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The Dbriefs Health Sciences series presents

Friend or Foe? Trends and Issues in Preparedness for ICD-10 Conversion

Dave Biel, Deloitte Consulting LLP

Christine Armstrong, Deloitte Consulting LLP

Vickie Monteith, Deloitte & Touche LLP

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Agenda

- Introduction to ICD-10
- ICD-10: Provider Preparation for the Change
- ICD-10: Health Plan Impacts and Trends
- ICD-10: Collaboration – The Key to ICD-10 Success
- Questions & Answers

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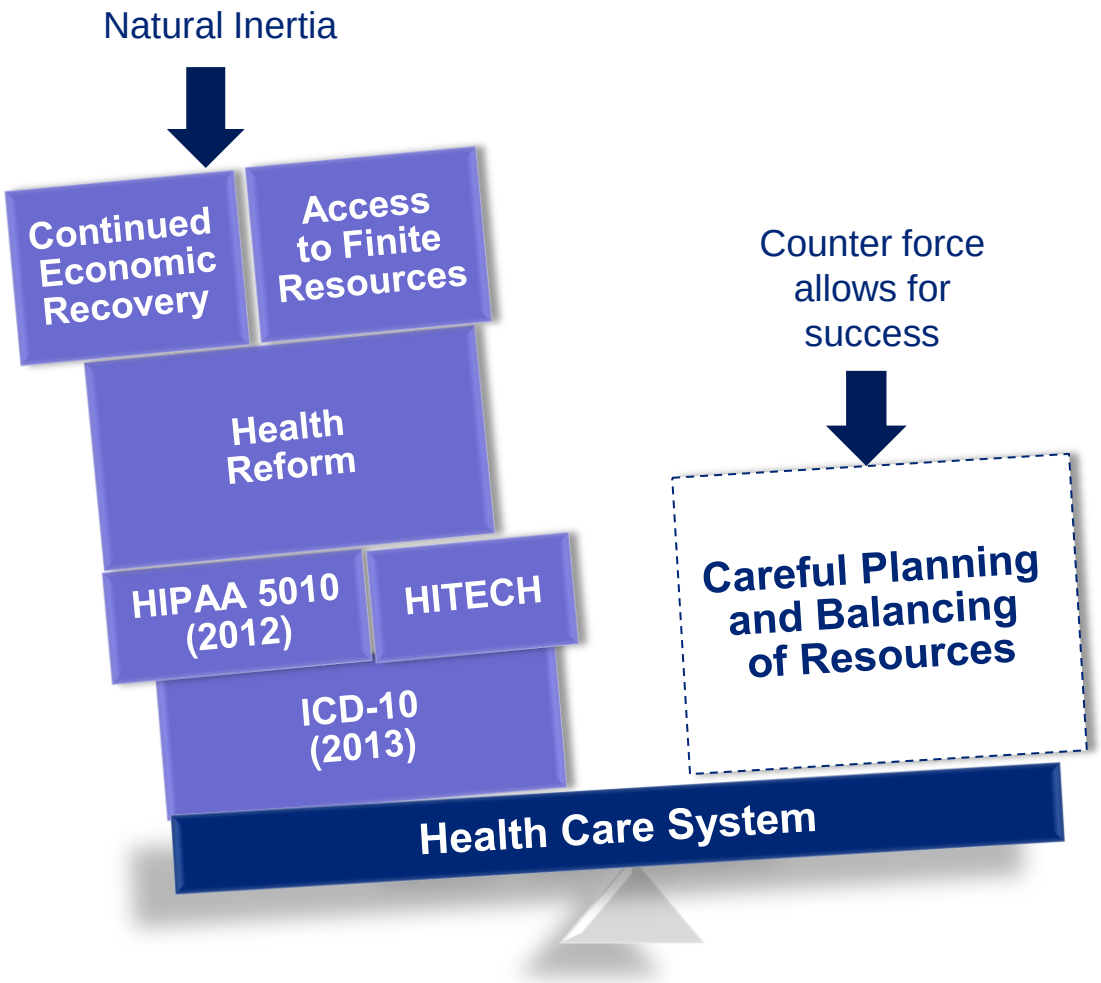
Introduction to ICD-10

ICD-10 Sits Among a Myriad of Critical Issues That Must be Absorbed by the Health Care System Over the Next Five years



The ability to absorb the volume of change will be dependent our ability to judiciously plan for and balance all of the work required

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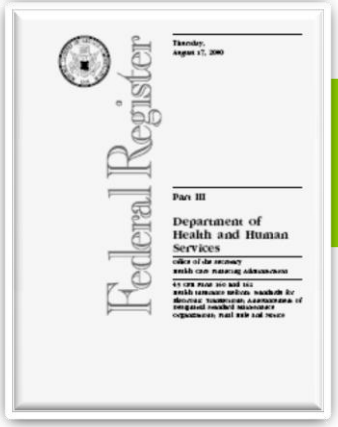
What are ICD-10 and HIPAA 5010?

The Centers for Medicare and Medicaid Services (CMS) is driving the industry to upgrade core HIPAA transactions (5010) as well as diagnosis and procedure coding standards (ICD-10)

Federal Mandate



What	Change	When
HIPAA 5010	Upgrade of formats for transactions between payers and providers (837, 278, etc)	**January 1, 2012** CMS Compliance Date
ICD-10	Upgrade of diagnoses and procedures used on clinical transactions (claims, etc)	**October 1, 2013** CMS Compliance Date

