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# ICD-10: Preparing Your Practice for the Big Changeover

# Executive Summary

*"Bear down and plan well," says John Dingle, a senior health systems engineering analyst at the Mayo Clinic. "If you haven't already started planning, you need to clearly understand the regulations and what you are being asked to do…Even if you start today, you are already late."*

—HIMSS Virtual Briefing: "Critical Success Factors of the ICD-10 Conversion," August 10, 2011

On October 1, 2014, a significant change is set to occur in the health care industry: the adoption of the ICD-10 code set for reporting diagnoses and procedures to payers. The new code set, which increases the number of reporting codes from about 13,600 to about 69,000, represents a dramatic increase in the level of reporting detail and granularity. Some of the potential benefits of using ICD-10 are: increased ability to track and trend diseases, more accurate coding, codes that reflect advances in technology, support of innovative payment designs, better utilization and quality management.

However, the increased complexity of ICD-10 will require a wide variety of adaptations by health care providers. A report by one health care strategic planning firm lists staff education and training; business-process analysis of health plan contracts, coverage determination, and documentation; changes to superbills; IT system changes, increased documentation costs, and cash flow disruption.

The changeover to ICD-10 will also be costly. One research firm estimates that these adaptations will cost the industry between $475 million and $1.5 billion over ten years. However, this firm also estimates that, over the same ten years, the industry will gain between $700 million to $7.7 billion in cost savings. A midsized physician practice could incur as much as $300,000 in hard costs to adopt ICD-10; this total may increase to almost $3 million for a large group.

How should you think about and prepare for this transition? John Dingle (quoted above) recommends that you identify a project sponsor who will champion the entire project and enterprises within your organization to brainstorm next steps. (athenahealth suggests having a physician champion as well as a project champion.) He also urges practices to develop a high-level timeline that starts at Oct. 1, 2014 and work backwards to the present. Finally, he says you must create a sense of urgency and not believe rumors that the implementation dates will change.

But it's also important not to go it alone. Your billing, practice management, and EHR vendor should be working hard *right now* to adapt your systems for this changeover—starting with HIPAA ANSI 5010 compliance. In order to determine if your vendor is doing what is necessary, one source suggests that you ask the vendor these questions:

1. What is covered by vendor contracts?
2. What are vendor plans and timelines?
3. How will systems work with both ICD-9 and ICD-10 codes?
4. What does the implementation process include?
5. Is there a cost associated with training and support?
6. Will we need additional infrastructure and software?

The answers to these questions will help you determine if you are working with a billing, practice management, and EHR vendor that can make your transition to ICD-10 as painless and inexpensive as possible, allowing you to focus on educating and training your staff.

# The Brave New World of ICD-10

The health care industry, which is still in the throes of adapting to the HITECH Act and Meaningful Use, faces another significant change to its way of doing business between now and October 1, 2014. That change is the adoption of the new ICD-10 code set for reporting diagnoses and procedures to payers. While the current ICD-9 code set includes 13,800 three-to-five-digit, primarily numeric diagnostic codes, the ICD-10 code set includes approximately 69,000 three-to-seven-digit, alphanumeric codes. Needless to say, a change this dramatic will bring a whole new set of challenges along with it.

However, there are good reasons for making the change to ICD-10. The World Health Organization first introduced the ICD code set in 1992, and it has become the standard in developed countries outside the US. According to *HFMA's Health Care Finance Strategies:*

## How ICD-10-CM Codes Compare to ICD-9-CM Codes

This graphic summarizes how existing ICD-9-CM codes will map to ICD-10-CM codes, pointing out the kind of challenges to be faced.

