



# ICD-10: Preparing for Monumental Changes in Patient Coding

## POWERFUL INSIGHTS

Without question, the Patient Protection and Affordable Care Act will alter healthcare in the United States. However, for hospitals and physicians, an even greater concern may be the implementation of the International Classification of Diseases, Tenth Revision (ICD-10).

Hospitals and physicians already view ICD-10 as a monumental shift in their day-to-day operations. Their ability to manage the complexity associated with the adoption of ICD-10 will determine, to a large degree, the reimbursements they receive. A failed ICD-10 adoption approach could result in higher denials, lower reimbursements, ballooning accounts receivable, increased regulatory scrutiny and diminished financial results, among many other negative effects.

### Issue

ICD-10 is a sweeping upgrade to a 30-year-old standard used to document the condition and treatment of a patient. Under ICD-9, physicians and other caregivers document the clinical status of a patient. Following treatment, certified and trained medical professionals “code” the patient’s diagnosis and treatment by transforming clinical documentation to alphanumeric elements found within the ICD-9 nomenclature. This is a highly complex activity requiring strong coordination between physicians, nurses and other caregivers and the medical coders to ensure the medical record accurately represents the diagnosis and services provided. If treatment is not coded accurately, reimbursement is denied or delayed, affecting the provider’s cash flow.

With ICD-10, the level of difficulty increases dramatically.

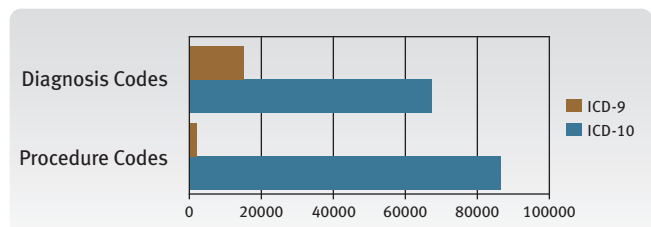
### Challenges and Opportunities

ICD-10 is a much more complex scheme of classifying diseases that reflects advances in disease detection and treatment, genetic research, and international data sharing. It also provides better data for measuring the quality, safety and adequacy of healthcare by allowing clinical IT systems to record more specific diagnostic information.

Under ICD-10, physicians and other caregivers must learn to document the condition and treatment of a patient at a much

more detailed level. For example, diabetes documentation and coding will need to include type or cause of diabetes (Type I, Type 2, due to drugs or chemicals, due to underlying condition, or other specified diabetes), the body system complications related to diabetes (kidney or neurological complications), and specific complications (chronic kidney disease, proliferative diabetic retinopathy with macular edema, foot ulcer or hypoglycemia without coma).

Consider the enormity of the changes introduced in ICD-10. Overall, ICD-10 contains an estimated 68,000 diagnosis codes (compared to 14,000 in ICD-9) and 87,000 procedure codes (versus 3,000 in ICD-9).



Hospitals will need to have coders trained and ready to implement ICD-10 because there will not be a phase-in period. Starting October 1, 2013, all claims must be documented using ICD-10.

Among the many challenges healthcare organizations must address as part of ICD-10 implementation:

- 1. Coders will struggle** – Many will not be able to handle the increased level of complexity; some have already announced their plans to retire effective October 1, 2013.
- 2. There will be tremendous demand for vendors offering onsite and remote coding support** – Remarkably, many already are being contacted regarding their availability in October 2013.
- 3. Doctors will need help** – In medical school, physicians are trained to clinically document in the medical record so that care rendered can be reviewed and understood by fellow clinicians. They are not trained to do this so that coders can code a patient’s treatment according to ICD-10.

## Our Point of View

ICD-10 implementation will soon become a top priority for healthcare organizations, just as U.S. healthcare reform-related changes are being introduced. How can organizations prepare for ICD-10? First of all, begin the process now. Following are key steps healthcare facilities should follow in undertaking ICD-10 transition.

1) **Create a plan to identify where and how ICD-10 affects the organization.** Most are aware of the impact on health information management (HIM) staff and systems. However, ICD-10 will affect virtually every core process, system, interface and associate in the organization, including physicians, nurses and other caregivers; patient access; patient accounting; budgeting and reimbursement; contract management; and compliance and regulatory.

In addition, the organization must assess medical coder readiness and clinical documentation. The ICD-10 readiness effort will include enhanced clinical documentation prepared by physicians and other caregivers. Even if the organization has already improved its clinical documentation, this will need to be updated for ICD-10.

2) **Talk with external advisors.** Even if the organization believes it can go it alone, it should consult external advisors and understand their perspective gained from working with other healthcare organizations.

3) **Consider the impact education will have on existing operations.** All staff will not require the same level of education. There are emerging educational technology

## ICD-10 – Key Facts

- There are 651 days between January 1, 2012, and October 13, 2013, the ICD-10 implementation date for U.S. healthcare organizations. Canada required 1,460 days to implement ICD-10.
- In most organizations, “advanced” ICD-10 users – doctors, nurses, case managers – will be the largest group of individuals, followed closely by “secondary” users such as IT, compliance and PFS personnel. Both of these groups will require extensive training.

platforms to assist with ICD-10 education efforts. Management and the ICD-10 implementation team should understand the educational resources available.

- 4) **Remember your physician network.** Employed physicians and their staff will be part of the plan. Given STARK and other regulations, consider how independent physicians and their staff will participate in training.
- 5) **Think about contingency planning.** There will be challenges during the implementation. Conduct a project risk assessment and scenario planning. Understand the potential for increases in unbilled A/R, delays in reimbursement, reduced coder productivity and increased denials.
- 6) **Don't forget about managed care contracts as payers haven't forgotten about you.** Expect to see “recoding” analysis efforts to gauge the impact of historical information using ICD-10, and expect managed care companies to use this information in negotiations.

## PROVEN DELIVERY

### How We Help Companies Succeed

Using traditional project management phases, as per the Protiviti Consulting Methodology, we can successfully guide

project teams through the implementation of ICD-10. These phases can be grouped into stages, which will aid in making the implementation more manageable and will spread the budget over multiple fiscal years.

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### About Protiviti

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