ICD-10 – Are You Prepared?

Hosted by HITECH Answers, Presented by WEDI and Sponsored by ZirMed
July 15, 2015

Jim Daley, Past Chair, WEDI; WEDI ICD-10 Co-chair
Director, IT, BlueCross BlueShield of South Carolina
ZirMed empowers healthcare organizations to optimize revenue and population health with the nation’s only comprehensive end-to-end platform of cloud-based financial and clinical performance management solutions-including claims and A/R management, charge integrity, patient access and engagement, population risk management, and cost and utilization. Start boosting your bottom-line performance.

To learn more visit www.ZirMed.com or call 1(855)255-4820.
CMS/AMA recently announced efforts to continue to help physicians get ready ahead of the October 1 deadline including additional guidance allowing for flexibility in the claims auditing and quality reporting.

Upcoming Webinar *ICD-10 goes live in less than 14 weeks. Are You Ready?* [Registration Link]

Q&A
Jim Daley, Director of IT for BlueCross BlueShield of South Carolina

Jim is immediate Past-Chair of the Workgroup for Electronic Data Interchange (WEDI) Board of Directors and co-chairs the WEDI ICD-10 workgroup.

Served on the leadership team that oversaw creation of the 2013 WEDI report.

Past recipient of WEDI’s Chairman’s Award, Distinguished Service Award and the Andrew H. Melczer Excellence in Volunteerism Award.
The Workgroup for Electronic Data Interchange (WEDI) is a leading authority on the use of Health IT to improve healthcare information exchange in order to enhance the quality of care, improve efficiency and to reduce costs of our nation’s healthcare system.

WEDI was created in 1991 by Secretary of Health and Human Services, the Honorable Louis W. Sullivan, MD, and is named in the 1996 HIPAA Law as advisor to HHS.

The 1993 WEDI Report provided a roadmap for the industry to move to electronic methods. In 2013 an updated report was published.

WEDI is an industry organization with nearly 400 corporate members including providers, health plans, clearinghouses, software vendors, state and federal government agencies.
ICD-10 Background
8/22/08: Proposed rule suggested date of October 1, 2011
1/16/09: Final regulation established date as October 1, 2013
9/5/12: Regulation changed date to October 1, 2014
4/1/14: PAMA statute mandated no earlier than October 1, 2015
8/4/14: Regulation established new date as October 1, 2015
   - Estimated [mean / average] cost of 1-year delay was $4 Billion
   - “…a 1-year delay increases costs for covered entities by a range of 10 to 30 percent.”

10/1/15 is:
   - Four years more than the original proposed date
   - More than six and a half years from the original final rule publication

7/6/15: CMS-AMA press release confirms 10/1/15 date
What Is ICD-10?

- **ICD-9-CM**: Clinical modification used in U.S. Developed in 1970’s, implemented 1979
  - Volume 1&2 diagnosis codes (used by all providers)
  - Volume 3 procedure codes (used by hospitals for inpatient reporting)
- **ICD-10-CM**: U.S. clinical modification for the ICD-10 diagnosis classification system
- **ICD-10-PCS**: U.S. procedure classification system developed to replace ICD-9-CM vol 3
- **ICD-10**: Diagnosis classification system developed by the World Health Organization as a replacement to ICD-9; contains no procedure codes
- **ICD-10-CA**: Canadian clinical modification for the ICD-10 diagnosis classification system
- **ICD-10-AM**: Australian clinical modification for the ICD-10 diagnosis classification system
ICD-10-CM Structure:
3 to 6 position code with leading alpha (+ extension)

Note: ICD-9-CM diagnosis was 3 to 5 position numeric (except V and E)
ICD-10-PCS Structure

7-position alphanumeric code

Note: ICD-9-CM procedure code was 3 to 4 position numeric
ICD-10-PCS Examples

**ICD-10-PCS Medical and Surgical Section**
Uses seven characters for medical and surgical procedures as follows:

<table>
<thead>
<tr>
<th>Character 1</th>
<th>Character 2</th>
<th>Character 3</th>
<th>Character 4</th>
<th>Character 5</th>
<th>Character 6</th>
<th>Character 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section</td>
<td>Root Operation</td>
<td>Approach</td>
<td>Body Part</td>
<td>Device</td>
<td>Qualifier</td>
<td></td>
</tr>
</tbody>
</table>

**EXAMPLES:**

*Sigmoidoscopy with biopsy: 0DBN8ZX*
Medical and Surgical section (0), body system Gastrointestinal (D), root operation Excision (B), body part Sigmoid Colon (N), Via Natural or Artificial Opening Endoscopic approach (8), No Device (Z) and with qualifier Diagnostic (X).