**Approximate Match:**
Diagnosis has a direct 1 to 1 mapping, but the diagnosis text has changed slightly

**Exact Match:**
Diagnosis has a direct 1 to 1 mapping, but the diagnosis text remains the same

**Match with Multiple Choices:**
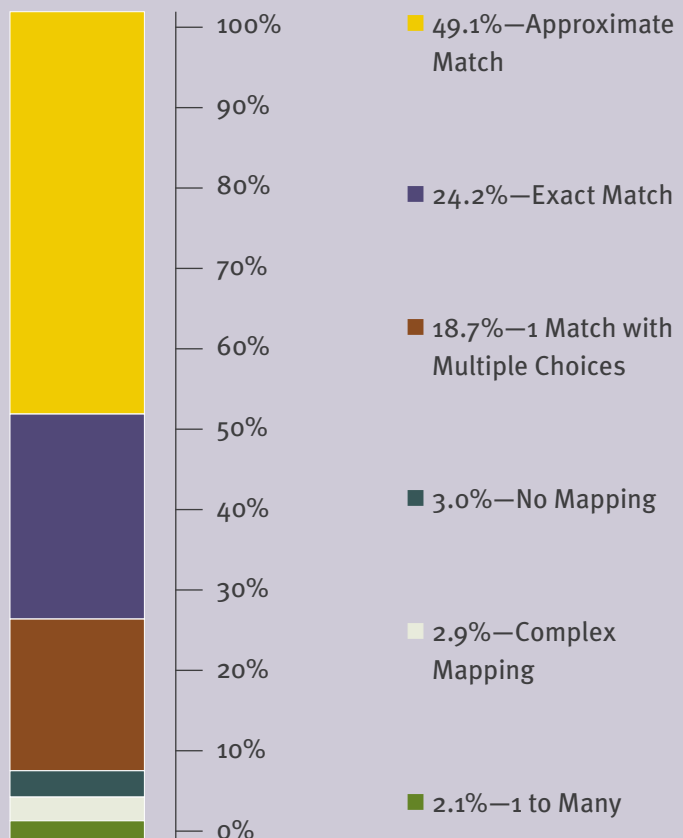Diagnosis maps to a set of diagnoses, from which one should be chosen

**No Mapping:**
Diagnosis does not exist in the ICD code set

**Complex Mapping:**
Diagnosis matches to multiple sets of ICD diagnoses

**1 To Many:**
1 diagnosis code maps to 2 or more ICD codes



- 49.1%—Approximate Match
- 24.2%—Exact Match
- 18.7%—1 Match with Multiple Choices
- 3.0%—No Mapping
- 2.9%—Complex Mapping
- 2.1%—1 to Many

SOURCE: Centers for Medicare & Medicaid Services (CMS) General Equivalence Mapping (GEMs). Based on 2011 GEMS mapping.

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The adoption of ICD-10 brings important society-level benefits, including epidemiological enhancements in the tracking and trending of diseases. The migration from ICD-9 to ICD-10 will bring advantages to the provider community as well, including supporting accurate coding and reducing coding errors, capturing advancements in new technology, supporting innovation in payment design and contracting, improving utilization management, and improving quality management.[1]

But these benefits will not be without costs in time and money. The RAND Corporation estimates that adopting ICD-10 will cost the industry between $475 million and $1.5 billion over 10 years.[2] However, RAND also estimates that over the same ten years, the industry will gain between $700 million to $7.7 billion in cost savings.[3]

William Blair & Company reports from the 2011 Medical Group Management Association (MGMA) Annual Conference that "the degree of complexity and direct/indirect costs that are likely to arise out of the change" to ICD-10 include:

▶ "Practices may be in for significant practice disruption for the first three to six months of adoption and sustainably endure at least a 15% increase in documentation time.

▶ A midsized physician practice could incur as much as $300,000 in hard costs to adopt ICD-10; this total may increase to almost $3 million for a large group.

▶ The cost above excludes a number of indirect costs such as additional staffing (such as coding resources) that may arise from the change.

▶ MGMA recommended practices plan for 16–24 hours of training for the clinical staff and 40–60 hours for the coding staff."[4]

## ANSI 5010—Laying the Groundwork

The first step toward ICD-10 compliance is ANSI 5010 compliance—which your practice should have achieved by January 1, 2012. Although CMS announced a delay in enforcing compliance until April 1, 2012 the below tasks should have already been completed in conjunction with your vendor to ensure a seamless transition to ANSI 5010.

1.  Update your billing and practice management system to reflect the ANSI 5010 transaction standard.

2.  Complete a transition plan for each transaction, including working with your payers and clearinghouses to define readiness timelines for ANSI 5010.

3.  Continue testing the performance of your system with each payer and transaction before their individual ANSI 5010 go live date; the majority of these should have occurred on or before January 1, 2012.

After transitioning to ANSI 5010, your vendor should continue to monitor your ANSI 5010 transactions to ensure that they are cycling properly and monitor your claims to ensure that you're still being paid adequately and in a timely manner.

