What's Your ICD-10 Plan? Findings and Recommendations from Research on ICD-10 Implementation

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by Caroline Piselli, RN, MBA, CHE

What's your plan for implementing ICD-10? A new study asked this question to 500 healthcare managers and executives. Here are the highlights, with recommendations from those who have been there.

If it's sometimes unwelcome to hear, it's true all the same: with change comes opportunity. The US implementation of ICD-10 may be two or more years away, but its impact will be enormous, and it represents significant opportunities for improving processes. Smart organizations are giving themselves plenty of time to do it right.

The most successful implementations will be those that begin early and think strategically. ICD-10 is more than just a change in coding; it will have an impact across IT, financial, and patient safety functions as well. US healthcare organizations are facing a big change in the way they do business. How are they approaching it? Are they?

In late 2004 researchers at 3M Health Information Systems interviewed nearly 500 individuals in the provider healthcare market in the United States and in countries with recent ICD-10 implementation experience, such as Canada and Australia. Using qualitative and quantitative research, the study recorded real-world perspectives about future operations under ICD-10 and sought consensus about the most critical components of an ICD-10 implementation plan.

Following are the top 10 recommendations for ICD-10 preparation that emerged from one-on-one interviews and group discussions. It is clear that HIM professionals have the opportunity to play a major role in ensuring their organizations' successful transition to ICD-10. It is also clear that the role will require strong leadership skills.

About the Study

Participants represented health information management, information systems, finance, patient financial services, clinical performance, and quality management. They were HIM directors, coding managers, CFOs, patient financial services and billing managers, CIOs, COOs, and others. For purposes of this discussion, "customers" are defined as users of ICD-9 and ICD-10 codes, software, and services (not patients or users of a care provider's services).

The study sought a wide range of hospital organizations that reflects the composition of the healthcare industry in regard to facility size, staff composition, academic affiliation, for- and not-for-profit status, participation within an integrated delivery network, and geographical breakdown.

Research was conducted using qualitative and quantitative methods that employed Six Sigma principles. Researchers used a "voice of customer" approach in which many industry voices are identified and then condensed into "strong voices" that are validated with quantitative research. For many non-HIM participants, the study was their first discussion about ICD-10 implementation, and it should be noted that their viewpoints may evolve as they become more involved in planning.

Survery Participants by Functional Area

HIM (41%)

Clinical (23%)

Information Technology (17%)

Finance (19%)
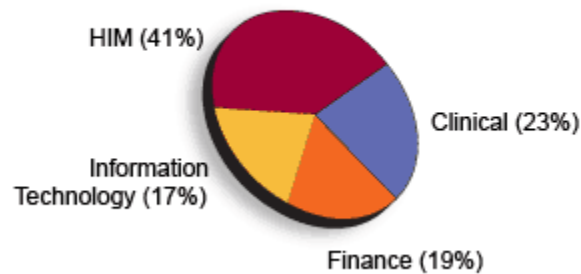
1. Begin Now

It may be October 2007 at the earliest before ICD-10 is implemented in the US. But given the enormity of the change that the adoption represents, the majority of survey participants believe the time to act is now (see "Planning versus Waiting," below). More than half believe that preparation should begin in 2005. However, only 15 percent of organizations have established an ICD-10 steering committee.

Planning versus Waiting
"When will planning begin for ICD-10?"

2005 (56%)

2006 (5%)

When implementation date is known (26%)

2004 (13%)
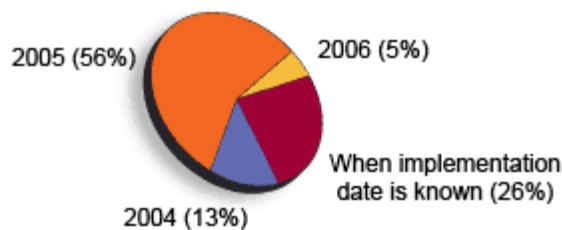
US organizations can learn from several Canadian executives who expressed regret that they did not capitalize on the potential benefits of ICD-10 as part of their planning processes. "We were too focused on getting [the implementation] done to recognize and take advantage of the opportunities the conversion provided," said one executive. A coding services manager said, "I wish I had taken the transition more seriously." His organization would have benefited more, he noted, "if we had paid attention to ICD-10 opportunities rather than being consumed with day-to-day operations."