*Tracheostomy using tracheostomy tube: 0B110F4*
Medical and Surgical section (0), body system Respiratory (B), root operation Bypass (1), body part Trachea (1), Open approach (0), with Tracheostomy Device (F) and qualifier Cutaneous (4).*
"ICD-10" Summary

**ICD-9-CM**

ICD-9-CM vol. 1&2 (Diagnosis)
3-5 digits
(e.g. 821.01 – Closed Fracture of shaft of femur)

~13,000 unique codes

ICD-9-CM vol. 3 (Procedure)
3-4 digits
(e.g. 47.01 – Laparoscopic appendectomy)

~11,000 unique codes

**“ICD-10”**

ICD-10-CM (Diagnosis)
3-6 alphanumeric plus qualifier
(e.g. S72.344 – Displaced spiral fracture of shaft of right femur)

~70,000 unique codes

ICD-10 PCS (Procedure)
7 alphanumeric
(e.g. 0DTJ4ZZ – Laparoscopic appendectomy)

~72,000 unique codes
What’s the “Real” Story?

- **Increased code count and granularity**
  - Laterality accounts for 46 percent of the total increase in codes
  - The average number of codes used by physicians is very small
    - How many codes will you really use and need to know?

- **Many ‘silly’ codes already existed in ICD-9**
  - Sucked into jet (aircraft) E844
  - Accident involving spacecraft E845
  - Implantation of quills of porcupine E906.8
  - Pecked by bird E906.8
  - Burning while on water skis E837.4

- **ICD-11 is expected to be released in 2017**
  - For the US, that date is the beginning, not the end, of the process toward adoption of ICD-11.
Benefits of ICD-10

- Supports new technology and diseases

- **Increased specificity facilitates:**
  - Better reflection of condition, severity, complications, location
  - Better quality of care
  - Better tracking of outcomes
  - Better quality measures
  - Better data for research and clinical trials

- **Long term population health benefits**
  - Better understanding
  - Better treatments
Survey Results
Tenth readiness survey - first was November 2009

Good balance of 1174 respondents although not statistically selected sample:

Perhaps reflects slightly better than actual status

Increased number of responses versus prior survey likely picked up more entities that were behind
Q18 - Providers

What Best Describes the Type of Provider You Are:
Provider Comparison

Health System / Hospital

Physician

Impact Assessment

External Testing
SURVEY: Provider Comments On Other Obstacles

- Comments NOT from physicians or health systems / hospitals
  - Don’t know what it is
  - Don’t know what to do
  - Don’t know how
  - Not knowing how to get accurate ICD-10 codes for ICD-9 codes
  - We don’t accept Medicare
  - I don’t believe this applies to us; we bill directly through Medicaid and Blue Cross

- Other comments:
  - Would be complete if delays hadn’t kept happening
  - We are ready to go
  - We were ready last year
  - The uncertainty has been our only obstacle
Conclusions From Feb. Survey

• There is still a lot of work to complete
• Physicians lag significantly behind health systems / hospitals
• The delay caused many organizations to slow down efforts, while others kept moving ahead
• Some tasks, especially testing, slipped into 2015
• Some are waiting for others in order to test
• There is some lack of understanding among other types of providers
Preliminary June Survey Findings:

- There is still a good amount of work to complete.
- Three quarters of vendors said their products were already available. All planned to be complete by 10/1.
- About three quarters of health plans had started or completed external testing. Only two plans indicated potential difficulty in being ready on 10/1.
- Only one hospital/health system responded they wouldn’t be ready by the compliance date, but almost one quarter of physicians said they wouldn’t be ready.
- Almost three quarters of hospitals/health systems had started or completed external testing, compared to just over one fifth of physicians.
Cost Considerations
Conflicting Cost Estimates

Report to American Medical Association
- 2014 study updated research published in 2008
  - Small practice costs will range from $56,639 to more than $226,000
  - Medium practices will pay between $213,364 and $824,735
  - Large practices are predicted to run between $2 million and $8 million
- Includes testing, payment disruption and productivity loss
- Includes other costs that impact, but are not directly related to ICD-10 efforts, including the adoption of electronic health records

- Costs for small practices-three physicians plus two other impacted staff members such as coders- would be between $1,960 and $5,900
**Actual costs; all costs considered:**
- Includes lost productivity time for both physicians and other personnel
- Includes obtaining ICD-10 manuals and documentation, cost of training, cost of super-bill conversion, and software system upgrades and testing

The results of the survey for practices with six or fewer providers is contained in the following table:

