Revenue Cycle Executive Roundtable
Preparing for ICD-10: Staying the Course

Presented by Industry Leaders
Moderated by 3M HIS and HFMA

A 3M Health Information Systems (HIS) Sponsored Webinar
April 17, 2014
Presenters

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  - Vice President, Revenue Cycle, Advocate Health Care
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Learning Objectives

• Learn results from survey conducted with revenue cycle leaders regarding ICD-10 readiness

• Gain an understanding of the actions these organizations are taking as they prepare for ICD-10

• Identify lessons learned from a health-system regarding his organization’s ICD-10 transition

• Determine impact of ICD-10 transition delay on project plans and preparation efforts
HFMA’s Revenue Cycle ICD-10 Readiness Survey Summary of Results & Findings

Sponsored by 3M HIS

April 2014
Intro

As hospitals and health systems address additional time for the ICD-10 transition, it will be key to recognize where efforts stand compared with others and top challenges they are likely to face moving forward.

With this in mind, HFMA researchers, with sponsorship from 3M HIS, provide this overview of industry readiness prior to the delay.*

* Survey in field 2/14;  Delay signed into law 4/1.
Key Findings

1. Revenue Cycle Perspective of Current State
2. Top Challenges Facing Revenue Cycle
3. Readiness Progress to Date
Most hospital and health system revenue cycle leaders were confident they would have been ready for ICD-10 by fall 2014, with those at larger organizations having greatest confidence.

However, work lists are still long.

Revenue cycle leaders largely believed payers and physicians wouldn’t have been ready.
Perspective: Industry Readiness

How confident are you in the following entities’ readiness for ICD-10 by fall 2014?*

- My organization: 71%
- My IT vendors: 45%
- My physicians: 22%
- My payers: 14%

5 point scale used. Chart shows top 2 points.

*Surveying conducted prior to announcement of delay
Key Findings

2 Top Challenges Facing Revenue Cycle

• The biggest hurdles hospitals and health system revenue cycle leaders expect to face in their transition to ICD-10 are the readiness of physicians and payers, as opposed to internal—and more controllable—challenges around having the right HIM coding staff resources or staff training.
Top Challenges Facing Revenue Cycle

What do you foresee as your biggest challenge in achieving ICD-10 readiness?*

Respondents asked to select top two challenges from among the five listed.

- Physician readiness: 72%
- Payer readiness: 58%
- HIM coding staff resources: 35%
- Staff training: 23%
- IT vendor readiness: 12%

*Surveying conducted prior to announcement of delay

HFMA's Revenue Cycle ICD-10 Readiness Survey
Sponsored by 3M HIS
Key Findings

3 Readiness Progress to Date

- Most hospitals have had the majority of their financial/billing IT systems updated to support ICD-10 codes
- But when it comes to payer testing, more than 40% do not have a testing plan in place with their top 3-5 commercial payers
- Also, the majority of hospitals and health systems have had less than half of their contracts analyzed to determine financial impact of ICD-10
- Most do not feel confident in ability to predict impact on cash flow, payment, and DNFB
Larger organizations are better positioned to understand the financial impact of ICD-10, with many of them already having established monitoring metrics in place.

They also are more likely than peers to have contingency plans.

When it comes to looking at the strategic benefits of the ICD-10 transition, revenue cycle directors are far more likely than VPs of Revenue Cycle or CFOs to explore opportunities associated with improved granularity.
Progress: Overview of Readiness to Date

Your organization has completed the following…

- Begun exploring opportunities to strategically leverage the additional granularity: 19%
- Established metrics to monitor the impact to revenue cycle: 20%
- Developed contingency plans to mitigate financial risk: 22%
- Begun dual coding in ICD-9 and ICD-10: 30%
- Begun querying physicians for additional specificity: 36%
- Modified EHR templates: 37%
- Developed workflow redesign/corrective actions: 41%
- Delivered training to impacted staff at owned entities: 44%

Those responding “Don’t Know” excluded from the analysis.
ICD-10 Readiness
Advocate Health Care

Advocate Health Care is the largest health system in Illinois and operates in more than 250 sites. Outlined is an overview of the Advocate Health Care system.

