How to use this guide

This ICD-10 eGuide provides a basic overview of steps hospitals can take now to ready their organizations for the transition from ICD-9 to ICD-10, including key success factors to gauge progress. With additional time to prepare, hospitals can be proactive and tackle the details related to ramping up education, new technology and workflow improvement efforts.

The conversion to ICD-10 is not only an opportunity to comply with regulatory requirements but also to strategically redesign business processes to align with the increased accuracy, efficiency and improved patient care that ICD-10 can provide.
The transition to ICD-10 provides a rare opportunity for hospitals to review their clinical and business processes, beginning with hospital leadership and moving on down the line, department by department.

A detailed assessment and gap analysis can pave the way for a clear picture of how ICD-10 will impact your organization, how you can streamline workflow and how your organization can benefit from the transition.

“For the first time, we’ll have the data and the level of detail to really look at the individual performance of providers, to identify best practice and move forward with a better outcomes-oriented system than we have today.”

Rich Averill
Senior VP, Clinical and Economic Research,
3M Health Information Systems

ICD-10 data for financial decisions
(Click to see video)
Most hospitals have already developed a plan for addressing the strategic, operational and financial elements of a successful ICD-10 transition. At issue now is how to get the work done and still run a profitable hospital.

- What resources—both internal and external—are needed?
- What will vendors provide?
- What tools are available to help automate the process?
- Are all levels of the organization aware of ICD-10 so that previous work and improvements are not lost?

The challenge today is to keep the “eye on the ball” and not lose the momentum they already have in preparing for ICD-10.

“3M is committed to helping our customers make a successful transition to ICD-10. Having a little more time to prepare allows customers to explore and implement new technology, improve internal processes, and employ supplemental resources and services to make sure they are ready.”

JaeLynn Williams
President
3M Health Information Systems
Do it right the first time

You can be ready if you take action and prepare now. Make no mistake, the transition to ICD-10 is one of the most important steps in the evolution of our country’s healthcare system since the development of the DRG.

The benefits of more accurate documentation, improved outcomes with lower readmission and complication rates support improved quality of care and correct reimbursement for the services provided.

“It has taken over two decades for the industry to get this close to what is actually a fairly modest goal—upgrade a classification system used extensively in health care for reimbursement transactions, quality initiatives, epidemiological tracking and clinical research from the 30-year-old ICD-9-CM to the latest completed version, ICD-10-CM.”

Rhonda Butler
Senior Clinical Research Analyst
3M Health Information Systems
Do it right the first time

Because the ICD-10 conversion is a complex, specialized process, many organizations will turn to external resources for support. Ask yourself the following questions to gauge where you might need assistance:

- Is your clinical documentation adequate and appropriate to support ICD-9 today, and can it handle the more specific ICD-10 coding language tomorrow?

- Have you identified all the areas within your organization where ICD-9 codes must be converted to ICD-10 codes and how you will find and translate them?

- Do you know which areas within your organization (e.g., clinical care pathways/protocols, payer contracts, billing, etc.) could benefit from using ICD-10?

- Have you identified an ICD-10 champion in each department or group to lead the transition?
Small hospitals face unique challenges. The ICD-10 transition is not just an issue for large hospitals. Small, rural hospitals need to manage their ICD-10 programs, often with much smaller budgets and tighter resources.

This requires early planning, education and, yes, ingenuity. A key is to look for education programs, products and services that are right-sized and priced for a smaller hospital environment. Check with vendors that have expertise in the areas outlined in this eGuide based on your situation and priorities. Investigate options for CDI and educational services, as well as adding CAC, code translation or electronic document management systems to help streamline the ICD-10 transition.

“The key industry factors driving computer-assisted coding right now are the adoption of the electronic health record and ICD-10, and also the increased need for coding productivity.”

Melanie Endicott
Director, Professional Practice
AHIMA

(Click to see video)
Empower your ICD-10 program

Based on years of experience with major code set revisions, healthcare experts recommend starting with an in-depth ICD-10 impact assessment. Consider the following areas:

**Applications and forms inventory**: Where are the embedded ICD-9 codes and what is the ICD-10-ready status of your system and software vendors? Have you reviewed all department applications, electronic and hard-copy forms?

**Coding assessment**: Diligent detective work can help you identify which department really owns and uses the codes and for what purpose.

**Physician documentation**: Developing an understanding of where documentation gaps exist today allows more time for educating physicians on new ICD-10 specificity requirements. If you have a clinical documentation improvement program in place, you can jump-start improvement of physician documentation practices.

Inpatient claims impacted by ICD-10 translation:

- **26%** Translation does not affect DRG
- **74%** Claims with one-to-many translations that affect DRG

An example of the potential impact of ICD-10 on inpatient claims for a multi-hospital academic medical center.
Empower your ICD-10 program

Many of the potential ICD-10-related problems in the future can be addressed by identifying your ICD-9-related problems today. Fixing the issues now can provide immediate benefits and help neutralize the costs associated with the ICD-10 transition. You will also want to investigate:

**Data analysis or modeling:** By analyzing your current claims and how they will change under ICD-10, you can focus your resources and identify remediation efforts in operational, clinical, HIM and financial areas.