Focus of Today's Discussion

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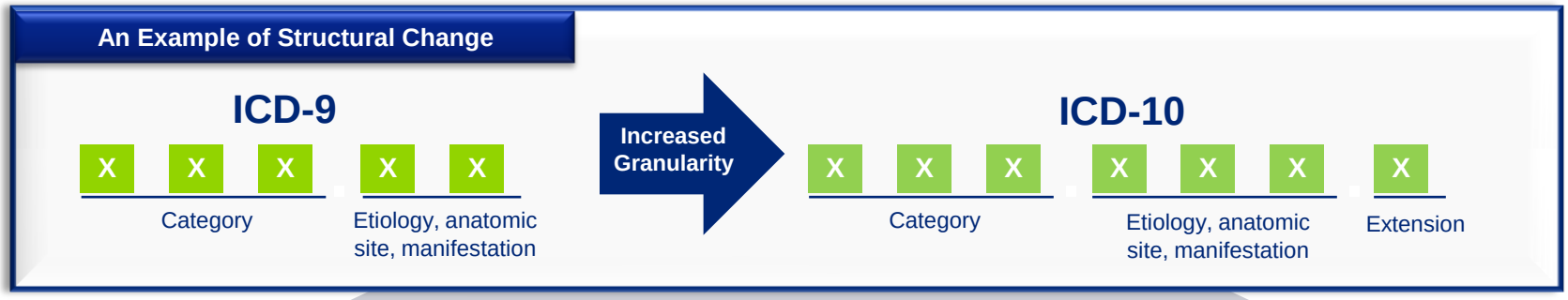
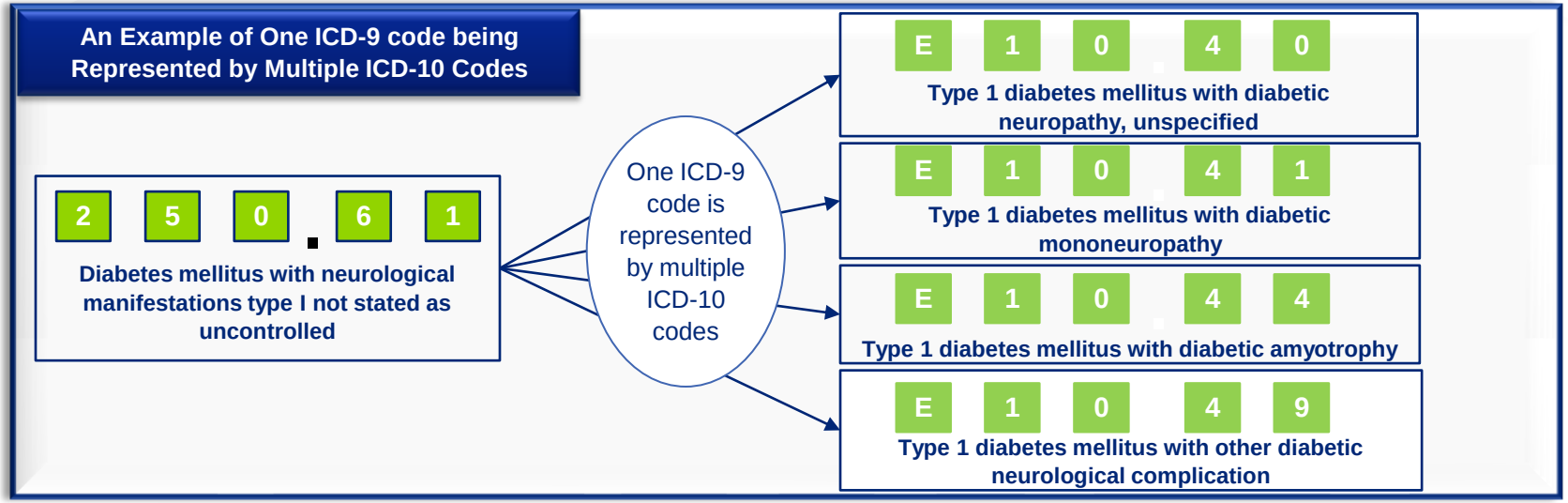
What Is Changing with ICD-10 Change?

The ICD-10 code set is a full replacement of the ICD-9 code set that will provide additional granularity for diagnosis and procedure codes.



The increase in granularity represents a complex mapping issue from current ICD-9 to the new ICD-10



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A Deeper Look at ICD-10-PCS

ICD-10-PCS codes are richer and more descriptive

- Includes “embedded logic” in the coding structure
- Follows different decision tree to derive ICD-10-CM codes.
- Laterality is denoted (i.e. right vs. left appendage/ side of body)

ICD-10-PCS 2010 Code Inventory

Medical and Surgical	62,123
Obstetrics	338
Placement	864
Administration	1,435
Measurement and Monitoring	326
Extracorporeal Assistance and Performance	43
Extracorporeal Therapies	42
Osteopathic	100
Other Procedures	60
Chiropractic	90
Imaging	2,673
Nuclear Medicine	463
Radiation Oncology	1,929
Rehabilitation and Diagnostic Audiology	1,382
Mental Health	30
Substance Abuse Treatment	59
Total	**71,957**


Appendix B
ICD-10-PCS draft coding guidelines

CMS draft coding guidelines indicate a dramatic change in procedure code assignment over ICD-9

- Conditions have been regrouped
- New features have been added
- Combination diagnosis/symptom codes have been created

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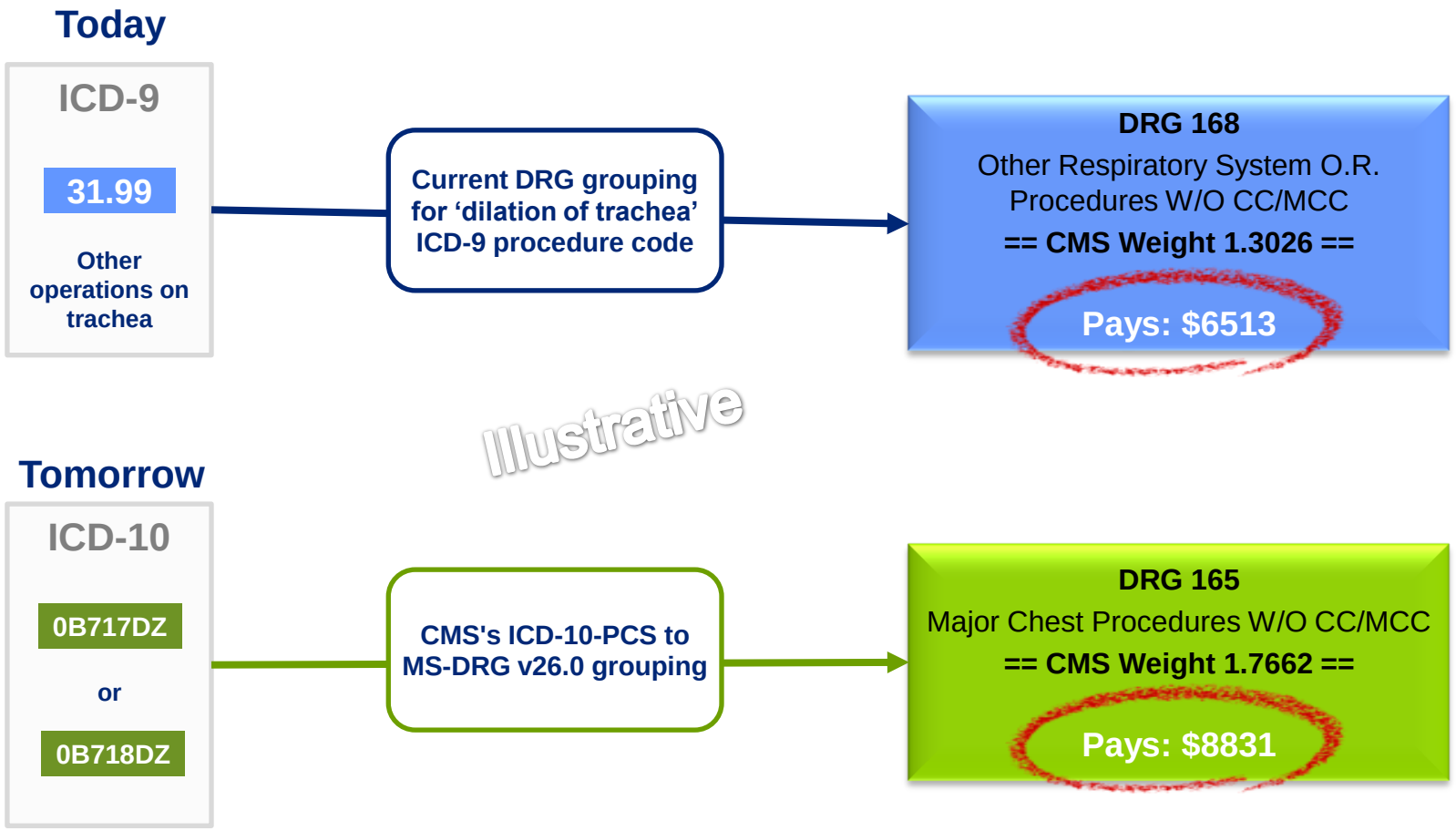
Why Should You Care?