A report by Nachimson Advisors[5], a health care strategic planning firm, estimates the expenses accruing to various aspects of the adaptation to ICD-10 as follows for a "typical" practice:

| Expense | Practice Size | | |
|---|---|---|---|
| | Small* | Medium** | Large*** |
| Staff education and training | $2,405 | $4,745 | $46,280 |
| Business process analysis | $6,905 | $12,000 | $48,000 |
| Changes to superbills | $2,985 | $9,950 | $99,500 |
| IT costs | $7,500 | $15,000 | $100,000 |
| Increased documentation | $44,000 | $178,500 | $1.76 million |
| Cash flow disruption | $19,500 | $178,500 | $650,000 |

*Three physicians and two administrative staff
**10 providers, one full-time coder, and six administrative staff
***100 providers, with 64 coding staff comprised of 10 full-time coders and 54 medical records staff
Source: "The Impact of Implementing ICD-10," Nachimson Advisors, LLC, October 8, 2008

Of course, it's important that your practice's time and money be well-spent. The purpose of this whitepaper is to help ensure that you do everything necessary to make your transition to ICD-10 as smooth and painless as possible and keep expenses under control. It will outline both what you need to do to prepare for the transition and what you should expect from your billing, practice management and EHR vendor.

What can't be emphasized enough is the importance of moving ahead with these changes. Though they will dramatically impact claims processing for all practices, an October 2011 KLAS report found that only 4% of practices responding had completed their ANSI 5010 implementations—the first phase of ICD-10 implementation—just a few months before the January 1, 2012 deadline.[6] "It's absolutely essential that the 5010 platform be stable before the ICD-10 conversion," says Joel Slackman, managing director for policy at the Blue Cross and Blue Shield Association.[7]

## What You Should Do to Prepare for ICD-10

The first thing to recognize is that, despite the fact that the cutover to ICD-10 won't take place until October 1, 2014, you should begin to prepare for it now. Think about how ICD codes are used by your practice and by your payers. Now think about what it will mean when those codes change dramatically. Graham Tiggs, author of the KLAS report, told FierceHealthIT, "I think that, quite frankly, if a provider does nothing and is not prepared to cut over on Oct. 1, 2014, they will not be able to get a bill out the door and be reimbursed for it."[8] In an August 2011 CMIO Industry News article entitled "HIMSS: Failing to prepare for ICD-10? Plan to fail," John Dingle, a senior health systems engineering analyst at the Mayo Clinic, was quoted as saying: "Even if you start today, you are already late" and "If you haven't already started planning, you need to clearly understand the regulations and what you are being asked to do."[9]

So, education is the first step. Learn exactly what the transition to ICD-10 will mean for your practice and for the industry. Your billing, practice management and EHR vendor should be able to provide you with helpful information. In addition, a comprehensive list of ICD-10 resources for providers can be found at the Centers for

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Medicare and Medicaid Services (CMS) website. athenahealth also recommends the AAPC's ICD-10 Provider Office Changes and the HIMSS ICD-10 Playbook.

To get a sense of where your practice stands today in terms of readiness, consider how many of the following questions you can answer:

## Encounter documentation

► What is your EHR vendor's readiness plan?

► Can you name all the vendors that you exchange diagnosis information with?

► Will your providers' documentation workflow(s) be specific enough for ICD-10?

► Do you have a training plan for MAs, physicians, and billing staff?

## Quality measurement

► What programs do you participate in? Are they outside of your system's infrastructure? Do you know when you'll need to generate the necessary reporting updates?

► How will your utilization review or population management reports change?

## Revenue cycle impact

► How many certified medical billers do you have? Do they need to re-certify?

► Do you know what ICD-9 codes are commonly used on your claims? How are they changing in ICD-10?

► What rules might payers implement, and what are some errors you might see? (For example: V202 Routine Infant Care becomes V202xxx Motorcycle Accident Injury.)

athenahealth has developed an ICD-10 conversion planning checklist for its clients that breaks practice tasks down in greater detail by year:

| 2011 – Create Awareness |
|---|
| ☐ Identify and empower your ICD-10 team. |
| ☐ Watch for and share periodic updates about preparation and industry readiness. |
| ☐ Talk with your vendors about their readiness plans. |
| ☐ Assess clinical and billing staff training needs. |
| ☐ Include ICD-10 costs and projects in your 2012 planning. |

