The I10 Impact: Preparing for ICD-10 in Physician Practices

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The transition to ICD-10-CM has complex and far-reaching implications for a practice's workflow, technology, and reimbursement. Early assessment and planning will lead to success.

The transition to ICD-10-CM/PCS in 2013 will be a defining moment in healthcare, and the future of many healthcare practices will be determined by how successfully they navigate the crossing to the new code set. At a time when many physician groups are facing severe financial challenges, the importance of avoiding disruption or decline in reimbursement cannot be understated.

Contemplating the magnitude, scope, and cost of the transition can paralyze a practice, and it has led to procrastination by many. However, come October 1, 2013, failure to successfully submit claims in the new code sets will ultimately result in rejected claims and lost revenues.

Physician practices cannot change the winds that face them; however, they can adjust their sails and chart a course for a successful adoption of ICD-10. The key is assessing ICD-10's impact on their technology, workflow, and documentation, then making a plan to address the changes needed.

Plan Now

There are many benefits to ICD-10 and many reasons why the 30-year-old ICD-9 code set is no longer viable. Use of ICD-10 will pave the way for innovations in diagnosis and treatment options as well as improved coordination of benefits and care for healthcare consumers. The opportunities it offers, however-such as coding and documentation improvements, quality measurement, and fraud and abuse prevention-can only be fully realized with proper planning.

The conversion is much more than a simple coding upgrade. The migration will affect virtually every aspect of the practice. Because the impact and implications are so complex practices should have begun their implementation activities by now. Those that have not should begin planning immediately. The Centers for Medicare and Medicaid Services has made clear it will not grant an extension to the deadline. Practices unprepared to submit claims using ICD-10 on October 1, 2013, face claims rejections.

A project as far-reaching as the ICD-10 conversion will require the ongoing support of senior practice management. They will be important in helping manage and overcome reluctance and resistance to change. Once that support is established, the practice can turn to gaining a clear understanding of what the transition means to its operations specifically.

Assessing Workflow and Systems

To start, physician practices must make sufficient time to assess the full impact of the codes upfront-including their costs-by completing a gap analysis on the expected workflow and process changes ICD-10 will require. This is also the time to identify key benchmarks and measurements that the new technology changes must support. A disjointed approach can lead to missed requirements, workflows that do not support the code transitions, and configurations that result in claims being denied or billed under both coding systems.

All existing IT systems will require review. It is critical to evaluate the technical impact of the change by thoroughly examining the existing technology environment (e.g., appointment booking, billing, electronic health record) against changes required to accommodate new data, new workflows, and potentially new people before implementation.

For example, consider the effects that ICD-10 will have on explanation of benefit statements. This seemingly simple piece of the puzzle affects people, process, and technology. The physician practice must assign the proper new codes. The payer must accept those codes to determine payment and issue the explanation of benefit statement. Customer service representatives need training and preparation to intelligently answer members' questions.

The inventory should review all systems and functions-electronic and paper-based-that currently use the ICD-9 code set and will be transitioned to the new code set. Strategically, this inventory should include any system and function that would benefit from the use of the more expansive ICD-10 code set. Systems must then be analyzed for their ability to handle ICD-10-CM's extended, alphanumeric structure.

The analysis should answer the following questions:

- How are ICD-9-CM codes currently used in information systems?
- How is information captured and processed in the EHR? Is clinical charge information captured in a standardized way across the practice?
- Are codes entered manually or imported from another system or software?
- How is the quality of data checked?
- How does the practice use coded data for internal and external reporting?
- Can the system handle ICD-10's alphanumeric structure? Does the code format include a decimal point?
- Can the current system house both ICD-9-CM and ICD-10-CM codes simultaneously?
- Can the codes, code descriptions, and supported documentation be obtained in a machine-readable format?
- Are interface errors reported for affected systems? If so, who is responsible for monitoring and resolving them?
- How will ICD-10 impact other implementations? How will it impact the selection and implementation of a unified EHR?

Another element of this planning phase is the need to examine what the practice would like to do with the ICD-10 data set once it is in place.

The most strategic practices-the innovators and some collaborators-will fully implement the new code set and position their practices to fully realize the benefits. Crosswalks and mapping to ICD-9 will be needed for reimbursement methodologies to make use of the data collected in the new code set.

Assessing System Vendor Readiness

A critical piece of the ICD-10 transition is the upgrade or replacement of the practice's IT systems to accommodate the new code set. Practices must assess how their current vendor systems fit with their desired timing and path for the transition. If the practice's vendors are not positioning themselves in the same strategic manner, the implementation plan might need to include the replacement of existing systems.

As part of the systems audit and analysis, the practice should identify which forms and reports will need to be reformatted or revised and whether each system's storage capacity is sufficient to support both ICD-9-CM and ICD-10-CM during the transition. Whether upgrades are included in the current contract or will entail additional costs will have a major impact on the transition's budget.

