coding of charts resulting in delayed billing. Studies in preliminary ICD-10 gap analyses have proven that some hospitals currently lacking a CDI program have experienced denial ratios as much as 25% of claims due to unspecified diagnoses. CDI programs have proven to lessen the denial impact and, more importantly, improve the quality of documentation to accurately reflect the clinical practice.
ICD-10 Impact Beyond . . .

There is a direct link between improved documentation, ICD-10 implementation, meaningful use compliance, revenue cycle results, and reported quality scores. All efforts must be well established, integrated, and coordinated. In October 2010, the National Quality Forum released a guidance report and best practices for converting healthcare quality performance measures from ICD-9 to ICD-10. Eligible hospitals (EHs) and eligible providers (EPs) that seek to apply for Stage One Meaningful Use of Certified Electronic Health Record (EHR) incentives will be required to capture and report clinical quality measures. While investing in EHR to comply with meaningful use, build the EHR to require increased documentation of patient conditions that guides the physician to specific details about diagnoses. This will result in the required increased specificity in order to code records seamlessly for ICD-10, and ultimately minimize the impact on billing and denials.

Conclusion

All of these changes in processes, software, etc., as well as related training and preparation cannot be implemented without incurring significant costs. In the final ruling as reported in the August 4, 2014, Federal Register, CMS concluded that the one-year delay of required implementation of ICD-10 will add a range of 10 to 30% to the total cost that organizations have already spent or budgeted for an October 1, 2014, implementation date. CMS estimates the cost of the one-year delay in the compliance date of ICD-10 to be from a low of $1.2 billion to a high of $6.9 billion dollars! It is critical that providers recognize: 1) that the impact of failing to effectively implement ICD-10 may be devastating due to lost revenues and delayed cash flow; 2) that significant management time and financial resources must be committed to effectively plan and implement ICD-10; and 3) both of these challenges are unavoidable as regulations now stand. So management must prepare their organizations for timely, effective transition to ICD-10.

Health systems and hospitals must determine areas of risk and opportunity throughout the organization and, if applicable, expand into other areas such as physician offices, skilled nursing facilities, and other providers. Consideration of the entire patient continuum is vital in preparing for the necessary changes. The goal of any assessment is to minimize the negative impact of ICD-10 implementation on the organization’s revenue cycle. With proper preparation, organizations can avoid the many potential problems previously noted during ICD-10 implementation. Approaching the conversion from an organizational perspective, as opposed to solely from a health information management or information technology perspective, allows organizations to address and mitigate possible adverse events.

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