| | 2012 – Plan, Scope, and Budget |
|---|---|
| ☐ | Identify what workflows will need to change at your practice (e.g., clinical documentation, encounter forms, superbills, and public health/quality reporting). |
| ☐ | Budget for time and costs related to the conversion, such as non-athenahealth systems updates, resource materials, and training. |
| ☐ | Monitor release communications to stay informed about communications and new functionality associated with ICD-10. |
| ☐ | Use reporting to review the common diagnosis codes on your claims by specialty and how they are changing in ICD-10. |
| ☐ | Design any workflows that need to change at your practice. |
| | 2013 – Transition to ICD-10 |
| ☐ | Train your patient care staff on your new documentation requirements. |
| ☐ | Train your charge entry/coding staff on new coding requirements. The typical professional should start training about six months before they need to meet new requirements. |
| ☐ | Recertify any professional medical billers, if necessary. |
| ☐ | Update provider documentation workflows, as necessary. |
| ☐ | Update your practice superbills, as necessary, to handle the specificity required by ICD-10. |
| ☐ | Monitor communications to stay informed about communications and new functionality associated with ICD-10. |
| ☐ | Review contracts to gauge impact on reimbursement rates in 2014 and beyond. |
| ☐ | Implement custom rules to review any complex coding situations for your billing staff. |
| ☐ | Monitor your practice metrics, such as post-visit documentation and charge entry lag, to provide QA feedback and more training where needed. |

It is important to realize that the complexity of the ICD-10 transition will make it virtually impossible for you to complete without coordination. In order for you to make the transition successfully, it is essential that your billing, practice management and EHR vendor help you plan and execute the changes that need to be made to your practice processes and systems.

# Know Your Vendor's Plans to Prepare You for ICD-10

Your billing, practice management, and EHR vendor should be working hard right now, with you to adapt your processes and systems for this changeover. In order to assess whether your vendor is going to do what is necessary, *CMIO Industry News* suggests that you ask these six questions:

1. What is covered by vendor contracts?
2. What are vendor plans and timelines?
3. How will systems work with both ICD-9 and ICD-10 codes?
4. What does the implementation process include?
5. Is there a cost associated with training and support?
6. Will you need additional infrastructure and software?[10]

Additional questions you should ask include:

7. Which of your vendors are impacted by ICD-10?
8. How will existing interfaces with other vendors be upgraded?
9. Are there any upgrade costs or fees associated with ICD-10 compliance?
10. Will there be support for data migration?
11. Will you be able to run test claims using ICD-10 prior to the October 1, 2014 cutover?
12. Can you migrate to ICD-10 prior to the October 1, 2014 compliance date?

Your vendor should have the software, knowledge, and services to make your transition to ICD-10 as painless as possible:

## Software

▸ Should be continually updated as the industry moves toward the ICD-10 cutover

▸ Should have the flexibility to support a variety of vendor requirements and timelines

## Knowledge

▸ Should leverage insights from ANSI 5010 conversion for the smoothest possible ICD-10 conversion

▸ Should conduct extensive and ongoing payer readiness surveys

▸ Should have the relationships with payers that enable proactive creation of updated coding rules

## Services

▸ Should conduct individual payer and vendor testing, when available

▸ Should have cross-functional teams monitoring performance of clients, vendors, and payers

▸ Should have a streamlined triage workflow to provide quick prioritization and problem resolution

In addition to these activities, your billing, practice management, and EHR vendor should provide:

▶ Support for diagnosis code selection

▶ Dual-submission workflow for transaction migration

▶ New billing workflows to support coding staff

▶ Testing with payers and vendors on ICD-10 as available

▶ Coordination of the transition across key impacted areas (i.e., payers, labs, interfaces, reports, etc.)

▶ Updates to all relevant rules (e.g., billing, coding, utilization)

▶ Ongoing communications on the progress of the conversion

▶ Tips and reporting tools to minimize productivity loss during transition (e.g., guidance on metrics to track, workflows to review, timelines, etc.)

Your transition to ICD-10 can be as painless as possible with the help of your vendor. Your vendor should be on top of ICD-10, understands what needs to be done to make the transition successful, have payer relationships that will help to smooth the way, and will update your software automatically to reflect ICD-10 requirements.

# athenahealth: Timely ICD-10 Compliance

athenahealth is working hard to prepare for the ICD-10 conversion, conducting research to discern what changes payers and clearinghouses will be making and arranging to test with them, when possible.