While impacts are significant across the industry, a key component is the potential impact to provider revenue and payer medical cost



0B717DZ: Dilation of Trachea with Intraluminal Device, Via Natural or Artificial Opening
0B718DZ: Dilation of Trachea with Intraluminal Device, Via Natural or Artificial Opening Endoscopic

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Polling Question #1

Where is your organization in the ICD-10 remediation lifecycle?

- We have not yet started work on ICD-10
- We are conducting an impact assessment
- We are developing a solution approach and execution plan for remediation
- We have launched our ICD-10 program and begun remediation activities
- Don’t know

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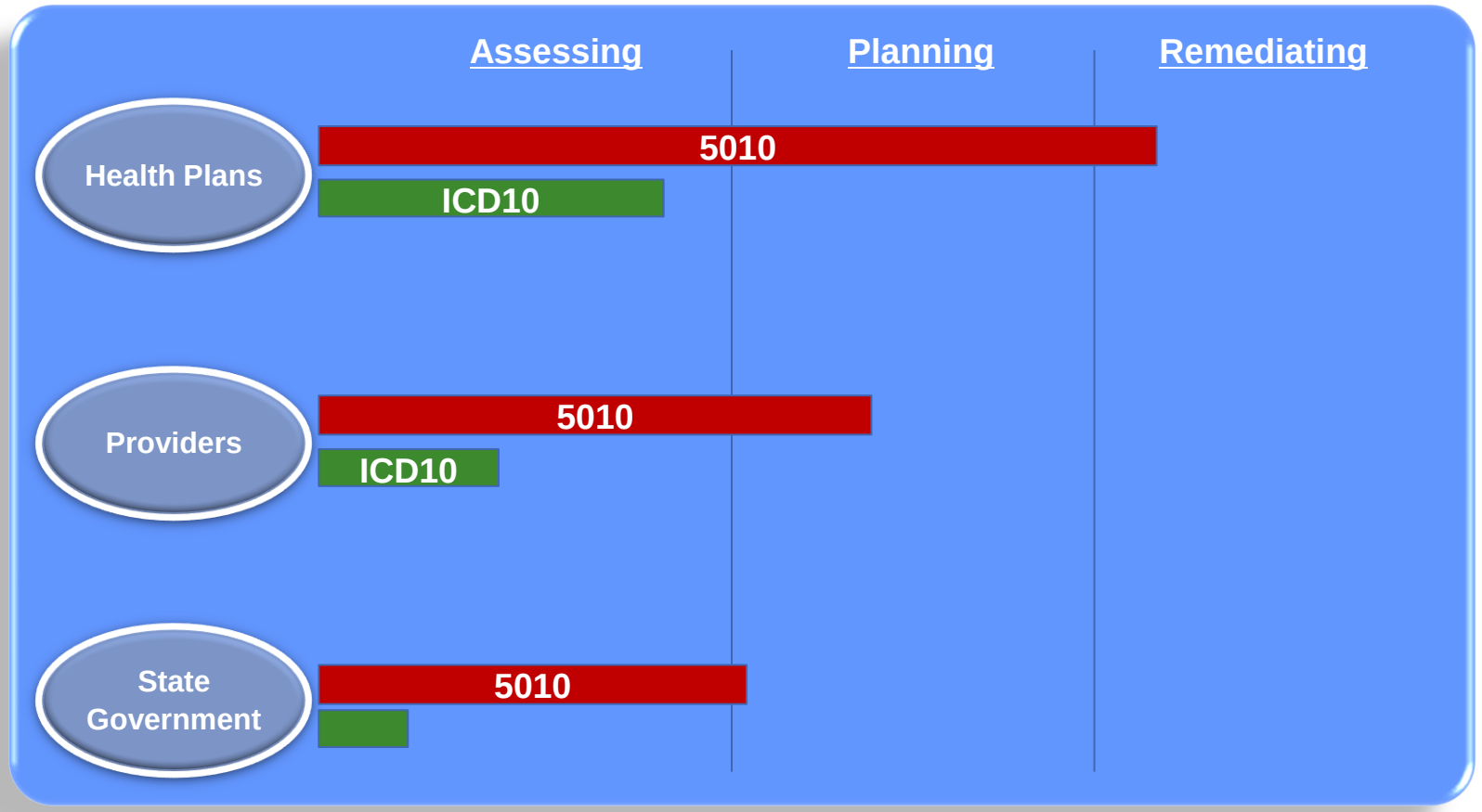
How is the Market Progressing?

While Health Plans are in front of others, the industry as a whole is behind in preparations for ICD-10 remediation

Progression Toward Compliance



Other countries with less complex health care systems have required 5 years to implement ICD10

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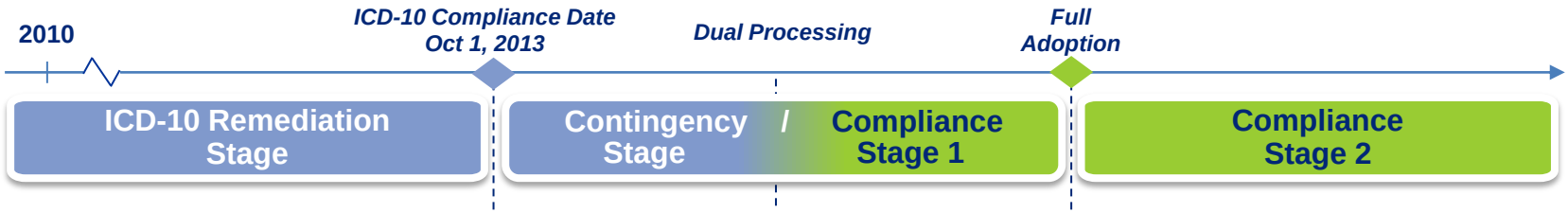
ICD-10: Provider Preparation for the Change

Our Perspective – The Provider Market View

Only 10-15% of the provider market has initiated ICD-10 planning, training, and preparation efforts.