Timing will be critical, and practices must coordinate with vendors to establish a timeline for testing and installation of the new or upgraded software or system. Those that leave installation and testing till the last minute risk missing the deadline if significant issues arise or vendors become backlogged. Practices that have not converted to an EHR system might explore the cost savings of combining the ICD-10 transition with an EHR implementation (see "Considerations for EHR Implementations" below).

Documentation Considerations

Because ICD-10-CM is more robust than ICD-9 (with up to seven characters), practices should assess whether their current clinical documentation will support the level of specificity necessary. An experienced auditor, either internal or external, should conduct the audits, evaluating random samples and reviewing various record types. Clinical documentation assessment tools determine whether current documentation adequately supports ICD-10.

With the results from the audit, the practice will have a better assessment of deficiencies and can develop a priority list of diagnoses requiring more detailed documentation. The audit will also help identify providers who will benefit from focused training on ICD-10-CM.

Revenue and Cash Flow Considerations

Most commercial insurance carriers have indicated they will "crosswalk" ICD-10 codes back to ICD-9 codes for payment purposes. This allows them to avoid expensive reprogramming of all their payment systems; however, it also creates an opportunity for confusion and claim processing errors. In addition, some industry skeptics have voiced concerns about possible mischief and intentional denials resulting from this practice.

Physician practices will be wise to include ICD-10 in their payer contract negotiation discussions over the next two years to decrease their risks concerning compliance errors and claims denials. In the period following ICD-10 implementation, payers will have little choice but to continue prior reimbursement policies. As the implications of the ICD-10 code sets become apparent, so too will the implications for greater payment for greater complexity and lower payment for lesser complexity.

Since reimbursement is tied to procedural and diagnosis coding, the practice's finances will be affected significantly by the transition. For example, after the implementation date, if an insurance carrier cannot accept ICD-10-CM codes, the practice most likely will not be paid by that insurer.

For this reason it is imperative for the practice to know which payers have fully transitioned to ICD-10-CM and which have not, so it can prepare the billing accordingly and ensure proper and prompt payment.

Practices can use the data from their documentation audit to review the current reporting for procedures and services using ICD-9-CM and compare them to ICD-10-CM codes. Professional services are paid based on the procedure code, but the diagnosis code supports medical necessity-the driving factor in payment for all medical procedures and services.

Additional points the practice should consider that will affect physicians and their practices include:

- Increasing the specificity in documentation so that coders will be able to assign the proper code for billing and quality reporting purposes
- Reducing the effectiveness and reliance on superbills, since most ICD-9 codes will be replaced by multiple, more specific ICD-10 codes
- Requiring physicians to use an EHR or coding software

The documentation audit will also assist practices in determining the potential impact the transition may have on revenue by payer or contract and the potential opportunities that ICD-10 can bring. The practice should also consider potential risks from:

- Claim rejection and denial
- Authorization delays
- Coding backlog
- Improper claims payment
- Decreased cash flow

Practices should prepare for a potential disruption of cash flow. Based on experience with HIPAA transaction code implementation, many groups anticipate similar problems with Medicaid programs. In fact, it is likely this will be more substantial because Medicaid is undergoing expansion under healthcare reform.

A lack of adequate enforcement tools may also pose a challenge for practices. Penalties for payer readiness failures are far less than compliance costs which may further delay widespread adoption of ICD-10.

Considerations for EHR Implementations

The changes in documentation and coding that ICD-10 requires make the transition a strategic time to implement or upgrade an EHR system. For practices that decide to do so, there are a number of factors they should carefully consider when selecting a system.

The adoption of an EHR is a major operational change, especially for physicians. Practices must allow physicians sufficient time to be fully trained and functional on the EHR. It can take many months for clinicians to fully adapt to working with the system and recover from the loss of productivity that normally accompanies an EHR implementation. If the EHR is not carefully selected and properly implemented, physician productivity may never recover.

Practices should consider the following questions when considering a new or upgraded system:

- Is the EHR certified? If the practice's physicians want to participate in the meaningful use EHR incentive program, the EHR must be certified specifically for use in the program?
- Is the EHR appropriate for the practice's specialty?
- Is the EHR compatible for use with both ICD-9 and ICD-10 codes?
- Are there additional upgrades or contract costs that will be passed to the practice due to the ICD-10 transition?

As the deadline draws near, demand for hardware, software, implementation, and training support will quickly exceed supply, and costs for consultants and talent will sky rocket.

Strategic thinking and a clearly mapped transition plan that involves cost analyses and effective communication with vendors and payers will prepare practices to implement the changes and gain the benefits that the robust ICD-10 code set brings.

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