Hospitals
12 hospitals
11 acute care
1 children’s hospital
4 teaching hospitals
5 level 1 trauma centers

Physicians
6,300 medical staff members
4,000 Advocate Physician Partners
1,100 employed physicians

Other
$4.5B Operating Revenue
AA Bond Rated
35,000 Associates

Advocate Health Care – Sites of Care
Advocate Health Care

Recently Advocate Health Care was named among the nation’s Top 5 largest health systems based on quality by Truven Analytics. Other recent accolades include:

- **Truven Health Analytics**
  - Top 100 Hospitals 2014
  - Top 15 Health Systems 2013
- **American Nurses Credentialing Center**
  - Magnet Recognized
- **Chicago Tribune**
  - Top 100 Workplaces 2013
- **U.S. News & World Report**
  - Best Hospitals 2013
  - Best Children’s Hospitals 2012-13
- **Building a Healthier Chicago**
- **$614M community benefit**
ICD-10 Best Practices

• Organizational alignment across the health system
  – One ICD-10 Governance Committee to oversee ICD-10 implementation for the health system
    ▪ Organized vertically by health entity (hospital, group, home health, etc.)
    ▪ Matrix organization across health entities to leverage and share renounces (clinical documentation, physician engagement, training IT systems, etc.)

• Program Management and committed resources to ensure implementation
  – Program Management office to oversee implementation
    ▪ Standard project scheduled and resources leveling
    ▪ Standard project status reporting and risk management plans
    ▪ Dedicated Project Managers to assist business owners
  – Comprehensive project plans that detail implementation tasks and activities until 3-6 months post go-live
ICD-10 Best Practices

• Clearly understand the impact to quality reporting
  – Impact to federal and state reporting
  – Impact to value based purchasing and share savings initiatives
• Double down on clinical documentation improvement
  – Engage physicians now based on ICD-10 documentation requirements
  – Report physician SOI and ROM scores
  – Implement 3M / 360 solution
  – Implement CAC
• Continued monitoring of payer readiness
  – Perform testing with major payers (BCBS, Aetna, Medicare, etc.)
  – Monitor for changes in policies related to cross over patient
• Develop a comprehensive and focused training program
  – Level of training required is based on job function
ICD-10 Best Practices

• Proactively address Health Information Management challenges
  – Increase coding staff now due to ICD-10 training and payer testing
    ▪ Hiring new staff
    ▪ Secure and operationalize contract coding (outsourcing)

• Develop a comprehensive plan to reduce DNFB backlogs and to work down the AR prior to go-live

• Develop a comprehensive risk management program
  – Define risk triggers based on key revenue cycle metrics
  – Base risk mitigation plans on trigger events

• Adjust the ICD-10 implementation plan to take advantage of the delayed implementation date
Seton Healthcare Family

ICD-10 Readiness
Seton Healthcare Family

- Catholic healthcare delivery system serving central Texas
- 1826 licensed beds, $1.8 billion operating revenue FY13
- 11 hospitals and 1 nursing home
  - 1 Children’s hospital, level I trauma center, level 3 NICU
  - 1 Adult safety net level I trauma center and level 3 NICU
  - 6 Comprehensive complex/critical care and medical/surgical facilities that include level III trauma, level 3 NICU, heart transplant, brain & spine, and oncology centers
  - 2 Critical access hospitals
  - 1 Behavioral health
- Clinical enterprise
  - 328 physicians
  - 164 mid-level providers
  - 246 residents
- Seton Insurance Services
  - Seton Health Plan
  - CHIP and STAR (Texas Medicaid managed care plan)
- Multiple joint ventures including rehab, surgery centers, and acute care hospitals
ICD-10 Best Practices

• Committed resources to ensure implementation success
  – Comprehensive leadership infrastructure, both 100% dedicated and “in addition to their regular day jobs”, including but not limited to
    ▪ Program and project managers
    ▪ Workgroup leaders
    ▪ Executive Steering Committee
  – Budget – Operational and Capital

• Started with current state readiness assessment
• Remediation of technology systems and applications
ICD-10 Best Practices

• Comprehensive training program
  – Coders
  – Physicians
  – Data users/Others
• Learn results from survey conducted with revenue cycle leaders regarding ICD-10 readiness
• Gain an understanding of the actions these organizations are taking as they prepare for ICD-10
• Identify lessons learned from a health-system regarding his organization’s ICD-10 transition
• Determine impact of ICD-10 delay to 2015 on project plans and preparation efforts
ICD-10 Best Practices

- Coder shortage and recruitment challenges
- Compensation Practices/Retention Bonuses
  - Coders
  - Other “mission critical” ICD-10 leadership positions
- New life to our Clinical Documentation program
- Workflow processes
- Dual coding
- Financial impact assessment
- Ensuring all rev cycle processes performing at optimal levels prior to conversion (DNFB, denials, etc.)
- Developed “early warning” metrics scorecard
Kaiser Permanente Southern California