The planning phase represents an opportunity to reassess and refine operations. The COO of a US hospital said, "We must delve into areas of weakness and fix them prior to ICD-10 implementation." The opportunities are brought about by the greater level of detail captured with ICD-10. Participants spoke of more accurate payment, fewer denials, and reduced A/R days owing to the greater precision in documentation and coding. They also noted the potential for expanded performance measurement using the more detailed data resulting from ICD-10 coding. An initial organizational assessment and ICD-10 gap analysis provides a base for an accurate multiyear project plan and corresponding capital and operational budget.
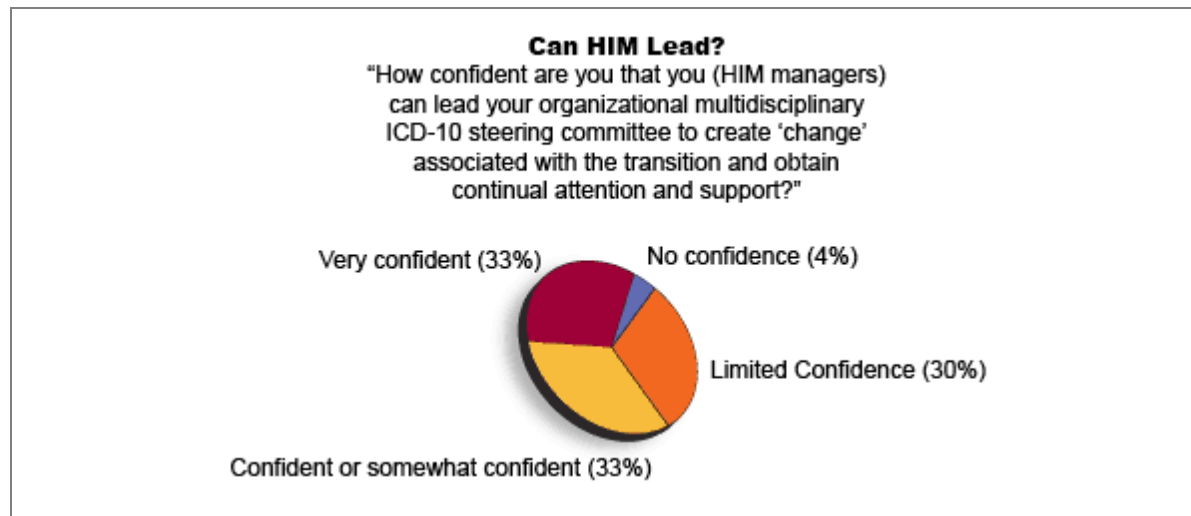
2. Build Organizational Awareness