**Workflow analysis:** Evaluation of current workflow for departments using ICD-9 codes and understanding the impact of ICD-10 allow you to modify department operations and minimize any negative affects on patient care, compliance and revenue cycle processes.

The top five specialties with documentation issues that most impact coding:

- **Surgery:** 20% of total codes, 20% not documented
- **Neurosurgery:** 13% of total codes, 13% not documented
- **Cardiology:** 16% of total codes, 21% not documented
- **Medicine:** 14% of total codes, 15% not documented
- **CT Surgery:** 12% of total codes, 20% not documented

An example of the potential ICD-10 impact on inpatient coding at a 1,000+ bed, multi-hospital academic medical center.
Meet your ICD-10 financial concerns head-on

Revenue is going to be impacted. Can you predict the cost or benefit of the ICD-10 conversion for your organization?

• An effective clinical documentation improvement (CDI) program can help prepare clinicians and staff to meet the ICD-10 challenge. Do you know how to prioritize your program?

• ICD-10-based revenues may be neutral, positive or negative, depending on the specialty. Do you know which service lines will be impacted and by how much?

• Accurate documentation for ICD-10 is crucial. Do you know how much of your revenue is at risk?

• Staffing shortages, no matter what the cause, can severely impact productivity and reimbursement both today and after ICD-10. Have you considered supplemental or outsourced CDI or coding resources to help bridge the gap?

Assessing service line impact is key. This example is from a multi-hospital, 1000+ bed, academic medical center.
Breaking down the ICD-10 budget

Your ICD-10 budget should be realistic and updated every year. Don’t forget to include the following, often overlooked, areas as part of your plan/budget.

Reimbursement/financial impact
• DRG payments
• Risk areas
• Documentation gaps

Staff training
• Overtime or backfill costs of coding/CDI staff while training
• Outsourced or supplemental CDI or coding costs
• Costs of dual coding for HIM
• Decreased productivity for coding staff and CDI team

Other areas
• ICD-10 project management
• IT remediation costs
• Hardware
• New software like computer-assisted coding (CAC)
• Support resources
• Contingency costs
A sample HIM budget
When preparing the overall budget, you will also want to break out budgeting for key departments like HIM. Sequenced priority should be given to lynch-pin departments like HIM, IT, and billing, as well as to medical staff education and training.

Look for areas such as computer-assisted coding or CDI, where the anticipated benefit can have a positive or revenue-neutral impact on the organization.

### HIM budget planning worksheet

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<thead>
<tr>
<th>Education Costs Total</th>
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<tbody>
<tr>
<td>• Coding Education (Inpatient)</td>
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<td>• Coding Education (Outpatient/Professional)</td>
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<td>• Coding Backfill/Overtime (Inpatient) during Education</td>
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<tr>
<td>• Coding Backfill/Overtime (Outpatient/Professional) during Education</td>
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<tr>
<td>• Physician Education</td>
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<td>• Clinical Documentation Specialist Education</td>
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<th>HIM Dual Coding Costs</th>
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<td>• Inpatient</td>
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<td>• Outpatient/Professional</td>
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<tr>
<th>Resources/Productivity Impact</th>
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<td>• Coding - Inpatient</td>
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<tr>
<td>• Coding - Outpatient</td>
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<td>• Coding - Professional</td>
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<tr>
<td>• Clinical Documentation Specialist</td>
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<tr>
<td>• IT Resources for Testing</td>
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<tr>
<td>• ICD-10 Project Management</td>
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<th>IT Remediation</th>
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<td>• Hardware Costs</td>
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<td>• Software Costs</td>
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<tr>
<th>Reimbursement Impact (0.2%)</th>
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<td>Contingency Plan - Estimate a percentage as a backup for unforeseen costs</td>
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Checklist: ICD-10 financial impact analysis

Ongoing preparation at every level of the healthcare continuum is vital for a successful ICD-10 implementation, especially in the financial area. Processing a sample of current claims using the ICD-10 code set can provide a good financial self-assessment and possibly a wake-up call.

Checklist for financial impact of ICD-10 transition (Part 1)

Conduct a claims analysis for IP, OP and professional services to identify the top volume ICD-9 to ICD-10 code translations

Identify top service lines impacted by code translations for IP, OP and professional services

Compare revenue between ICD-9 MS-DRGs and ICD-10 MS-DRGs

Identify shifts in revenue among service lines

Identify shifts in DRG payments by DRG

Conduct a documentation review for IP, OP and professional services to determine ICD-10 documentation gaps
Checklist: ICD-10 financial impact analysis

Checklist for financial impact of ICD-10 transition (Part 2)

- Conduct a documentation review for IP MS-DRGs to determine potential revenue opportunity today under ICD-9 MS-DRGs (as this could help offset costs of ICD-10 while changing physician documentation behavior)
- Consider computer-assisted coding technology as a part of your transition to ICD-10 to offset loss of productivity costs
- Calculate cost of lost productivity for IP, OP, professional coding and CDI
- Determine IT hardware/software and resource costs
- Determine education costs
- Determine project management costs

Computer-assisted coding and automated code translation tools can significantly streamline the ICD-10 transition and help offset the productivity loss anticipated with the ICD-10 conversion.