We have a superb track record of smoothly managing the biggest health care industry changes for our clients, including:

▶ NPI—Front end rejection rate just after May 23rd, 2008: athenahealth 1.57%, industry 24% (source: Emdeon)

▶ ANSI 5010—45.8% of all claims billed in 5010 format, 40.7% of all transactions in 5010 format (source: athenahealth, week of Dec. 5, 2011 to Dec. 11, 2011)

▶ Meaningful Use—66% of eligible athenahealth providers had attested in Year 1, Stage 1 as of Dec. 3, 2011 compared to 8.8% nationally in the same time frame. (source: http://www.athenahealth.com/hitech.php and CMS). As of March 26, 2012 85% of eligible providers have attested.

athenahealth will work with you to:

▶ Make it clear what ICD-10 is and what the changeover will mean for your practice

▶ Deliver as seamless a transition as the industry will allow when you migrate from using ICD-9 to ICD-10 diagnosis codes

▶ Mitigate the impact on your practice revenue

▶ Minimize the impact on your financial and operational metrics

Our patented billing rules engine is continuously updated—at no additional cost to our clients—and will continue to be updated throughout the transition to ICD-10. We will also:

▶ Update athenaClinicals®, our cloud-based EHR service, to ensure continuity of patient care, including decision support tools for accurate documentation and coding.

▶ Update all your interfaces (including labs, registries, pharmacies, CCD's, third-party EHR systems, etc.). Since athenaClinicals is fully integrated with athenaCollector®, our practice management service, we can help you track and analyze impacts to your organization.

▶ Update our Quality Management and Pay for Performance program infrastructure and coordinate roll-out so your practice can continue to participate in these programs without additional effort on your part.

Other steps we are taking include:

▶ Putting procedures in place to ensure minimal disruption of service and cash flow for practices.

▶ Working with payers and clearinghouses to establish readiness timelines, testing scenarios, and specific changes for ICD-10 implementation.

▶ Participating in industry ICD-10 events and proactively contacting industry stakeholders to determine readiness timelines.

▶ Continually making application and operations changes to support ICD-10.

▶ Creating new and updated fields in patient, billing, and EHR workflows to ensure compliance.

- ▶ Developing tools and value-added services in various workflows to enable a seamless transition to ICD-10.

- ▶ Updating claim formatting rules to support ICD-10 requirements.

- ▶ Planning with payers and clearinghouses to test well in advance of the October 1, 2014, transition date.

- ▶ Providing diagnosis code impact assessments using actual claims data based on the CMS General Equivalence Mappings (GEMs).

Finally, we will closely monitor the results of all testing—and your claims performance on an ongoing basis—in order to minimize the financial and procedural impact of ICD-10 on your practice. With athenahealth as your service partner, you are always on top of the changes impacting your practice, ensuring you stay profitable, compliant, and focused on patient care.

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# Endnotes

1.  "ICD-10: Obligations and Opportunities," HFMA's Health Care Finance Strategies, August 31, 2011, http://www.magnetmail.net/actions/email_web_version.cfm?recipient_id=740431860&message_id=1523967&user_id=HFMA&group_id=696235&jobid=7129242.

2.  See "The Costs and Benefits of Moving to the ICD-10 Code Sets," RAND Corporation. March 2004, p. 17, http://www.rand.org/pubs/technical_reports/2004/RAND_TR132.pdf.

3.  Ibid, p. 38.

4.  "MGMA Recap: Rising Practice Management Complexity a Likely Positive for Athenahealth," William Blair and Company, LLC, October 31, 2001, p. 2, https://www.rdocs.com/getrdocnologin.asp?p=127225

5.  "The Impact of Implementing ICD-10," Nachimson Advisors, LLC, October 8, 2008, pp. 3-5.

6.  "ICD-10: Preparing for October, 2013," KLAS, September 2011.

7.  Neil Versel, 5010: Transitioning to the New Standards, For The Record, Apr. 27, 2009, p. 14.

8.  "KLAS: ICD-10 procrastination a lingering issue for providers," Dan Bowman, FierceHealthIT, October 28, 2011, http://www.fiercehealthit.com/story/klas-icd-10-procrastination-lingering-issue-providers/2011-10-28?utm_medium=nl&utm_source=internal.

9.  "HIMSS: Failing to prepare for ICD-10? Plan to fail," Kaitlyn Dmyterko, CMIO, Thursday, August 11, 2011, http://www.cmio.net/index.php?option=com_articles&article=29058&publication=75&view=portals&form=article29058&limitstart=10.

10. Ibid.

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**About athenahealth** At athenahealth we offer the leading cloud-based practice management, EHR, and care coordination services that help medical groups get more money and more control of patient care. To learn how our services can help your organization, contact us at **866.817.5738** or **athenahealth.com.**