"A critical component of I-10 implementation is the development of models for funding and organizational adoption," noted the CFO of a US hospital. It is important to communicate the upcoming changes. Participants advised initiating an awareness campaign with executives to foster consistent baseline knowledge throughout the organization. CFOs viewed this as a prerequisite to successful enterprise-wide planning and budgeting.
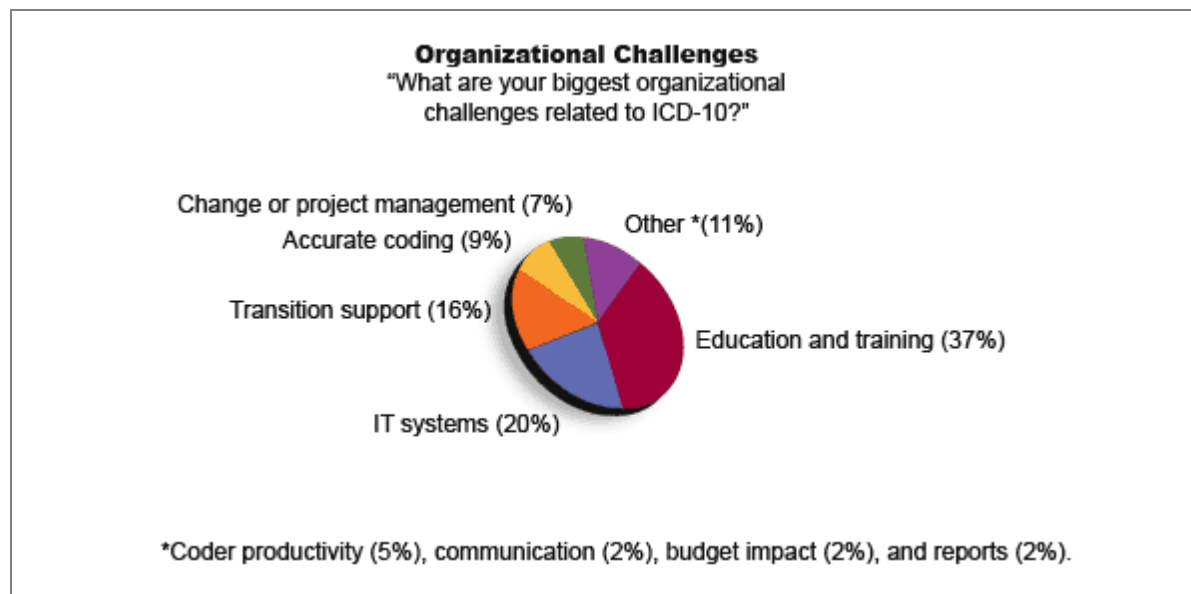
3. Develop a Project Strategy and Description

"We will make ICD-10 preparations a two-year project at minimum—the first year will be for working on systems; the second year will be for education," said one hospital CEO. Other participants identified the need for a six-month period to test and

"rehearse" ICD-10 prior to actual implementation. The need for a test period resonated with IT managers, one of whom recommended, "Do not plan on taking old technology and just updating it for I-10 . . . Incorporate the IT department early in the process; for the healthcare industry, Y2K was small in scale in comparison with ICD-10. We began our IT gap analysis anticipating that the transition would be a three- to six-month project, and now we're projecting it to be a 12-month project as we uncover more detail."

4. Identify Key Stakeholders

Can HIM Lead?
"How confident are you that you (HIM managers) can lead your organizational multidisciplinary ICD-10 steering committee to create 'change' associated with the transition and obtain continual attention and support?"

- Very confident (33%)
- No confidence (4%)
- Limited Confidence (30%)
- Confident or somewhat confident (33%)

Although the HIM profession has the competence and expertise to lead the transition to ICD-10, HIM managers expressed varying levels of confidence in their organizations' perception of HIM's leadership role (see "Can HIM Lead?" above). However, study participants agreed that a program manager from the HIM department can gain tremendous support by appealing to the individual interests and priorities of each functional area. These priorities include physician documentation, organizational education and training, payer readiness, and information system transitions (see "Organizational Challenges," below).

Organizational Challenges
"What are your biggest organizational challenges related to ICD-10?"

- Change or project management (7%)
- Other *(11%)
- Accurate coding (9%)
- Transition support (16%)
- Education and training (37%)
- IT systems (20%)

*Coder productivity (5%), communication (2%), budget impact (2%), and reports (2%).

Efforts to address these issues can be integrated into current organizational priorities such as adoption of an electronic health record, performance management, patient safety initiatives, and revenue management. Building on existing partnerships between IT, HIM, and clinical services can be key to realizing the greatest benefit from ICD-10 implementation. Partnerships with finance, for example, should focus on projects where a return on investment can be directly linked to A/R. Analyzing and determining an ICD-10 strategy for each stakeholder is as important as the actual tactical steps in ICD-10 implementation.

5. Address Implementation Issues

Those surveyed unanimously ranked documentation as the top ICD-10 implementation issue regardless of the country in which their organization is based or the job category of the person interviewed. Documentation was deemed critically important because of its direct bearing on payment and its role in ensuring accurate performance reporting in support of quality initiatives. "Since documentation is a major issue within the ICD-9 world and will be intensified with the detail required to code in the ICD-10 world, we commissioned an enterprise-wide documentation improvement task force," reported one HIM director. Study participants who were previously involved in the 2003 AHIMA-AHA ICD-10-CM field test study concur with this kind of proactive approach and felt "it was not as hard as we thought it would be" but strongly noted that "specificity associated with ICD-10 will be a challenging component of physician documentation."