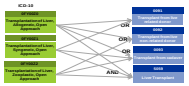
Provider Expectations

1) Extensive training necessary
2) Numerous compliance dates concurrent with meaningful use
3) Technology challenges and opportunities
4) Concerns about payor readiness/reimbursement impact

What Providers Should be Focused on Today

Road Map Development

- Gap Analysis Assessments
- Comprehensive action plan
- Timelines and budgets
- Long-term value plays



Mapping, Crosswalks, and Reporting

- Reporting challenges
- Future state crosswalk needs
- Impact to analytics, research, and decision support

Resources, Training, and Education Plans

- Human resource needs
- Training and education
  - Coders
  - Clinicians
  - other staff
- Awareness sessions

Technology Requirements/Vendor Agreements

- Technology vendor readiness evaluation
- External vendor trade agreements
- System upgrade and replacement needs
- Testing plans

Financial Preparation

- Budget preparation
- Reimbursement modeling
- Impact on A/R
- Financial reporting

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Focus Areas – Operations

Revenue Cycle

- Identify key revenue cycle functions currently using ICD-9 (i.e., scheduling, financial clearance, claims processing, denials management)
  - Outline ICD-10 action steps and implementation approach:
    - Staffing/Training
    - Process/Policy and procedure redesign
    - Communications
    - Compliance concerns
- Address issues such as dual processing, pre-certification surrounding go-live, and reporting capabilities

Clinical Documentation, Coding, and Training

- Determine workforce training required for ICD-10
  - Estimate capacity of current workforce to support transition
  - Review clinical documentation and coding practices
  - Identify alternative training programs and internal/external training resources required
  - Review HR and training support infrastructure
  - Develop program timeline and budget
- Develop list of external service providers (i.e., physician groups, coders/abstractors, billing)
- Develop practice session approaches

Operational Processes

- Identify current clinical use of ICD-9 (i.e., problem lists, EHR documentation)
  - Consider additional areas such as:
    - Credentialing
    - Marketing
    - Research
- Engage leadership in impacted functional areas
  - Identify data users impacted (i.e., case management, marketing, decision support)
  - Document operational gaps, heat map, and identify linkages to technology and finance requirements
  - Determine ownership for readiness activities
- Evaluate current policies and procedures
- Identify relevant management reports

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Focus Areas – Finance

Health Plan Contracting

- Understand payer approach to code mapping and impact to reimbursement
  - Evaluate changes to reimbursement formulas, contracts, etc.
  - Understand change in net reimbursement based on changes in acuity and new codes
  - Identify tools to enable payment modeling with new codes
  - Understand payment monitoring and compliance tools/practices
  - Define future state under payment monitoring approaches/tools
  - Develop contracting/negotiation plan
  - Develop and prioritize list of payers (contracted and non-contracted)
  - Confirm payers ability for reimbursement under ICD-9 and ICD-10
  - Confirm payer assumptions regarding cash flow during transition and long term

A/R Management

- Determine potential impact to coding productivity and DNFB/billing/payment changes
- Estimate potential impact to cash flow during transition and long term
- Identify dual processes and related reporting
  - Receiving payable claims during the transition period from ICD-9 and ICD-10 codes
  - Matching referrals that contain ICD-9 and ICD-10 codes

Financial Management

- Determine impact to Cash Flow and Working Capital
  - Establishing additional reserves (if applicable)
  - Managing working capital
  - Capital and Operations Budgeting for next three years
- Identify dual processes and related reporting
  - Determine financial reporting and forecasting requirements during transition period from ICD-9 and ICD-10 codes
  - Determine opportunities to improve cost accounting
- Determine financial impact to Research and/or Intellectual Property

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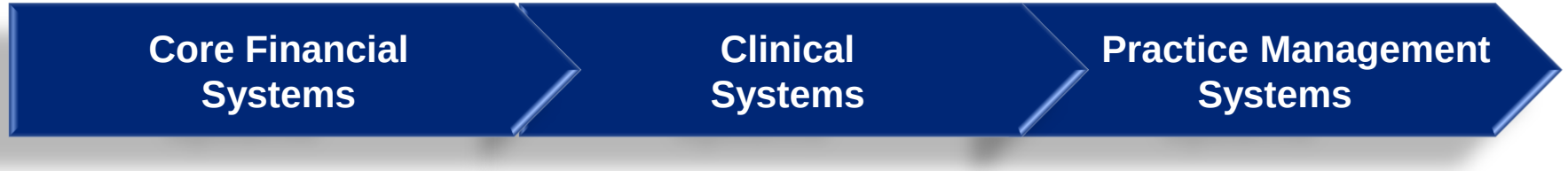
Focus Areas – Information Technology



Current Stat ICD-9 Data Analysis

- Identify/inventory specific systems and databases
- Identify impacted data components
- Map data sources and flow (source, target, interfacing transformations, etc.)

Use of ICD Data

- Identify operational report implications
- Identify analytical report implications
- Determine information usage opportunities using new code set
- Determine requirements and limitations for transition

Current System Constraints

- Vendor Readiness
- Evaluate current contracts and SLAs to determine readiness/contracting implications
- Initiate communication with vendors to assess remediation plans and technical/vendor risks
- Define systems at risk for ICD-10/dual ICD-9 capabilities
- Determine replace vs. remediate strategies

Action Steps

- Develop functional and technical requirements
- Develop remediate/replace plans
- Estimate capacity of IT teams to implement requirements
- Develop testing timeline and process
- Update systems
- Design and implement storage and reporting enhancements

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Getting Off the Dime – How To Get Started?

Providers need to conduct an ICD-10 impact and opportunities assessment and develop a roadmap for implementation.

Multidisciplinary Approach

Conduct Current State Assessment

- Conduct assessment of impacted areas
  - Technology
  - Operations
  - People
  - Strategy
- Evaluate functions, systems, and processes that currently utilize ICD-9 codes and understand what will change

Develop Solution Alternatives

- Evaluate alternative options for implementation and compliance
- Focus on competitive advantage and strategic imperatives to support evaluation
- Select future state solution that best meets the objectives and constraints
- Drive into detail in technology, operations and people impacts of the solution
- Develop a budget for implementation (include personnel and capital)

Conduct Gap Analysis

- Identify gaps between current state and target state

Develop Roadmap

- Develop ICD-10 compliance timeline
- Determine approach for education, training and change management
- Plan modifications to systems that accommodate code structure
- Plan modifications to business processes that manage the revised value chain
- Determine approach and timing for updating analytics and reporting to support effort

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Polling Question #2

What is your biggest concern about ICD-10 implementation?

- Mapping and crosswalk
- Technology changes
- Reimbursement changes
- Resource training
- Don’t know