ICD 10 Readiness

Southern California Revenue Cycle
Kaiser Permanente, Southern CA

- Hospitals: 14
- Licensed Beds: 3,732
- Medical Offices: 201
- Physicians: 5,726 (approximate representing all specialties)
- Outpatient Pharmacies: 150
- Employees: 60,493 +

Total Membership: 9,134,300

*KPIC: 5,035
Joint Training & Education Department Offerings - *Impact Based Transition*

**Low Impact:**

- **Introducing ICD 10 Video** – How is KP preparing for the change
- **ICD 10 General Awareness Video** – High level overview of ICD-9 to ICD-10.
- **ICD 10 Overview for Clinicians (FAQ)** – When & why transition/who is clinically impacted.
- **ICD 10 Overview for Non-Clinicians (FAQ)** – When/why transition/which systems are impacted.

**Medium Impact:**

- **Understanding ICD-10 Code Sets (WBT)** – ICD-10 coding structures and characters module. For non-coders who need a strong understanding of ICD-10
- **Instructor-led course**$ – One day of diagnosis and one day of procedure content taught by an external vendor
- **KP Clinician (15 Minute WBT)** – Six modules designed for clinicians who make diagnoses & One general module for health care team members who see and use diagnoses.

  - Module 1 - ICD-10 Basics for Clinicians and Health Care Team Members
  - Module 2 - Injuries
  - Module 3 - Obstetrics
  - Module 4 - Mental Health
  - Module 5 - Medical Specialties
  - Module 6 - Inpatient Procedure Documentation
  - Module 7 - ICD-10 for Health Care Team Members

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HFMA's Revenue Cycle ICD-10 Readiness Survey
Sponsored by 3M HIS
Joint Training & Education Department Offerings - *Impact Based Transition*

**High Impact:**

**Hospital Coder & Physician Coder Educator Training**
- Regional Trainer & Hospital Coder Train the Trainer Certification$ – Three days of AHIMA led code set training
- MD Coder Train the Trainer Certification$ – Three days of AAPC led code set training

**Hospital Coders/ Auditors/Pro-Fee Coders**
- 19 one-hour on-line courses offered by external vendor and available through KP$ Anatomy & Physiology/Pathophysiology/Medical Terminology
- Regional Trainer/Coder Instructor Led 5-Day Code Set Training for Hospital Coders
- KP Coder Instructor Led 3-Day Code Set Training for Professional Coders

**Physician Coders**
- KP Physician Instructor Led training by Specialty/Department
## Challenges and Mitigation Steps

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Mitigation</th>
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<tbody>
<tr>
<td>ICD-10 Proficient Coder Shortage</td>
<td>Developed Coder Career Ladder OP → IP</td>
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<tr>
<td>Systems Adaptation Readiness</td>
<td>Continuous Systems Monitoring</td>
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<td>Coder Productivity Decline</td>
<td>Implementation of Computer Assisted Coding Technology</td>
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<tr>
<td>Payers Failing to Migrate to ICD-10</td>
<td>Claims System Backwards – Forwards Compatibility (ICD-10 Wrapper)</td>
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Concluding Remarks

• Within the industry, most revenue cycle leaders (including HFMA panelists) are confident that their organizations would have been ready for the October, 2014 ICD-10 transition date with minimal problems

• However, survey results demonstrate that there is much work yet to be done in preparing for the ICD-10 transition

• The biggest hurdles revenue cycle leaders expect to face in their ICD-10 transition is physician and payer readiness, as opposed to internal (and more controllable) challenges

• Panel Participants are “staying the course” in preparing for the ICD-10 transition
Appendix: Detailed Survey Results

• The following pages detail the results of the HFMA ICD-10 Readiness Survey sponsored by 3M HIS
Key Findings

Revenue Cycle Perspective of Current State

- Most hospital and health system revenue cycle leaders were confident they would have been ready for ICD-10 by fall 2014, with those at larger organizations having greatest confidence
- However, work lists are still long
- Revenue cycle leaders largely believed payers and physicians wouldn’t have been ready
Key Findings

2 Top Challenges Facing Revenue Cycle

• The biggest hurdles hospitals and health system revenue cycle leaders expect to face in their transition to ICD-10 are the readiness of physicians and payers, as opposed to internal—and more controllable—challenges around having the right HIM coding staff resources or staff training.
Key Findings

Readiness Progress to Date

- Most hospitals have had the majority of their financial/billing IT systems updated to support ICD-10 codes.
- But when it comes to payer testing, more than 40% do not have a testing plan in place with their top 3-5 commercial payers.
- Also, the majority of hospitals and health systems have had less than half of their contracts analyzed to determine financial impact of ICD-10.
- Most do not feel confident in ability to predict impact on cash flow, payment, and DNFB.
Key Findings

Readiness Progress to Date, cont.