By targeting a budget-neutral revenue stance, hospitals can plan for and help prevent negative financial impacts from the ICD-10 implementation.
Steps for implementing your ICD-10 plan

To lay the groundwork for a successful ICD-10 transition and take full advantage of available opportunities, healthcare organizations should already have preparations underway. Implementation steps should include:

• Continue organization-wide awareness activities
• Support your interdisciplinary steering committee
• Educate and train physicians, clinicians, department managers and staff
• Manage the ICD-10 partnership with your vendors
• Keep in step with your payers’ ICD-10 strategy and how changes impact your organization
• Be ready for “in-flight” evaluations and course corrections
• Start the ICD-10 journey early and tackle implementation in stages
• Create and budget for a comprehensive IT plan including ICD-10 related tools, interfaces, upgrades, IT resources, testing and workflow changes

Suggested steps to help you and your vendors become ICD-10-ready:

• Request ICD-10 “roadmaps” from your vendors now
• Communicate your software needs to your vendors
• Integrate each roadmap into your ICD-10 project plan
• Manage expectations as you would a major installation
• Map out deadlines, budgets, testing and training
The benefits start now

ICD-10 conversion as an investment
More than ever before, payments will be tied to outcomes and quality reporting. Organizations that invest resources and effort to prepare now for ICD-10 can achieve improvements in documentation, coding and claims accuracy today and gain a competitive and economic advantage in the future.

Concurrent documentation improvement
A move to concurrent documentation improvement or querying physicians (rather than a retrospective approach) can help improve coding accuracy, lead to a more complete chart, and reduce rework for the HIM department.
What should hospitals be doing now?

Measure your success. The following checklist identifies some of the critical success factors that can influence how effectively and efficiently you implement ICD-10. Ask yourself these questions:

- Are we working from published ICD-10 communication and project plans?
- Have we implemented an enterprise-wide gap and impact analysis, and identified and prioritized the issues to address first, second, third and so forth?
- Have we developed a facility-wide budget plan encompassing the additional costs for software, hardware, consulting and human resources?
- Have we developed detailed ICD-10 transition plans with providers, payers, and vendors that include modeling and integrated testing?

“Now that there’s a delay in ICD-10 implementation, I would advise organizations to take a step back and really look at how they expect documentation to be created in their organization. Spend some time to make sure what you put in place is going to work well in ICD-10.”

Jill Devrick
Product Solution Advisor
3M Health Information Systems

Document creation in the ICD-10 world (Click to see video)
Measure your success

Working with experienced ICD-10 experts can help address the resource and logistical demands of your ICD-10 strategic plan. You will want to consider vendors that have “walked the walk” of ICD-10 implementation and have the programs and products that align with your initiatives and priorities in areas such as:

- Scheduling, admission and utilization management for inpatient care
- Physician documentation
- Case management and patient safety
- Labs, radiology and other ancillary services
- Transcription
- Performance or quality management
- HIM department systems and processes
- Patient accounting and billing
- Payer systems and processes
- Data warehousing
- Information technology

“It’s all about physician documentation. The biggest obstacle our customers are facing is how to get their physicians engaged, as well as keep them engaged in the program and the process as it continues to mature year after year.”

Deborah Mason
Director, Acute Care Consulting
3M Health Information Systems

ICD-10 delay creates opportunity for documentation improvement.
(Click to see video)
ICD-10 is an opportunity for you to improve the way systems function, how teams communicate and interact, and ultimately how well healthcare professionals provide care to patients. Here are a few suggestions to make the most of the ICD-10 conversion:

• Implement concurrent clinical documentation improvement to capture information on the front-end rather than taking a retrospective approach

• Identify opportunities for process improvement, productivity gains and revenue generation

• Begin IT planning and testing early by working with vendors to convert systems, including “home-grown” applications

• Validate that critical information flows smoothly from pre-admission to claim submission

“I don’t think we can over-test or over-do, though we did feel we were ready. We weren’t happy about the delay, but it’s giving us more time to prepare.”

Kristen Bates
Corporate Manager of Health Information Systems, University Hospital, Cleveland, OH

Quality data for ICD-10
(Click to see video)
Online resources

Here are some additional resources that may be useful for making the transition to ICD-10.

ICD-10 Watch
Coalition for ICD-10
CMS ICD-10 web page
AHIMA ICD-10 web page
HIMSS ICD-10 Playbook
ICD-10-CM—National Center for Health Statistics
AHA Central Office ICD-10 Resource Center
AHA Adoption of ICD-10-CM and ICD-10-PCS Regulatory Advisory