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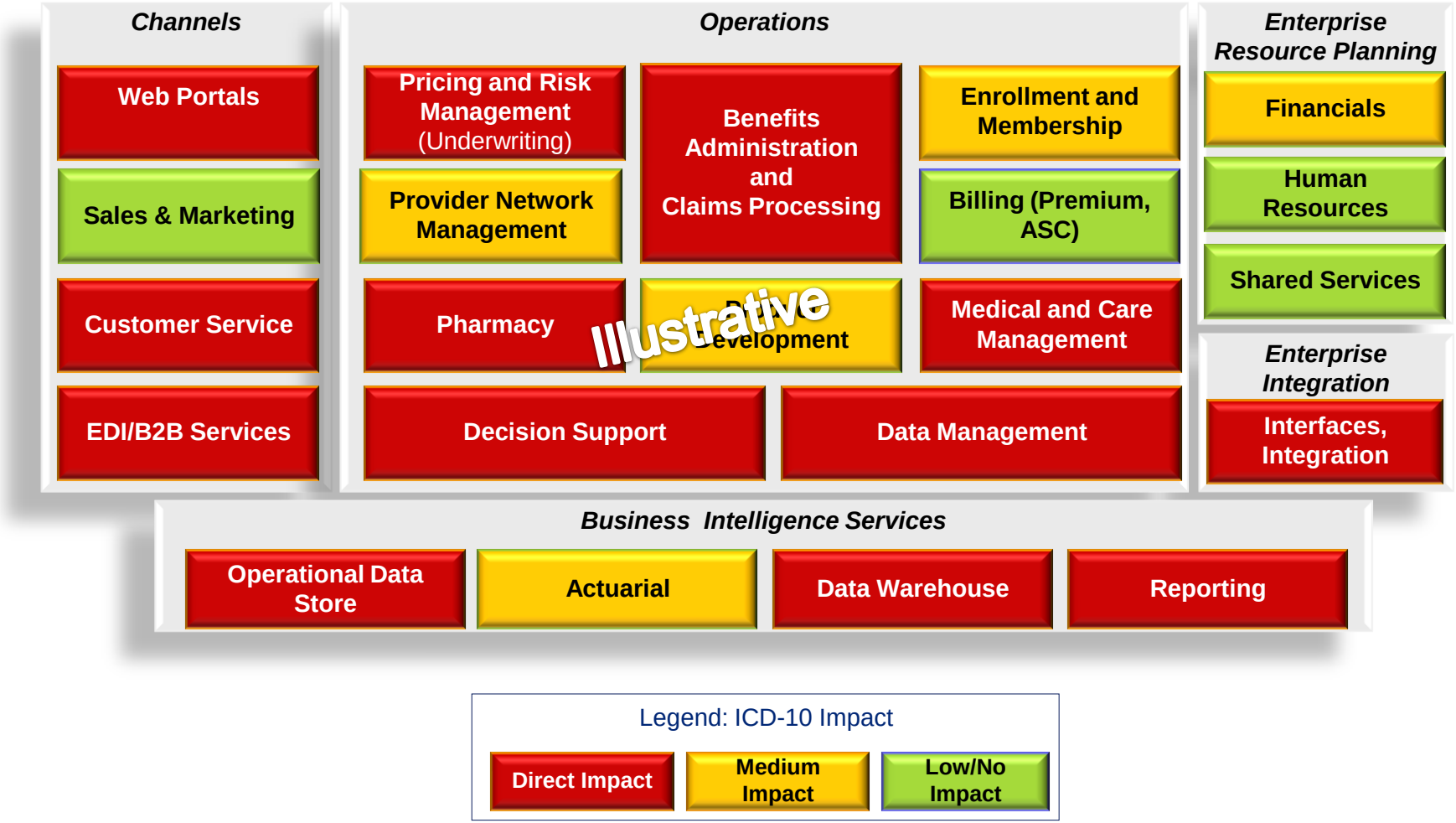
ICD-10: Health Plan Impacts and Trends

Impacts to the Health Plan Enterprise Are Broad

70-80% of health plan business processes are impacted by ICD-10



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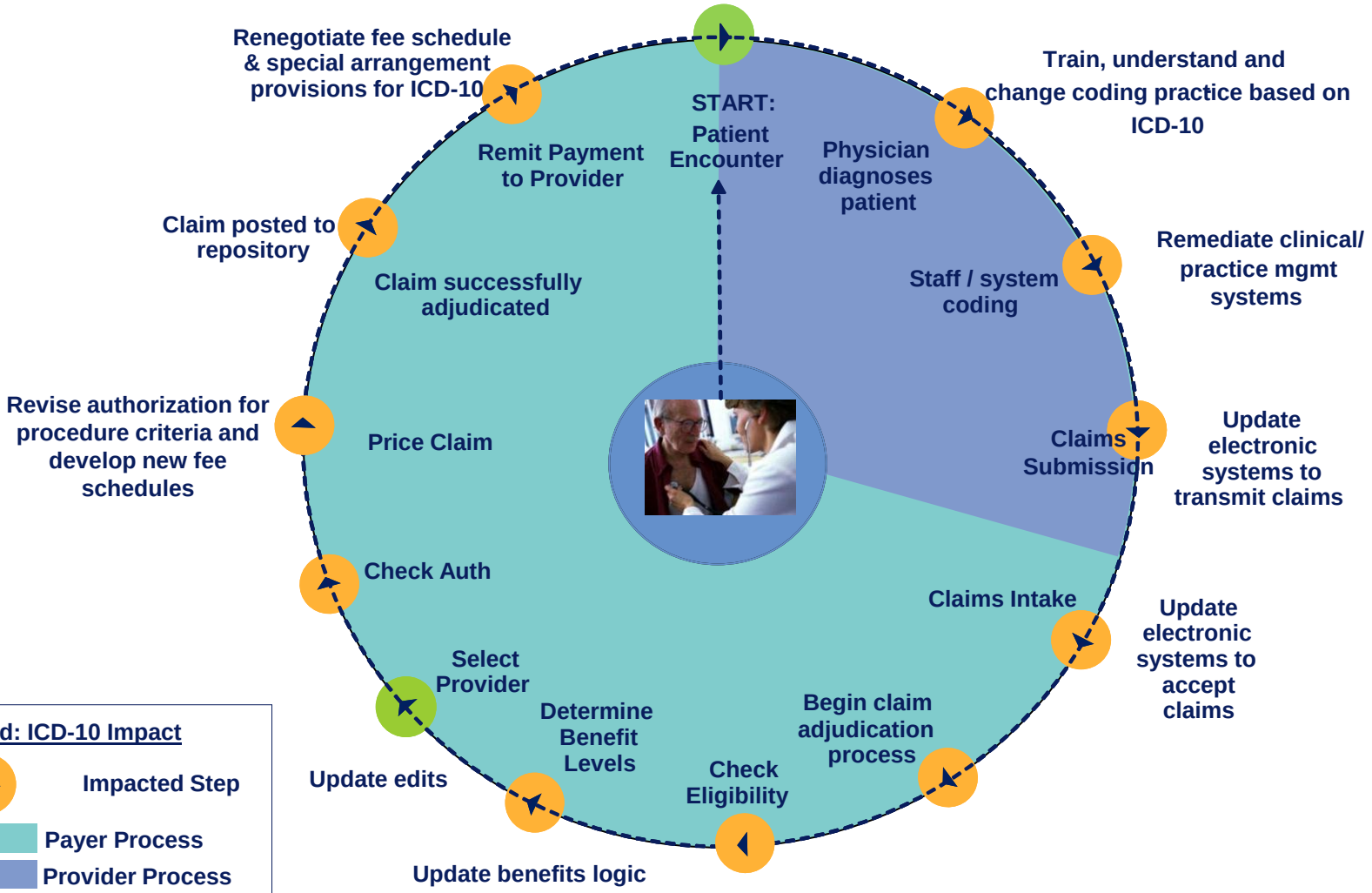
Impacts Also Cut Deep in Key Processes

