Budgeting Pitfalls of ICD-10

Presentation for
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Budget Areas

- Organizational Impact
- Staffing and Training
- Clinical Documentation
- Information Technology
- Revenue Cycle
- Overcoming the Pitfalls
ICD-10 Organizational Impact

Ancillary Services
- Physician orders
- Result documentation

Health Information Systems, Transcription
- Coding and editing
- Grouping and abstracting
- Transcription

Patient Financial Services
- Edits and scrubbing
- Claims transmission
- Clearinghouse
- Payment posting
- Adjustments, appeals, denials

Payer
- Claim audits
- Payments, denials, rejections
- Remittance advice
- Medical policy review

Most Significant Challenges

- Competing priorities, such as MU and varying IT implementations
- Physician documentation and education
- Identification of all affected applications
- Resources
- Duality of coding processes
- Clinical department workflow process changes
- Decreased coder productivity
- Training / Education
- A/R Management – Cash Flow
- Budget – Hardware, software, personnel, training
ICD-10 Organizational Requirements

Getting to ICD-10 is a multi-year, multi-phase process which will require significant organizational commitment.

Organizational Requirements

- Strong executive-level support focused on the ICD-10 transition
- Well-developed gap analysis to identify all areas to be addressed
- Awareness education for all staff and providers
- Aggressive training schedules and curriculum to ensure learning and competency
- Active communication with vendors to address system compliance issues
- Organization-specific roadmap detailing milestones and steps necessary to achieve such milestones
- Tight coordination and communication across all departments touched by ICD-10 codes (nearly all)

Staffing and Training

- Training for providers and staff
  - Assure everyone is included
  - Look for partnerships
  - Conduct pre- and post- competency testing
  - Develop a strategy for delivery of training
  - Train policy and procedure changes
- Budget for related decreases in productivity and increased opportunity costs
- Recruitment/ Retention
  - Compensation for provider and staff
  - Understand your market
- Develop a communication plan
Training Partner

- Awareness training for executive and mid-level leadership
- Identification of the organization’s training needs
  - Singular or re-occurring
  - Integration of standard and customized curriculum
  - Delivery method
  - Documentation
- Vendor Search and Selection
- Work with all current partners to determine optimal processes

Clinical Documentation

- Documentation Review
  - What specialty areas are affected?
- Provide documentation for the top 30 diseases
- Concurrent use of codes
  - For a time period ICD-9 & ICD-10 will be used
- Training Strategy
  - Documentation for all audiences
- Policies & Procedures
  - Review and update
- Develop a Clinical Documentation program
Nurses

- **Forms:**
  Orders must be revised or recreated.
  Assessments and nursing notes may need revisions.

- **Documentation:**
  Must use increased specificity.

- **Prior Authorizations:**
  Policies may change, requiring training and updates.

- **Challenge:**
  ➢ Documentation review
  ➢ Chart reviews
  ➢ Educating the masses

Physicians

- **Documentation:**
  The need for specificity dramatically increases by requiring laterality, stages of healing, weeks in pregnancy, episodes of care, and much more.

- **Code Training:**
  Physicians must be trained. Number of codes in your specialty area will increase.

- **Challenge:**
  ➢ Educating the masses
Information Technology

• Interfaces, data flow and reports
  - Rebuilding reports can be costly
  - Loss of data continuity
• Conduct end to end testing
• Review vendor contracts and terms
• New applications and solutions
  - Computer Assisted Coding
• Business Intelligence/ Metrics
  - Measure your progress
  - Quality Measures
Revenue Cycle

- Consider the cost of manual processes
  - Identify and automate as many processes as possible
  - Fully deploy systems and processes
- Identify outsourced services
  - Review and amend contracts
- Fiscal Impacts
  - What is the financial impact if revenue drops by 40%?
  - What is the financial impact if AR days increase by 10%?
  - Complete appropriate testing with clearing houses to insure that denials for coding are accurately reported
  - Staff and train billers for the extra workload
- Work with the payers

Clinical and Operations Area

- **Patient Coverage:**
  Health plan policies, payment limitations, and new ABN forms are likely.
- **Claims / Superbills:**
  Revisions required and paper superbills may be impossible.
- **ABNs:**
  Health plans will revise all policies ABN forms must be reformatted and patients will require education.
- **Reporting:**
  Health plans will have new requirements for the ordering
Overcoming the Pitfalls

• Tighten cash collection policies and procedures
  - Meet with front office staff to reinforce how important it is to have correct, current and complete insurance information for each patient.
  - Make sure that when a co-pay is required by the patient’s insurance plan, that in every instance, it is collected at the time of service.
  - If the patient’s account has a balance due, attempt to collect all or some at time of service.
  - Assure self-pay patients have a plan in place for payment at the time of service.

Overcoming the Pitfalls

• Understand the intersection of ICD-10 and MU
• Understand your clearinghouse processes
• Relate revenue and expenses
  - Tighten and refine your budgeting processes
• Look at all initiatives as relationship driven
Overcoming the Pitfalls

• Measure your progress and success
• Budget for post implementation costs
• Consulting/Advisory Services
  - Find one partner for vendor management
• Don’t wait

530 days left!
### HIMSS / AHIMA Timeline

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| March 31, 2013        | - Internal impact assessment: How the ICD-10 codes will affect everyone in your organization.  
                        | - External impact assessment: Understand how ICD-10 implementation will affect your payers, vendors and other partners and support their compliance |
| May 31, 2013          | - Baseline budget formulation: Figure out how much the ICD-10 transition will cost. |
| June 30, 2013         | - Education: Raise awareness of ICD-10 requirements and perhaps formal training for key personnel. |
| Dec. 31, 2013         | - Business process changes: Upgrade systems, procedures and technologies |

**HIMSS ICD 10 Playbook**

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### Resources

- **HIMSS ICD-10 Playbook**
  - [https://www.himss.org/asp/topics_icd10playbook.asp](https://www.himss.org/asp/topics_icd10playbook.asp)
- **Centers for Medicare and Medicaid**
- **AHIMA – ICD-10**
  - [http://www.ahima.org/about/default.aspx](http://www.ahima.org/about/default.aspx)
- **National Association of Healthcare Quality**
  - [http://www.nahq.org/membership/content/icd-10.html](http://www.nahq.org/membership/content/icd-10.html)
- **Thank you to Beacon ICD-10 team members**
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