<table>
<thead>
<tr>
<th>Number of Providers</th>
<th>Number of Responses</th>
<th>Average Expenditures</th>
<th>Per Physician Average Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>83</td>
<td>$4,372</td>
<td>$4,372</td>
</tr>
<tr>
<td>2</td>
<td>69</td>
<td>$6,620</td>
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<td>3</td>
<td>39</td>
<td>$9,641</td>
<td>$3,214</td>
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<td>4</td>
<td>37</td>
<td>$13,541</td>
<td>$3,385</td>
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<tr>
<td>5</td>
<td>30</td>
<td>$11,960</td>
<td>$2,392</td>
</tr>
<tr>
<td>6</td>
<td>18</td>
<td>$11,028</td>
<td>$1,838</td>
</tr>
<tr>
<td></td>
<td>276</td>
<td>$8,167</td>
<td>$3,430</td>
</tr>
</tbody>
</table>
AAPC Cost Survey

AAPC
Reported February 2015

- 72 percent spent less than $5000 per provider
- Only 2 percent said they had spent either nothing or in excess of $10,000 per provider
- Numbers confirm previous AAPC estimates of $750-$3,500, per provider, on average, depending on practice size.
- Many respondents also stated that ICD-10 implementation has not been as hard as they thought it would be, and that overall it has improved processes and documentation in their practices.
Actual Costs

Why such a difference?

- Some physician offices found the effort was nowhere near what they had anticipated.
  - Many found that their software vendor has done most of the work and that the necessary upgrades are included free of charge in their contract
  - Free support is available from many vendors and associations
  - Adoption of electronic health records has further facilitated the transition
  - ICD-10 educational materials are now readily available
  - Practice specialty-specific superbills can be downloaded from the internet
  - Large portion of initial estimates were related to increased documentation and lost productivity, but were extrapolated from data on inpatient hospital costs

- At the February 2015 hearings held by the House Energy & Commerce committee one physician stated that his office used ICD-9 on a Friday and began using ICD-10 the following Monday with no training and no cost, just a dedicated group of professionals who accepted the challenge and what they got was a normal day at the office.

- For hospitals and health plans the cost and effort has proven to exceed early estimates by a significant amount.
Cost Considerations

- Are software upgrades part of contract?

- Can free resources replace purchased items/services?
  - CMS Road to Ten
  - WEDI resources
  - Other industry organizations
  - Free webinars, etc.

- Can business associates / trading partners assist?

- Is outside assistance (e.g. using consultants/trainers) necessary?
ICD-10 Testing
What Has Testing Shown?

Commercial payer results – large national payer

- **Key Outpatient/Professional Findings**
- 98% of claims showed no variance in outcomes when comparing ICD-9 results to ICD-10 results
- Only 1 claim demonstrated an uncontrollable variance (medical policy)
- The remaining variances were caused by provider coding inconsistencies and test environment issues
  - Gender change between the ICD-9 and ICD-10 claim
  - Submission of Diagnosis or CPT codes not associated to the previously submitted ICD-9 Diagnosis or CPT codes
  - Manual processing issues related to the test environment

- **Note:** Test claims were targeted based on ICD-9 claims that triggered a clinical policy
Internal Testing

One Hospital’s Experience

- The test process that we did with the payers, can be almost as beneficial when done without the payer and there are some added benefits!
  - Assists us in understanding where our risks are
  - Provides invaluable experience in completing those deep dive analytics needed to determine the root cause of DRG shifts (many valuable lessons are learned as part of this process)
  - Supports identification of CDI shortfalls
  - Identifies areas where additional training is needed
  - Prepares us for payer initiated post-live audits
  - Gives back additional time for meaningful testing that is not dependent on the payers
March 2015

- 775 submitters participated
- Almost 9,000 claims.
- Accepted 91.8 percent of test claims, higher than previous two testing weeks.
- No Medicare FFS claims systems issues were identified during this testing week or the previous acknowledgement testing weeks in November 2014 and March 2014.
- Most rejects resulted from improperly developed test claims unrelated to ICD-10.
  - Many rejects were related to an invalid National Provider Identifier (NPI) or an NPI that was not on the NPI crosswalk.
  - On professional claims, common errors included invalid Healthcare Common Procedure Coding System (HCPCS) codes and invalid postal ZIP codes.
  - Other claims were rejected for future dating. While this is an issue in the testing environment, it should not be a factor after implementation on October 1, 2015.
Medicare E2E Testing

April 27 through May 1, 2015

Medicare Fee-For-Service (FFS) providers, clearinghouses, and billing agencies participated in a second successful ICD-10 end-to-end testing week with all Medicare Administrative Contractors (MACs) and the Durable Medical Equipment (DME) MAC Common Electronic Data Interchange (CEDI) contractor. Participants were able to successfully submit ICD-10 test claims and have them processed through Medicare billing systems.