The claims process is impacted in almost every step of the cycle



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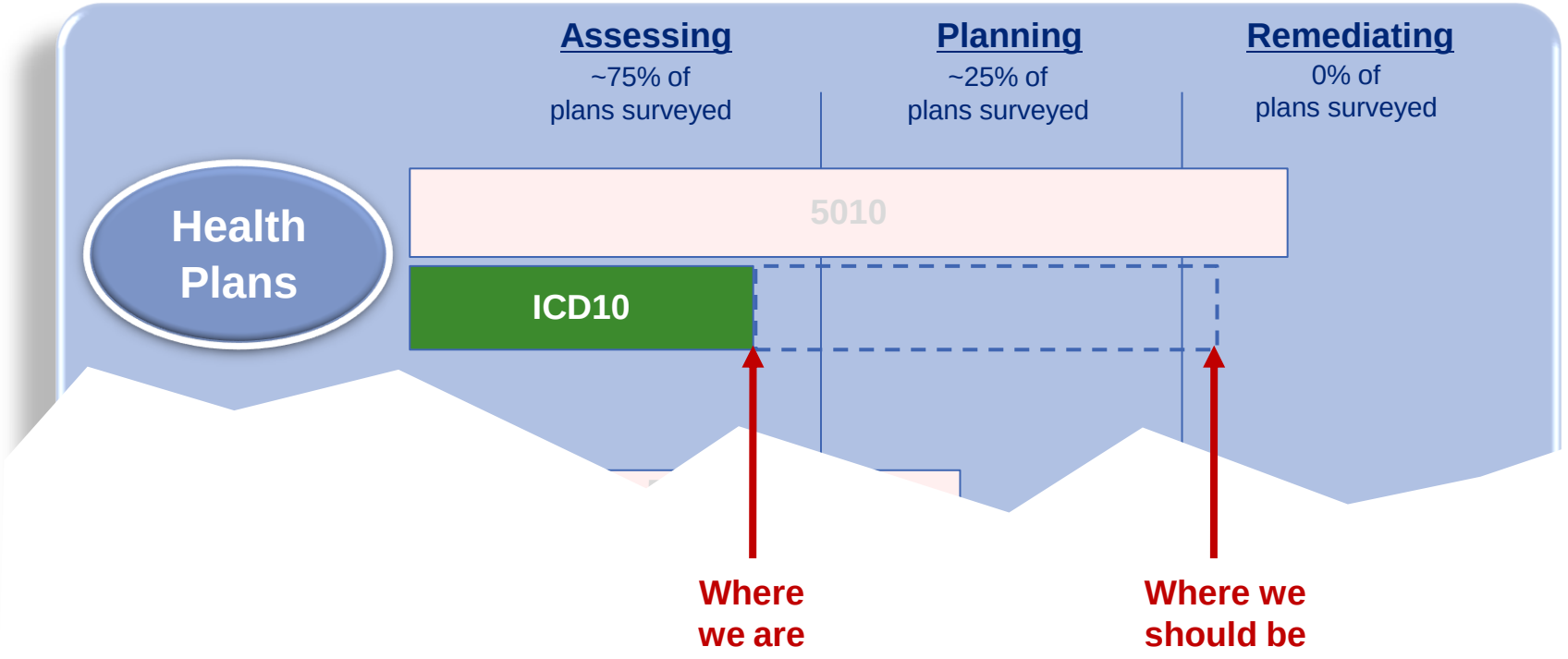
Payer Trend #1: Slow Progress Toward Remediation

Based on an informal survey of health plans, there appears to be a slow transition to active planning and remediation



Without a significant uptick in activity in 2010, health plans will fall behind the ICD-10 remediation timeline

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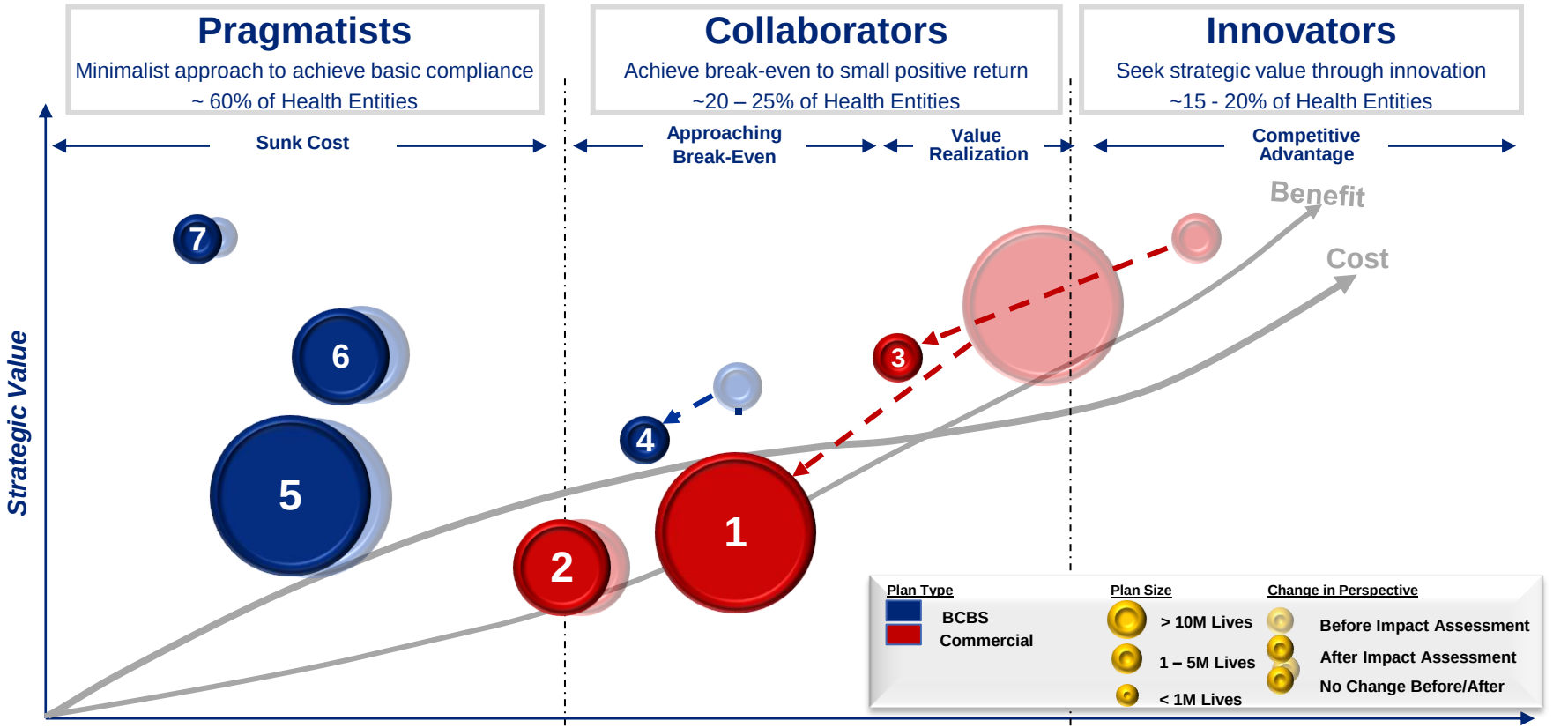
Payer Trend #2: Movement to a Pragmatic Approach

Payers that begin with an innovative approach are moving towards a more pragmatic approach after sizing, scoping and timing impacts are understood



- Achieve basic ICD-10 compliance only
- Shield core processes and systems
- Leverage "wrap-around" solutions

- Exceed basic compliance
- Incrementally improve operations efficiencies and costs
- Collaborate with trading partners and vendors to achieve revenue neutrality

- Create new products and services
- Seek merger and co-share opportunities
- Change business models and drive significant transformation

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Polling Question #3

Has your organization changed its ICD-10 solution approach?