• Larger organizations are better positioned to understand the financial impact of ICD-10, with many of them already having established monitoring metrics in place.

• They also are more likely than peers to have contingency plans.

• When it comes to looking at the strategic benefits of the ICD-10 transition, revenue cycle directors are far more likely than VPs of Revenue Cycle or CFOs to explore opportunities associated with improved granularity.
Perspective: Organizational Readiness

How confident are you in your organization’s readiness for ICD-10 by fall of 2014?*

- 600 Beds +: 90% Very Confident
- 250 through 599 Beds: 82% Very Confident
- 100 through 249 Beds: 71% Very Confident
- Under 100 Beds: 58% Very Confident

5 point scale used. Chart shows top 2 points.

*Surveying conducted prior to announcement of delay
Perspective: Long Worklists Still Ahead

By October 1, your organization intends to have completed the following…*

- Established metrics to monitor the impact to revenue cycle: 73%
- Developed contingency plans to mitigate financial risk: 68%
- Begun dual coding in ICD-9 and ICD-10: 67%
- Begun querying physicians for additional specificity: 62%
- Modified EHR templates: 60%
- Begun exploring opportunities to strategically leverage the additional granularity: 59%
- Delivered training to impacted staff at owned entities: 55%
- Developed workflow redesign/corrective actions: 54%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay.
How confident are you in the following entities’ readiness for ICD-10 by fall 2014?*

- My organization: 71%
- My IT vendors: 45%
- My physicians: 22%
- My payers: 14%

*Surveying conducted prior to announcement of delay

5 point scale used. Chart shows top 2 points.
Top Challenges Facing Revenue Cycle

What do you foresee as your biggest challenge in achieving ICD-10 readiness?*

Respondents asked to select top two challenges from among the five listed.

*Surveying conducted prior to announcement of delay
Progress: Overview of Readiness to Date

Your organization has completed the following...

- Begun exploring opportunities to strategically leverage the additional granularity: 19%
- Established metrics to monitor the impact to revenue cycle: 20%
- Developed contingency plans to mitigate financial risk: 22%
- Begun dual coding in ICD-9 and ICD-10: 30%
- Begun querying physicians for additional specificity: 36%
- Modified EHR templates: 37%
- Developed workflow redesign/corrective actions: 41%
- Delivered training to impacted staff at owned entities: 44%

Those responding “Don’t Know” excluded from the analysis.
Progress: Payer Testing

Which of the following activities have you completed in preparation for ICD-10?

- Our CMS ICD-10 testing will include hospital-owned entities (e.g. practices) - 77%
- We plan to participate in CMS’s ICD-10 testing week (March 3 to March 7, 2014) with our Medicare Administrative Contractor - 71%
- We have a testing plan in place with our top 3-5 commercial payers - 59%
- We have a testing plan in place with our top 3-5 commercial payers that includes hospital-owned entities (e.g. practices) - 50%

Those responding “Don’t Know” excluded from the analysis. All organizations surveyed include owned entities.
Progress: Completion of Analyzing Financial/Billing Systems

To what degree have you analyzed your financial/billing systems for the ability to support ICD-10 codes?

- Over Half of Systems Analyzed: 71%
- Less Than Half of Systems Analyzed: 29%
Progress: Completion of Contract Analysis by Bed Size

Percentage responding “Over half of contracts analyzed”

- 250 Beds +: 55%
- Under 250 Beds: 30%

Positive correlation between size and percentage of contracts analyzed.
Progress: Estimating Financial Impacts of ICD-10

How confident are you that you can estimate the financial impact of ICD-10 on the following?

