

ICD-10: Decisions and Implications

Bridging gaps between Clinical, Technology and Business domains
Question and answer

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Introduction

Joe Nichols, MD, is the principal of Health Data Consulting LLC. He has 35 years of in-depth healthcare experience in the provider, payer and information technology markets, with a focus on healthcare data, standards and information system application of business requirements.

As a certified ICD-10 coding trainer, his primary focus recently has been on ICD-10 and the implications for a variety of business entities. He is a frequent speaker at national conferences and provides consulting services for payers, providers, vendors and government entities on healthcare data.

Dr. Nichols' primary offering in the consulting environment is to help organizations understand the financial implication of clinical decisions and the clinical implication of financial decisions by using his broad experience to bridge the gap between clinical, business and technology domains.



As entities approach their ICD-10 project, how can they be sure they are prioritizing their work and allocating their staff appropriately?

The level of work needed to fully implement ICD-10 and the limited time remaining before the transition requires organizations to set priorities to ensure the areas of greatest impact receive the greatest attention. There are a number of factors that should be considered in prioritizing efforts:

- A relatively small number of unique codes account for a large percentage of the volume of codes submitted on claims.
- Similarly, a small number of unique codes account for the predominance of payment for submitted claims (this may be somewhat different than the volume analysis).
- A relatively small number of codes represent complex mapping cases, and a relatively small subset of codes within this group are frequently used or represent high dollar impacts.
- Many of the codes are very similar and represent repeating patterns of the same medical concepts. For example, approximately one third of the codes only differ in defining the right versus the left side of the body. Focusing on key concepts (rather than the thousands of individual codes that contain the same concepts) will help concentrate efforts.
- Evaluation of ICD-10 touch points for your organization should include an assessment of the level of business impact for each functional area.

Analysis of your existing data is critical to determine which areas of your organization and what type of codes should be prioritized.

In analyzing ICD-10 impacts, is it critical that both forward and backward GEMs be used? If yes, why?

CMS continues to re-iterate that GEM is an important tool to support mapping of codes for a variety of purposes, but it clearly is not the full answer to any specific type of translation.

- In terms of crosswalking, GEM provides suggested codes to consider when translating from one code to one or more target codes in a claim or other record of data that contains ICD codes. When used for this purpose, the GEM files are meant to be used in the appropriate directions, i.e. the 9 to 10 file for mapping ICD-9 to ICD-10 codes and the 10 to 9 file for mapping ICD-10 to ICD-9 codes.
- The other important aspect of translation involves re-defining groups of codes to represent the “intent” of a policy, rule, category or other logical grouping for some processing, definition or analytic function. This form of translation requires a deeper look at all

possible codes in ICD-10 that would meet the intent of the policy, rule or category. GEM alone will not identify all appropriate codes to meet that intent by simply mapping the old codes to the new codes. GEM can help in that research, but it will be necessary to use both GEM directions when looking at an existing group of ICD-9 codes where the original code(s) is considered as both the source in one direction and the target code in the other direction. This will produce a relatively rich set of codes that can help validate the new code group logic, but GEM mapping cannot be relied on to identify all of the codes that meet the original policy or rule of category intent. That will require additional research outside of GEM.

Gartner estimates that 70% of 5010 migration costs will be related to testing. What do you think the percentage will be for the migration to ICD-10?

The overall nature of testing in ICD-10 is different than many other healthcare initiatives because of the extent to which these codes drive business processes and are critical to intelligence about the nature of the business environment.

Testing at the transaction or system component level is only a small piece of the testing model. For ICD-10, testing should not be relegated to something that is done by IT at the end of the implementation process. True enterprise-wide, end-to-end business testing is needed as a key part of the impact analysis and requirements definition processes. Developing clinical scenarios and working with providers from the point of documentation through code creation, patient care definition, billing, transaction creation, processing and payment will be important methods to understand the nature of this transition.

Simply making assumptions about how claims will be coded and distributed in this new environment may allow you to do sophisticated process testing at a component level, but does not really get at the issues that may have a major impact on the business when going from the point of care to the point of payment.

With this in mind, the cost of testing can easily be estimated to up to 40% of the implementation cost, but testing must be thought as a way to analyze your business and relationships in a new environment, rather than to simply check if system processes and algorithms work as specified.

What advice can you offer to people who are trying to create a sense of urgency for ICD-10 initiatives among executive-level decision makers?

Many executives have assumed that this transition is simply a migration from one version of code to another and have relegated responsibility to information technology, medical management or health information management domains. It is critical that executives understand that this transition is the biggest change to occur to healthcare information and business functions in decades and will impact all areas of the healthcare enterprise. Awareness education of executives is critical to assure that they are key leaders in the governance process, which is critical for a successful implementation.

This educational awareness should focus on areas that are relevant to executives and get their attention. Below are some examples of focus areas that may help elevate the importance of ICD-10 for executives.

Insurance Risk

Population risk is always a key executive consideration and is an area of great concern in this transition. Risk analysis is highly dependent on ICD codes. The method for assessing severity, co-morbidities, complications, causation, disease stage, sequelae and a number of other critical parameters that measure the burden of illness have changed dramatically in ICD-10. In addition, as we move into this new coding paradigm, we have no history of experience given this method of defining that burden. During the transition period, trends will cross time frames where historical data contains both ICD-9 and ICD-10 codes, and comparisons will be difficult for trending purposes.

Operational Risk:

Changes in policies, processing, categorization models and other operational functions that use ICD codes will be substantially different and require redefinition. How these processes, rules and categories will function under these new code definitions is difficult to predict without extensive business testing.

Competitive Risk:

ICD-10 offers a substantial opportunity for better management of care in an accountable care environment. A number of organizations have realized the strategic importance of leveraging these advantages to position themselves in an environment where value management is a true operational differentiator, rather than just a marketing position.

Relationship Risk:

Many existing relationships with government, employers, providers, vendors, members and other business partners have connection points related to ICD codes. In some instances, ICD codes help define the scope of services. In some cases, ICD codes form the data currency for required reporting and information exchange. These codes factor significantly into the evaluation of quality, efficiency, effectiveness and appropriateness of care. They also form the basis for key business decisions around provider payment. All of these relationships have the potential for significant change because of the nature of the dramatic change in detail, structure and definition of these codes. Addressing this implementation will require a much closer working relationship with all external entities to assure that dependencies upstream and downstream are handled appropriately.



Focus areas for ICD-10 Executives

About Edifecs

An industry leader since 1996, Edifecs provides healthcare software solutions that improve operational performance by streamlining the exchange of information between health plans, hospitals, and other healthcare organizations, while enabling compliance with current mandates such as HIPAA 5010 and ICD-10. Today, more than 250 healthcare customers use Edifecs technology to unify transactions from any information channel source and input mechanism, while automating manual business processes such as enrollment, claims and payments management.

Edifecs is currently recognized as one of the 100 Fastest Growing Private Companies in the state of Washington, 100 Best Places to Work for in the state of Washington, an Inc5000 fastest-growing private company and one of the 500 Fastest Growing Companies in North America by Deloitte. Edifecs is headquartered in Bellevue, WA. For more information, please visit www.edifecs.com.