- Yes, we have moved to a more pragmatic solution approach
- Yes, we have moved to a more collaborative/innovative solution approach
- No, we have not changed our solution approach
- We do not yet know our solution approach
- Don’t know

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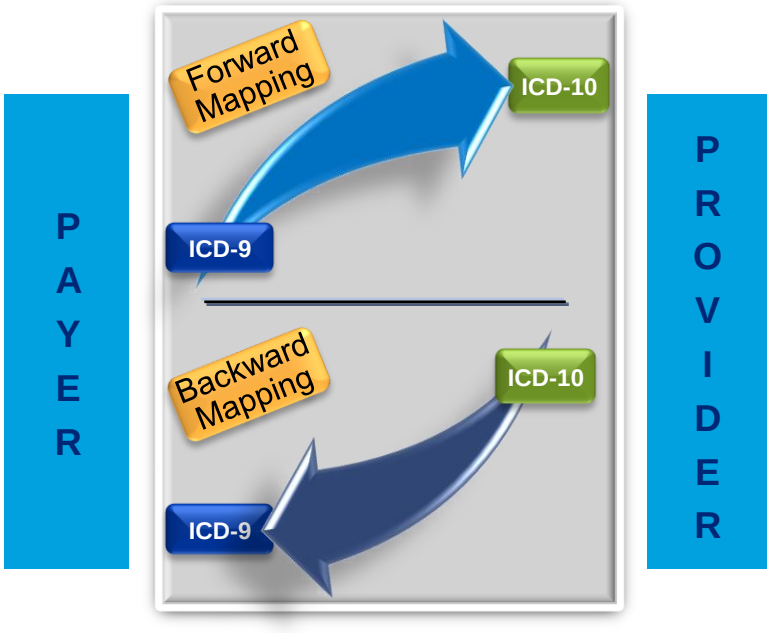
Payer Trend #3: Is the "Magic Crosswalk" a Silver Bullet?

Many plans are assuming an insulation strategy is possible via an automated crosswalk

Crosswalk Insulation Strategy



However …

- General Equivalency Mappings (GEMS) between ICD-9 and ICD-10 are not 100% complete
- Unmapped codes are difficult and complex to map
- Some mappings have revenue and medical policy implications
- Some mappings will have service implications to members

Since CMS mappings are still being vetted and tested, organizations should not assume that a low-cost crosswalk solution is an easy "fix" for ICD-10

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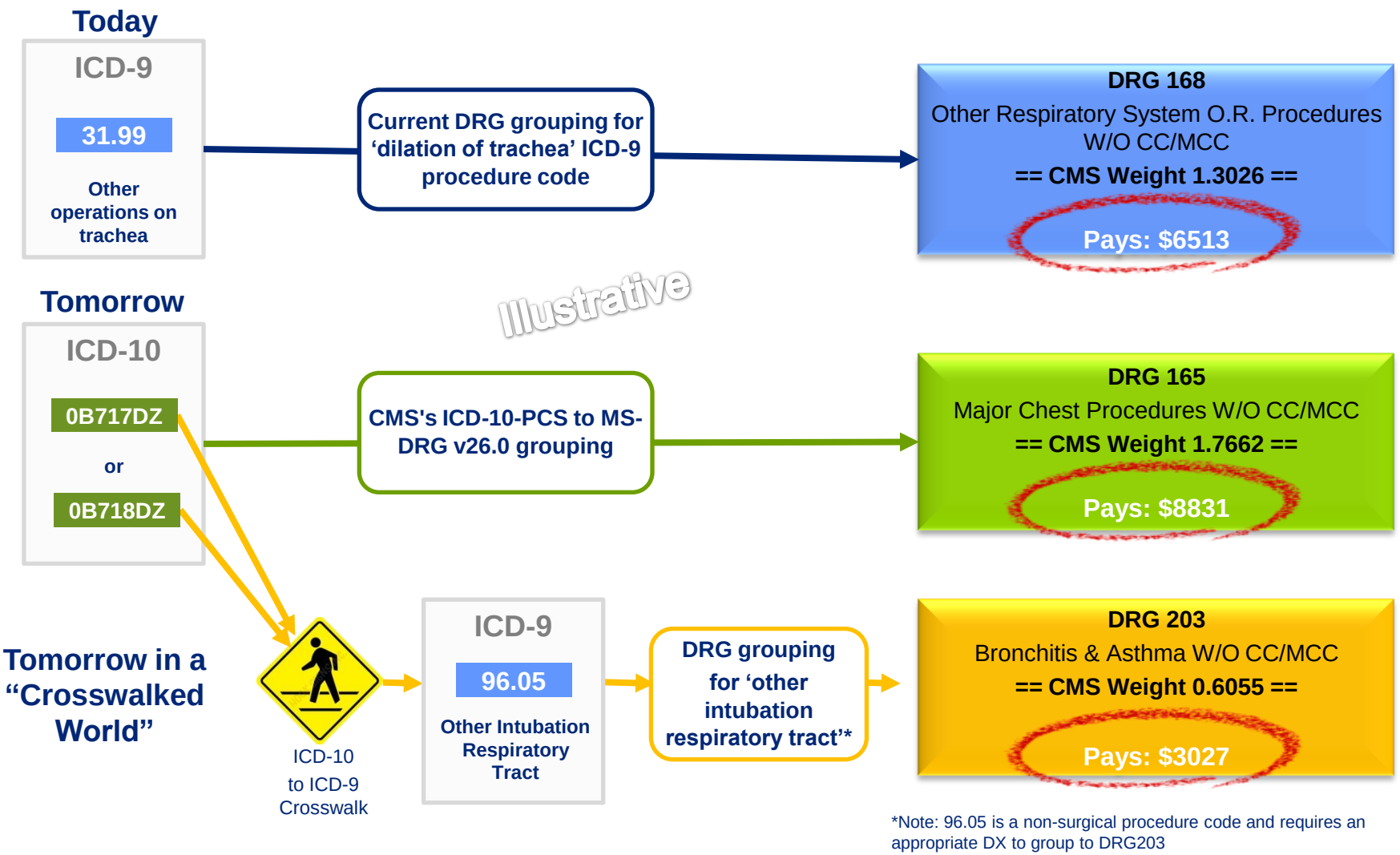
Payer Trend #3 (cont'd): The Danger of Crosswalking

In addition to the disparity in DRGs produced between ICD-9 and ICD-10, further complexity can be introduced by a crosswalk



*Note: 96.05 is a non-surgical procedure code and requires an appropriate DX to group to DRG203

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Polling Question #4

Is your organization planning on using an ICD-9-to-ICD-10 crosswalk for some aspect of your ICD-10 solution?

- Yes, we are planning to use a crosswalk
- No, we are not planning to use a crosswalk
- We don’t know if we are going to use a crosswalk
- Don’t know

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Payer Trend #4: Embracing Collaboration

Health Plans have begun to actively seek ways to collaborate with their trading partners. There is a clear recognition that ICD-10 is a problem that cannot be solved in a vacuum.