- Discharged Not Final Billed (DNFB): 15%
- Reimbursement: 12%
- Cash Flow: 8%

5 point scale used. Chart shows the top 2 points Very Confident and Extremely Confident.
Progress: Establishing Metrics to Monitor Financial Impact Post-ICD-10

Responding “Yes” to “Established metrics to monitor the financial impact of ICD-10 after the transition”

- Under 600 Beds: 15%
- 600 Beds+: 40%

Those responding “Don’t Know” excluded from the analysis.
Progress: Contingency Planning

Responding to “Developed contingency plans for post-ICD-10 transition to mitigate financial risk (e.g. reduced reimbursement)”

- Yes: 22%
- No, but plan to prior to October 1, 2014*: 68%
- No, and do not have plans to complete prior to October 1, 2014*: 10%

*Surveying conducted prior to announcement of delay

Those responding “Don’t Know” excluded from the analysis.
Progress: Contingency Planning

Responding “Yes” to “Developed contingency plans for post -ICD-10 transition to mitigate financial risk (e.g. reduced reimbursement)”

Those responding “Don’t Know” excluded from the analysis.
Progress: Leveraging the Additional Granularity of IDC-10

Responding to “Begun exploring opportunities to strategically leverage the additional granularity of ICD-10 codes post-transition”

- No, and do not have plans to complete prior to October 1, 2014* 10%
- No, but plan to prior to October 1, 2014* 59%
- Yes 19%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
Progress: Leveraging the Additional Granularity of ICD-10

Responding “Yes” to “Begun exploring opportunities to strategically leverage the additional granularity of ICD-10 codes post-transition”

- **Revenue Cycle Director**: 37%
- **CFO/VP Revenue Cycle**: 9%

Those responding “Don’t Know” excluded from the analysis.
Progress: Dual Coding

Responding to “Have developed systems for coding in both ICD-9 and ICD-10”

- No, and do not have plans to complete prior to October 1, 2014* (10%)
- No, but plan to prior to October 1, 2014* (67%)
- Yes (30%)

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
Progress: Querying Physicians to Aid ICD-10 Assignment

Responding to “Have systems in place to query physicians for the specificity needed to assign ICD-10 codes”

No, and do not have plans to complete prior to October 1, 2014* 2%

No, but plan to prior to October 1, 2014* 62%

Yes 36%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
Progress: Modifying EHR Templates

Responding to “Have adapted electronic health record templates for ICD-10”

- No, and do not have plans to complete prior to October 1, 2014*: 3%
- No, but plan to prior to October 1, 2014*: 60%
- Yes: 37%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
Progress: Improving Revenue Cycle Workflow/Corrective Action

Responding to “Have systems in place to improve revenue cycle workflow and/or implement corrective action for the ICD-10 transition”

- No, and do not have plans to complete prior to October 1, 2014*: 4%
- No, but plan to prior to October 1, 2014*: 54%
- Yes: 41%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay.
Progress: Establishing Metrics to Monitor the Impact of ICD-10 Post-Transition

Responding to “Established metrics to monitor the revenue cycle impact of ICD post-transition”

- No, and do not have plans to complete prior to October 1, 2014*: 7%
- No, but plan to prior to October 1, 2014*: 73%
- Yes: 20%

Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
## Progress: Training at Owned Entities

Responding to “Delivered training to impacted staff at owned entities in support of ICD-10 readiness.”

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<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
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<tr>
<td>No, and do not have plans to complete prior to October 1, 2014*</td>
<td>1%</td>
</tr>
<tr>
<td>No, but plan to prior to October 1, 2014*</td>
<td>55%</td>
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<td>Yes</td>
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Those responding “Don’t Know” excluded from the analysis.

*Surveying conducted prior to announcement of delay
Respondent Demographics: Level and Organizational Size

**Count of Responses**

<table>
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<th>Percentage</th>
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<tr>
<td>CFO/VP Revenue Cycle</td>
<td>57%</td>
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<tr>
<td>Revenue Cycle Director</td>
<td>43%</td>
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<table>
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Best known for market-leading coding solutions and ICD-10 expertise, 3M Health Information Systems delivers innovative software and consulting services for clinical documentation improvement, computer-assisted coding, and case mix and quality reporting. 3M’s patient classification and grouping solutions can also help hospitals adjust to payment reform and succeed in a pay-for-outcomes environment.

www.3MHIS.com
About Us

• HFMA
  – Nation's leading membership organization for healthcare financial management executives and leaders.
  – More than 40,000 members-ranging from CFOs to controllers to accountants can be found in all areas of the healthcare system, including hospitals, managed care organizations, physician practices, accounting firms, and insurance companies.

• 3M Health Information Systems
  – Best known for market-leading coding solutions and ICD-10 expertise
  – Delivers innovative software and consulting services for clinical documentation improvement, computer-assisted coding, and case mix and quality reporting.
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