

# Baseball Chalk Talk:

## 5 Things Every Medicaid Needs to Know about ICD-10 Migration (With a tip of the ball cap to Mr. Yogi Berra)

While the analogy may first seem like a stretch, ICD-10 migration is a lot like baseball. The season is long, there are a lot of wins or losses along the way, success utterly depends on all the players working as a team, and—if you don't condition your franchise properly—you may be out of the pennant race before you ever get started.

We don't normally think of the great Yogi Berra as an expert on healthcare technology, but he just may have a few words of wisdom for those of us confronting the ICD-10 challenge.



### 1. "Pitching always beats batting. And vice versa." Engage all Parts of the Business in Your ICD-10 Transition

Every baseball team needs both good pitchers and good batters to win the World Series. And even though you've probably heard this a hundred times by now, it's worth repeating: ICD-10 is more than an IT issue. It will profoundly impact every part of a Medicaid program's operations, including medical policies, systems, business processes and quality programs, so you will need all your best players on the team, playing in the right positions.

Because of the wide-ranging impact, it's imperative that Medicaid engage all parts of the organization, including IT, in the ICD-10 initiative. An emerging best practice is to create a program office or virtual team around ICD-10 and designate an owner, preferably from the business side of the organization. It's also critical to have a senior officer be the executive sponsor for the overall project delivery. Every winning ball club has a good manager.

If you have a Fiscal Agent (FA) or another vendor driving your ICD-10 project, ensure they have access to all of your in-house business experts, including those from all impacted State agencies. The success of your ICD-10 project hinges on in-depth engagement and complete

buy-in from all parts of the organization as well as affected partner entities.

If you're reading this and haven't yet defined a project team around ICD-10, you're running behind - so get started now!

### 2. "When you get to a fork in the road, take it." Define a Clear Implementation Strategy

Seems a simple enough statement, but statistically speaking, 40% of enterprise projects fail — often because the strategy wasn't clear to everyone involved. The team needs to understand every option, including the cost and benefit tradeoffs, what their role is and what the expectations are. Otherwise, you will end up trying to recover from having wasted significant time, money and resources. Just like in baseball, when a batter misunderstands the manager's signals to swing for the fences, miscommunication could cost you the game. Communicate the strategy early, and communicate it often—throughout the lifetime of the project.

Based on our own conversations with State Medicaid organizations, Blue Cross Blue Shield Plans and commercial health plans, most healthcare organizations are considering one of three primary implementation

strategies to achieve ICD-10 compliance:

**A. Complete Remediation:** This strategy involves updating all systems by October 1, 2013, to ensure the organization can accept both ICD-9 and ICD-10 transactions and process them natively within their systems. This strategy allows organizations to take a strategic view of their enterprise architecture and allows them to right size, consolidate and sunset systems where appropriate. This strategy will require considerable effort and a thorough impact assessment to determine the time and resources needed to achieve the deadline.

Even with remediation, it will be necessary for organizations to develop crosswalks, so they can continue to conduct analysis and other functions across the implementation deadline. Crosswalks can also serve as a contingency plan in case a healthcare organization can't remediate a system or application by the deadline.

**B. Crosswalking:** Also referred to as Neutralization or Step-Up/Step-Down, this strategy implies that the back-end systems will not be remediated to natively process ICD-10. Instead, healthcare organizations will convert ICD-10 codes in the inbound transition to ICD-9 codes, so they can be processed by the existing ICD-9 logic. When ICD-10 codes are required for outbound transactions, healthcare entities re-attach the ICD-10 from the original submission.

While crosswalking is a short-term measure at best, many organizations will find they don't have many alternatives if they don't start their ICD-10 journey early enough. They simply will have run out of time.

While crosswalking is optional, code mapping (an essential step to crosswalking) is not. In order to remediate policies, disease categories, and other areas of the business, it's necessary to identify the ICD-10 codes to be used in each area. Code mapping involves first identifying the ICD-9 codes that represent a particular policy (or disease category, etc.) and then mapping them to the appropriate ICD-10 code. It's not always an easy task. It is important to have information beyond just the General Equivalency Maps (GEMs) to ensure efficient and accurate results.

**C. Hybrid Remediation-Crosswalking:**

As the name suggests, this strategy incorporates elements of both the Complete Remediation as well as the Crosswalking strategies. Organizations may decide they want to fully remediate some systems, while crosswalking others. Candidates for crosswalking include systems likely to be sun-setted or those based on legacy technologies that are no longer supported.