- Approximately 875 participants
  - Broad cross-section of provider, claim, and submitter types
  - Approximately 1,600 National Provider Identifiers (NPIs) were registered to test
- 23,138 test claims received
  - 50% - Professional; 43% - Institutional; 7% - Supplier
- 88% acceptance rate
  - 2% were rejected due to invalid submission of ICD-10 diagnosis or procedure code
  - <1% were rejected due to invalid submission of ICD-9 diagnosis or procedure code
  - Other rejections due to non-ICD-10 errors, such as incorrect NPI, Health Insurance Claim Number, or Submitter ID; dates of service outside the range valid for testing; invalid HCPCS codes; and invalid place of service.

**Overall, Testing demonstrated that CMS systems are ready to accept ICD-10 claims:**
- Professional and Supplier Claims - No issues identified and zero rejects due to front-end CMS systems issues.
- Institutional Claims - One issue identified: Certain inpatient hospital test claims were inappropriately processed due to a systems issue with codes that are exempt from Present on Admission reporting.
- The home health issue for claims spanning 10/1/15 found during the January E2E testing week was resolved.
What To Do Now
Compliance Steps

- Plan, Organize & Assess
- Communication & Outreach
- Remediation/Implementation
- Training
- Testing
- Transition (Execute & Evaluate)
Things To Consider

• Waiting is not a good option
• Much can be done independently
• How fast is fast enough?
• How much testing is enough?
• How many ‘surprises’ can you live with?
• Planning for the actual transition
• Need for continued outreach and education
Questions for Vendors

Ask about the following:

- Product availability / date
- Support for existing products
- Cost information / free upgrades
- Required hardware / operating system and version
- Product support / transition support
- Training
- Testing assistance
- Issue reporting
- Functionality - code searching, dual code support, reporting, etc.
Clearinghouse/RCM can:

• Provide critical key indicators for benchmarking first pass & pay rates [versus established baselines]
• Coordinate and assist in the resolution of rejections and denials
• Provide solutions to help monitor denials and rejections with actionable analytics
• Analytics that can keep track of what is outside the normal trends of denials
Key Metrics (KPI)

- Denial Rate
- Denial Impact
- Top Used ICD-9 Codes
- Reimbursement Aging
- Average A/R Days
- Average A/R Days Trend
- Top Denials by Payer
- Billed vs. Paid Trend
Sample WEDI Resources

• White papers and issue briefs
  ➢ Roadmap toolkit
  ➢ Milestones
  ➢ Critical metrics
  ➢ Small provider testing
  ➢ Payer Top 10 things to post
  ➢ (Soon) Assessing vendor readiness

• Special information
  ➢ State by state adoption of ICD-10 (for Workers’ comp)
  ➢ Health Condition Categories (for Medicaid)

• ICD-10 implementation success initiative
## 2015 WEDI Events

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
<th>Location</th>
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<tbody>
<tr>
<td>24th Annual National Conference</td>
<td>May 18-21, 2015</td>
<td>Talking Stick Resort, Scottsdale, AZ</td>
</tr>
<tr>
<td>WEDI-CON 2015 (Fall Conference)</td>
<td>October 26-29, 2015</td>
<td>Hyatt Regency Reston, Reston, VA</td>
</tr>
<tr>
<td>ICD-10 Forum (Summer)</td>
<td>July 28-29, 2015</td>
<td>American Dental Association Conference Center, Chicago, IL</td>
</tr>
<tr>
<td>Level-Up: Architect &amp; Developer Forum</td>
<td>November 18-19, 2015</td>
<td>American Dental Association Conference Center, Chicago, IL</td>
</tr>
</tbody>
</table>

- WEDI offers numerous webinar series in areas such as ICD-10, HPID, New Payment models, privacy & security, etc...
Industry Resources

- WEDI and work products (www.wedi.org)
- CMS “Road to 10” tool (www.roadto10.org)
- CMS ICD-10 resources (www.cms.gov/icd10)
  - In-person training events in urban and rural communities
- Industry coalition resources (www.coalitionforicd10.org)
Upcoming Webinar *ICD-10 goes live in less than 3 months. Are You Ready?*
[Registration Link](#)

White Paper *Countdown to ICD-10: Prepared for Success?*
[Download Here](#)

*Take the ICD-10 Assessment* and See How Prepared You are.
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QUESTIONS?

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