Solving the Outpatient Surgical Coding Conundrum

By Mary Beth Haugen, MS, RHIA

Challenging the status quo can seem risky. But for Kootenai Health and Medical Center, it was the right approach to solving the ICD-10-PCS for outpatient conundrum—to code or not to code these services.

Based in Coeur d'Alene, ID, Kootenai Health includes a 254-bed community-owned hospital and provides comprehensive medical services to patients in northern Idaho, eastern Washington, Montana, and the Inland Northwest at several facility locations.

Kootenai Health is diligently preparing for ICD-10-CM/PCS. The organization determined they needed a strategy for analyzing the risks and benefits of assigning ICD-10-PCS codes for outpatient surgical procedures. This article explains how they gained organizational support for this important decision.

Against a Best-Practice Background

Like many other organizations, Kootenai's coding department had assigned ICD-9-CM codes for outpatient procedures for decades. But coding surgical cases, inpatient or outpatient, in ICD-10-PCS is far more complicated.

The key question was: why continue assigning ICD-9 procedure codes that are not required, since CPT will still be the HIPAA-approved code set for billing outpatient procedures? This seemingly simple question is actually very complex and requires input from numerous departments.

"We've always coded ICD-9 for outpatient even though the codes are not required by payers," says Kathleen Dahlgren, RHIT, CCS, executive director, revenue cycle. "Payers require and reimburse based on CPT codes for outpatient procedures —interventional radiology and cardiology, lab work, ED procedures, same day, and ambulatory surgeries. And because claims don't require ICD-9 codes, the hospital's billing office simply scrub them out."

As part of Kootenai Health's planning for ICD-10 implementation, the organization evaluated and assessed current work processes and the value associated with the activity. Applying ICD-9 codes to outpatient procedures was one area that was determined to be resource intensive but of somewhat limited value. The implementation team questioned the value of following the status quo. Why bother to assign an ICD-9 procedure code and CPT code if it isn't necessary? Assigning an ICD-10-PCS and CPT code will have a significant impact on coder productivity. Is it worth it?

Weighing Pros and Cons

Training outpatient coders to code in ICD-10-CM and ICD-10-PCS and maintain CPT skills is costly and challenging because ICD-10-PCS is a more complex classification system than ICD-9. However, the specificity of ICD-10-PCS codes improve data analysis and reporting and the cross-training offers certain benefits for coding:

- Entire coding staff will have a high skill level in preparation for ICD-10 implementation
- Interchangeability of outpatient and inpatient coders helps manage staffing shortages
- Specificity of codes enhances data collection and decision support
- Payers may not initially require ICD-10 codes for outpatient procedures, but may eventually require submission of the codes for claims processing, payment, or other purposes

At Kootenai Health, users of outpatient ICD-9 codes included medical staff, research, quality, and external agencies such as The Joint Commission core reporting. With eight EMR systems that hold medical records and 135 employed physicians, it was

necessary to assess all systems that contain outpatient ICD-9 codes and the impact on billing, claims, reporting, and data analysis.

Engaging in a collaborative evaluation process with all stakeholders is critical. This is not a decision that can be made in a silo.

Steps in the Decision Process

To ensure no unintended negative impacts, Dahlgren decided to involve all stakeholders who currently use ICD-9 codes for outpatients. Numerous individuals from various departments were given the opportunity to weigh in and evaluate the potential impact of coding or not coding outpatient procedures in ICD-10. In addition, the ICD-10 steering committee worked closely with Dahlgren to estimate cost and productivity impacts.

Four of the ICD-10 Implementation workgroups were also asked to evaluate and provide input. These interdepartmental workgroups together with the ICD-10 steering committee, would collaboratively make the best decision for the organization.

Stakeholders were asked to identify current uses of outpatient ICD-9 codes and determine whether or not they could obtain the same information from CPT code assignment. They were then asked to consider the impact of a 65 percent production hit, along with the benefit of increased expertise for coders.

Each workgroup had the opportunity to analyze the impact and offer a recommendation before the ICD-10 steering committee made the final decision. They each considered the concept of "not" coding ICD-10-PCS for outpatient procedures to avoid any negative effects.

- The ICD-10 Education workgroup determined the productivity hit was greater than the value of having all coding staff train in CM and PCS.
- The Revenue Cycle/Billing and Claims workgroup determined there wasn't value as they were already stripping ICD-9 procedures codes from claims before billing.
- The Data and Reporting workgroup presented the biggest challenge and the most questions: Who uses this information? Who uses ICD-9 procedure data for OP? Will we miss something? Is this data used for any reporting, both internally and externally? While these same questions were being asked in other workgroups, this particular group struggled with the status quo.
- There are many uses for outpatient procedure data and everyone is accustomed to receiving ICD-9 codes today. Ultimately, this group's fears around "lost data" were eased since CPT codes can be used for reporting.
- The Applications workgroup looked at all IT systems. The organization's Meditech HIS abstracting module currently requires the ICD-9 procedure code in the workflow for outpatient procedures. This represented a significant IT "gotcha" for this work group. Dahlgren and her team are now working with Meditech to trigger the abstract from the CPT code.

With feedback from all workgroups, the decision was *stop*. The recommendation was to not code outpatient procedures in ICD-10-PCS.

Lessons Learned

While Dahlgren may still cross-train her outpatient coding staff over time, the immediate need to educate them on ICD-10-PCS has been eliminated. When the organization goes live with ICD-10, outpatient coder productivity will not be as dramatically impacted as it would have been prior to making this important organizational decision. As Dahlgren states, "If you plan to code both ICD-10-PCS and CPT, you can expect a 65 percent productivity hit. For our organization, the investment was not worth it."

Tips based on lessons learned

Challenge the status quo with ICD-10. Only pursue what adds value.

- Have an open mind—what is possible?

- Have patience as you work through due diligence.
- Engage all stakeholders.
- Cover all bases—does it have value?
- Weigh the pros and cons.
- Question, evaluate, and streamline all processes.

Looking to the Future

Now that the ICD-10 implementation has been delayed until at least October 1, 2015, providers have extra time to make strategic decisions and streamline preparations.The more people you have involved in the decision-making process, the better.

“The evaluation project brought problems to the surface—documentation, workflow, education,” concludes Dahlgren. “Our workgroups will continue to identify and address issues, helping to ensure an effective infrastructure going forward.”

As the question of whether or not hospitals should code ICD-10-PCS for outpatient cases draws more discussion, it is important to think about how this decision will affect your organization. What is the value? Due diligence is the key.

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