### 3. "Half this game is 90% mental." Determine Impacts on Medical Policies, Disease Management Programs and Other Areas

Organizations will need to assess the impacts across the business, especially in terms of financial and clinical implications. For example, with the greater degree of specificity provided by ICD-10, organizations will need to re-assess and possibly rewrite their ICD-9-based medical policies. While GEMs can provide a good starting point, GEMs will not provide the degree of depth necessary for efficient and accurate mapping. ICD-9 has approximately 18,000 codes, which will increase to approximately 141,000 in ICD-10. Healthcare entities will need to incorporate the greater granularity and increased number of codes in ICD-10 into their medical policies, provider contracts and benefits logic to ensure they remain financially neutral when determining provider reimbursements.

Organizations will need powerful analytics to determine the impact of ICD-10 on medical policies and other areas of the business. It's impossible to predict exactly how providers will bill, but the GEMs provide a good forecast of what we might expect to see. Being able to view your current ICD-9 claims history through the lens of code relationships in GEMs will shed some light on where to expect the most significant impacts.

### 4. "It's tough to make predictions. Especially about the future." Identify and Prioritize Your Risks

Make no mistake about it: nobody knows how providers are going to code and bill using ICD-10, and that uncertainty creates potential risk for Medicaid finances. You can't afford to have something that costs a dollar today costing two dollars after the deadline—and when multi-billion dollar budgets and millions of procedures are involved, even a one-dollar increase can add up to serious money.

Most organizations have defined policy and financial neutrality as the primary goal for their ICD-10 transition. Therefore, it's important to pinpoint the over- and under-payment risks that will jeopardize financial neutrality.

While there are more than 14,000 diagnosis codes in ICD-9, Edifecs' own analysis of data from a cross-section of payer organizations indicates that providers actually bill less than a third of them. But how does an organization determine which codes pose the greatest financial risk to the organization? How can they identify which codes

generate the largest payout amounts for their own organization, or pinpoint the providers responsible for the highest payouts within the high-risk code categories? ICD-10 projects are large in scope, and organizations will be scrambling to complete on time. There's enormous value in focusing on the highest-risk areas so financial neutrality objectives can be achieved.

Many organizations use MS-DRGs (Medical Severity - Diagnosis Related Groupers) to determine reimbursements. As they will with ICD-9 codes, organizations will need to determine the specific MS-DRG groups that will be at risk during the transition to ICD-10. They need to focus on the right things—the risky things—that could cause serious disruption in an ICD-10 processing environment. That approach will differentiate successful migrations from those that are not. And taking a “scattershot” approach for your projects with scarce resources is not a recipe for success. Don't forget, Yogi also said, “If you aim for nothing, you'll hit it, every time.”

## 5. “In theory there is no difference between theory and practice - in practice there is.”

### Define a Sound Testing Strategy; the Deadline is Closer than You Think

Comprehensive testing during ICD-10 projects will be a key determining factor in whether your organization can achieve your policy and financial neutrality goals. However, organizations often shortchange and compress testing, due to delays in earlier project phases.

Organizations should build contingencies into their testing strategy. They can compress testing timelines

by focusing on the ICD-9 codes that pose the greatest amount of risk from over- or underpayment. If they use pre-defined test data and make sure they can automatically generate large volumes of test data, they can be sure their systems are production-ready and complete testing on time. Specifically for the ICD-10 transition, it's imperative that organizations be able to easily compare results from ICD-9-coded transactions with ICD-10-coded transactions so they can focus on the failed test cases. This again helps achievement of policy and financial neutrality through the transition.

**Conclusion:** “It ain't over 'til it's over.”

Yogi Berra's quotes make us smile, but in reality, there is a lot of wisdom borne of tough experiences – it's there for anyone to see, no matter what position they play in your organization (or ballclub). Essentially, his wisdom for those of us in the midst of ICD-10 is this:

- Engage and build your team with the right players and leadership
- Set the strategy and communicate to the team so everyone is using the same playbook
- Be clear about the requirements before you begin the work
- Understand the risks and have a plan and means to address them as a priority in the project
- Ensure the testing plan incorporates “real-life” possibilities, and start planning now—because testing is always the first part of the project to get squeezed.

Who knew Yogi Berra knew so much about healthcare?

### Herb Larsen, *Principal, Healthcare Industry Strategy at Edifecs*



Herb Larsen is Principal of Healthcare Industry Strategy at Edifecs, with more than 25 years of experience in the healthcare payer and provider markets. He specializes in developing comprehensive solutions for payers and provider organizations to solve their toughest business problems, extend their capabilities and build competitive advantage. Larsen has worked as a consultant to a wide variety of healthcare organizations. He has helped payer organizations improve their operations, assisted providers with their payer-focused administrative operations, and helped technology and service vendors by leading functions such as sales, alliances, marketing and operations.

### About Edifecs

An industry leader since 1996, Edifecs provides healthcare software solutions that improve operational performance by streamlining the exchange of information among 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 headquartered in Bellevue, WA. For more information, please visit [www.edifecs.com](http://www.edifecs.com).