All participants in discussions conceptually linked coder productivity to accounts receivable. Although validated productivity data from Canada's ICD-10 implementation is not available, most of the Canadian HIM professionals interviewed reported an initial productivity decline, with a gradual improvement over three to six months. Participants identified implementation variables that can affect productivity as the amount and level of dedicated preparation, program management, interdisciplinary team participation, extent of coder education and credentials, coder experience and understanding of anatomy and disease processes, extent of training, documentation status, and organization size and complexity.

Participants also identified financial soundness as a major implementation issue. "There is no excuse for a health system to have any blip or change in A/R days. It is a requirement that we maintain 'business as usual' during implementation," said the CFO of a US hospital. This conviction, expressed by many of the CFOs and financial managers, is offset by a common concern: "We are doubtful that payers will be ready," said one CFO at a large hospital system. As potential solutions were discussed, many participants articulated the desire for crosswalks between ICD-9-CM and ICD-10 codes and specifically called for "nationally accepted crosswalks and mapping sanctioned by the government to ensure consistency." In addition, those interviewed cited accuracy as essential: "We want to be confident there are no errors in the crosswalks or at least understand the statistical significance of any differences," said a US hospital CIO. Survey participants suggested that crosswalks be available from five to 20 years.

6. Form an Interdisciplinary Project Management Team

Few individuals and groups had given much thought to initiating an interdisciplinary ICD-10 project management team. However, many stated their intent to commission an enterprise-wide team in the very near future. According to those interviewed, a team leader should be a "change agent," someone that commands respect, has a working knowledge of horizontal and vertical organizational relationships as well as exceptional matrix management capabilities.

7. Begin Budgeting

Discussions about operational and capital budgeting, conducting a financial gap analysis, and contingency planning were the most passionate and animated of the discussion topics. Budgets must include payer integration planning and modeling, said most financial, HIM, and IT participants. How do we account for education and training costs for the entire organization, and how do we calculate the number of hours and cost per hour? asked many HIM directors. A patient financial services manager asked, "How do we do competency testing and project the learning curve and impact on productivity, particularly as it relates to A/R?" "Will the biggest impact on patient financial administration services be the inability to correlate with previous data?" asked another. All participants agreed that an organizational awareness and education program would help facilitate accurate forecasting.

8. Establish Timelines

Study participants who had begun development of an implementation timeline singled out the importance of identifying all tasks within a linear format for each functional area. That step, they said, should be followed by a plan that integrates tasks across the organization. Interdepartmental dependencies must be controlled as part of planning and implementation. Canadian and Australian colleagues advised, "Take advantage of lead time!" as a proactive approach to plan for the unknown.

9. Manage Change

A group of CIOs and CFOs from a large health system pointed to change management as a prerequisite to successful program management. "Change management is a huge issue—take the time to assess where the organization is and where it needs to go," said the vice president of information services at a US health system. Participants recounted both positive and negative anecdotes about the successes and failures of change agents for HIPAA and Y2K projects, and they recommended that ICD-10 team members be selected based on their ability and their desire to drive change.

10. Communicate, Communicate, Communicate!

Canadian and Australian participants emphasized that the single most important measure of a smooth and successful transition is clear, concise, and regular communication to all functional areas of the organization. A roundtable of US CFOs agreed with their international colleagues, as did individual healthcare executives. "As we learned from both HIPAA and Y2K implementation, communication is key and must be continuous, concise, consistent, and accurate," said the CFO of a large US health system. A US hospital CEO noted, "All CFOs must know this is coming and what it means to the financial health of the organization."

ICD-10 may be a dot on the horizon now, but the industry is beginning to set its sights on it. When it arrives, its impact will resonate throughout healthcare, and organizations that have planned strategically will make the smoothest transitions and reap the largest benefits.

Reference

American Hospital Association and AHIMA. "ICD-10-Field Testing Project. Report on Findings: Perceptions, Ideas, and Recommendations from Coding Professionals across the Nation." 2003.

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