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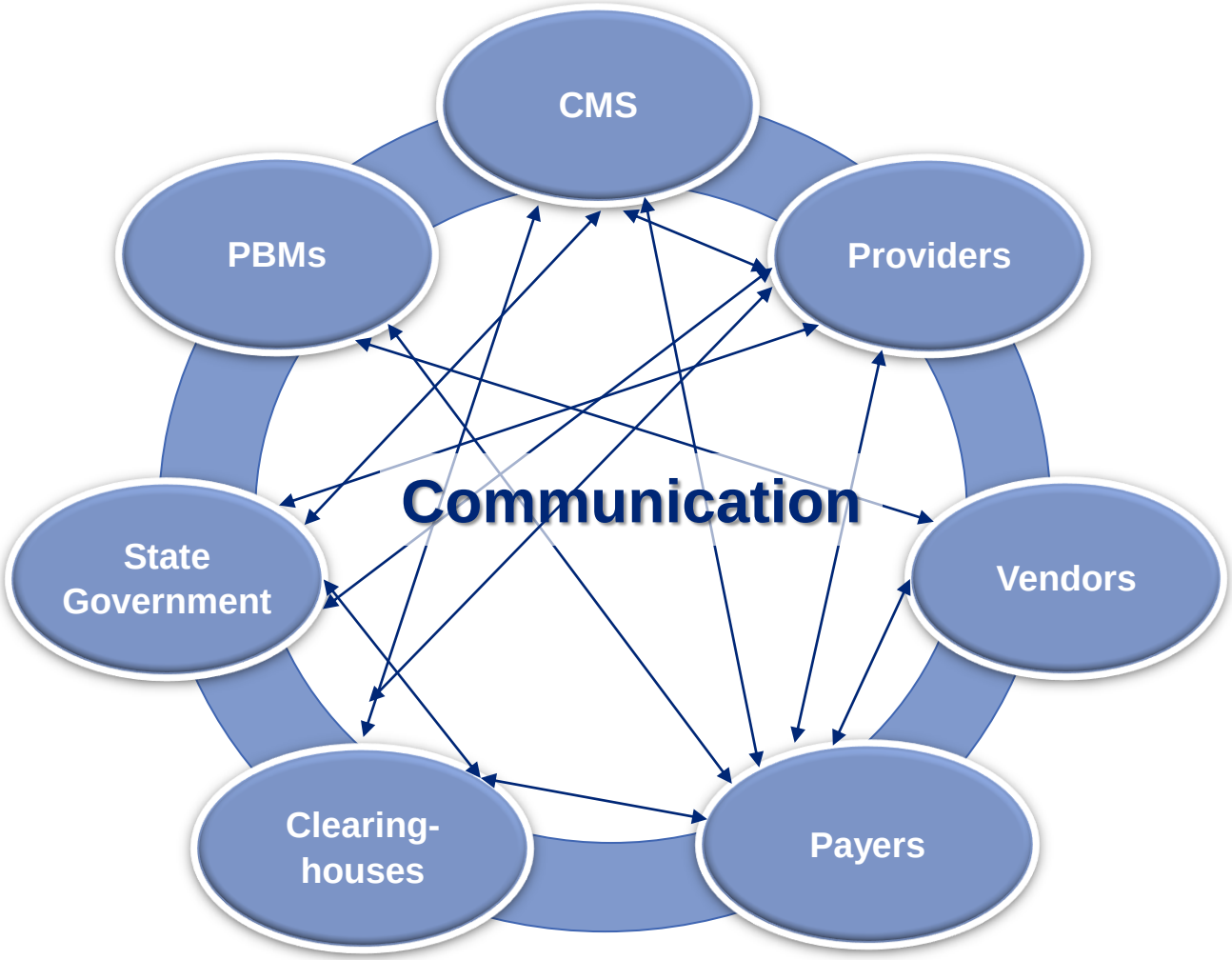
ICD-10: Collaboration –The Key to ICD-10 Success

Collaboration is About Communication

Frequent and clear communication will be required to resolve some of the complex coordination activities between industry stakeholders



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Collaboration Topics

Organization change is difficult when it is internal. Organizational change when it is external is more than just difficult.

Engage Key Trading Partners Early, Often and Clearly

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Collaboration Between Providers and Payers is Critical

The complexities of ICD-10 compliance will require communication strategies and planning between providers and payers to prevent potential misunderstandings post compliance

Topic	Example Discussion Points
Reimbursement / Provider Contracting	• Do contracts need to be renegotiated? • At what point will contracts reimburse based on ICD-10's? • Is this provider significant enough to test for revenue neutrality?
Clinical / Medical Policies	• Will policies/pre-auth requirements be modified to support ICD-10 codes? • When will policy changes be in affect?
Training and Documentation	• What is the approach to training not only coders, but physicians around documentation granularity?
ICD-9 / ICD-10 Crosswalk	• Agreement on ICD-9 / ICD-10 mapping decisions
Testing Coordination	• Coordinating testing for claims submission prior to ICD-10 compliance date
Servicing / AR Research	• Will modified processes be required to support provider servicing / AR inquires?
Compliance Planning Intent	• Objective to be ready by October 1, 2013
Contingency Planning	• Will the health plan continue to accept claims submitted with ICD-9 codes post 10/1/2013?

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Leading Practices in Collaboration

Collaboration is encouraged across multiple forums

1 Direct one-on-one collaboration sessions

Who	Examples
Direct Trading Partners Those that send or receive ICD transactions with your organization	• Providers • Health Plans • Clearing houses • etc

Vendors
Vendors that are imbedded in your business processes and use ICD codes in their business processes
	• Key technology solution vendors
	  • EMR, Pract Mgmt
	  • Core Admin, Med Mgmt
	  • etc
	• Connectivity / transaction processing vendors

Downstream Trading Partners Trading partners that are "separated" from ICD data but who need to understand implications and be included in the testing process	• Data analytics partners • Care management vendors • etc

2 Industry Workgroups – various workgroups have been formed for the purpose of collaborating on ICD-10 issues and problems across the industry

- ✓ **AHIP**
- ✓ **HIMSS**
- ✓ **WEDI**
- ✓ **others . . .**

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Collaboration Has the Potential to Drive Long-Term ICD-10 Innovation and Benefit

Richer clinical data available through ICD-10 should provide a platform for improved access to health information

Potential Value and Benefit

Quality	• **Data availability** to assess quality standards, patient safety goals, mandates and compliance
Public Health	• **Greater ability to develop clinical pathways** & protocols based on more detailed code sets • **Improved disease and outbreak information** and more effectively captures data about signs, symptoms, risk factors, and co-morbidities and better describes clinical issues
Research	• **Better data mining** for increased analysis of diagnosis, treatment efficacy, prevention, etc.
Health Reform	• **Enhanced ability to identify and resolve problems** and ability to differentiate payment based on performance • **Enriched health reform initiatives** such as Pay for Performance High Risk Pools and Episodes of Care
Reimbursement	• **Differentiated reimbursement** based on complexity and outcomes

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Polling Question #5

Has your organization developed a collaboration strategy for ICD-10?

- Yes, we are primarily focused on key trading partners and vendors
- Yes, we are primarily focused on industry workgroups
- Yes, we are equally focused on both trading partner/vendors and industry workgroups
- We have not planned on implementing a collaboration approach
- Don’t know

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Questions & Answers

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Contact info

Chris Armstrong
Principal
Deloitte Consulting LLP
cmarmstrong@deloitte.com
213-688-6920

Dave Biel
Principal
Deloitte Consulting LLP
dbiel@deloitte.com
312-486-2397

Vickie Monteith
Director
Deloitte & Touche LLP
vmonteith@deloitte.com
704-887-1848

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