ICD-10 Readiness: Southeastern Hospitals May 2013 Survey Results

Cumberland
consulting group

Are you thinking about and planning for ICD-10 today? If it's not one of your organization's top priorities, it is time to take a good look at your organization's position in terms of meeting the October 1, 2014 transition deadline. Providers in all sectors who are not already evaluating implementation readiness against a published project plan are at risk, and the clock is ticking.

While many maintain hope that another delay will be issued by the federal government, the Centers for Medicare and Medicaid Services (CMS) stands by the final rule enforcing the 2014 deadline. Meeting this deadline, just 490 days away, will be a significant challenge for a number of organizations.

The Workgroup for Electronic Data Interchange (WEDI), a contracted advisory organization of ICD-10 readiness for the Department of Health and Human Services (HHS), has been conducting readiness surveys for HHS since 2009. The WEDI surveys provide concrete evidence that many organizations are facing myriad issues with readiness and are not well positioned to meet the impending deadline. In their most recent survey, conducted in February 2013, 778 provider organizations were interviewed regarding their readiness to implement ICD-10.

In April of this year, WEDI published the findings, which note that over two-fifths of the providers who responded did not know when they would complete their impact assessment, business changes or begin external testing. Essentially, no significant progress had been made since the 2012 survey, most likely due to misconceptions that ICD-10 wasn't as pressing an issue following the deadline extension from 2013 to 2014.

The WEDI report states, "Based on the survey results, it is clear the industry is not making the amount of progress that is needed for a smooth transition."

Cumberland Consulting Group conducted a survey in May 2013 to assess ICD-10 readiness among providers throughout the Southeast in order to develop a snapshot of where providers in our region stand compared to national readiness.

Survey Scope and Approach

Cumberland's survey focused on provider organizations with at least $250 million in annual revenue located in Tennessee, Georgia, Alabama, Mississippi, Florida, North Carolina and South Carolina. Participating organizations ranged from single hospitals to large, multi-faceted healthcare delivery systems.

We reached out to 110 organizations, targeting respondents in the following positions:

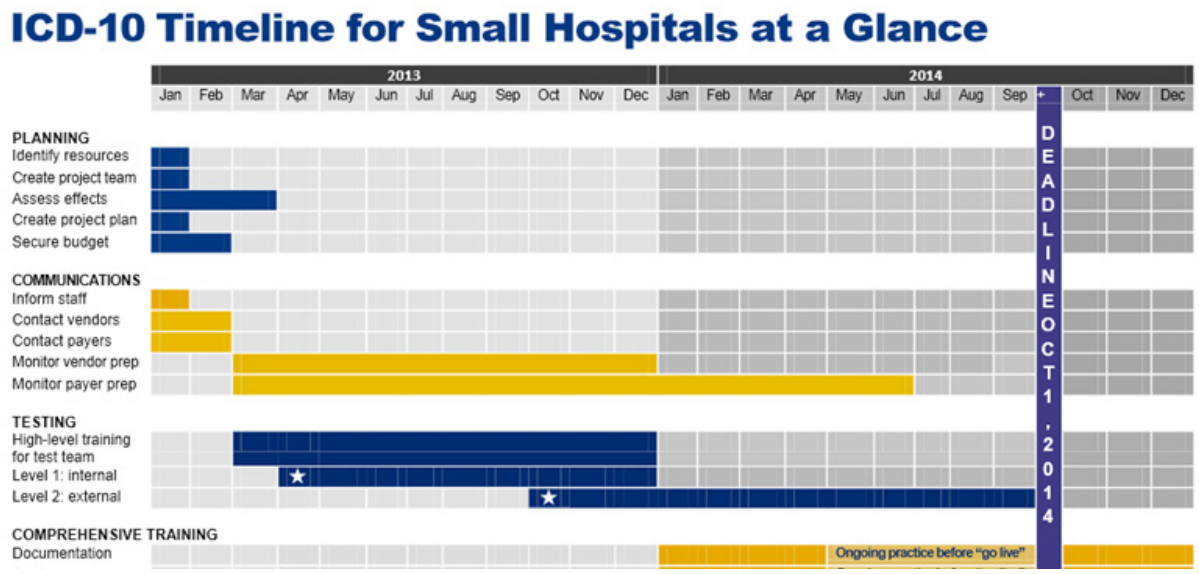
- Health Information Management Director (Corporate or Facility)
- Health Information Management Assistant Director (Corporate or Facility)
- Coding Manager (Corporate or Facility)

We utilized a standardized survey instrument, consisting of 20 questions addressing readiness in the following categories:

- Impact Assessments
- Implementation Responsibility
- Business Changes
- ICD-10 Training
- External Testing
- Code Production
- Obstacles/Barriers to Implementation

In January 2013, CMS released detailed timelines and checklists for activities that providers and payers need to carry out to prepare for ICD-10. Our results will provide alignment commentary, based upon the CMS ICD-10 Timeline for Small Hospitals illustrated below. Keep in mind, larger hospitals and health systems require even more time and resources for their transitions and may be even further behind the curve.

CMS ICD-10
Official CMS Industry Resources for the ICD-10 Transition
www.cms.gov/ICD10



Survey Results

Impact Assessment and Transition Planning

100% of survey respondents have completed impact assessments, compared to only two-fifths of providers nationally. This indicates that providers in our region are ahead of national averages at this stage of readiness and in compliance with CMS's recommended completion date of April 1, 2013.

The transition to ICD-10 will impact the entire organization and requires a structured approach to assess the impact on each business area and determine the appropriate courses of action. Planning is required for training and education, process and technology remediation and staff augmentation throughout the organization.

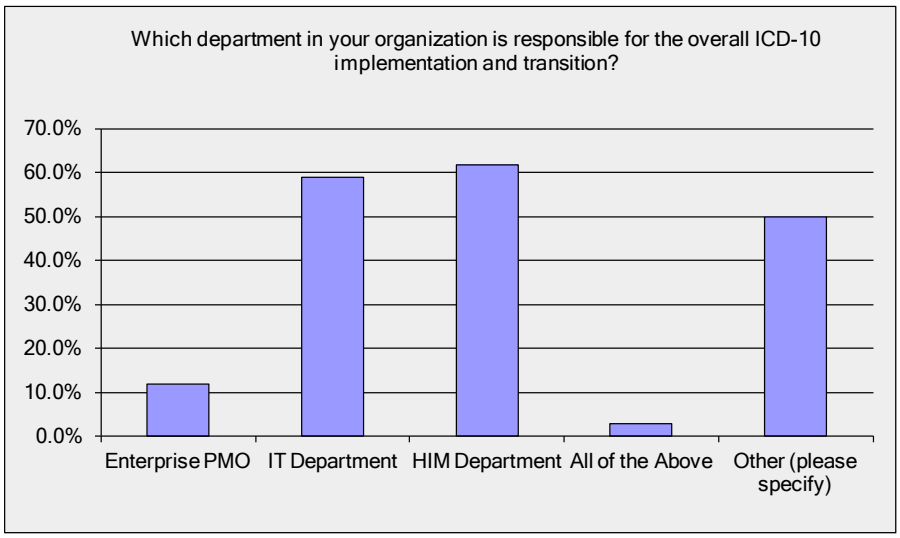
A solid transition plan is critical to coordinating a successful transition. CMS published the following set of basic steps to help organizations align impact assessments and transition planning:

- Develop an implementation plan and communicate the new system changes to your organization and ensure that leadership and staff understand the extent of the effort the ICD-10 transition requires.
- Secure a budget that accounts for software upgrades, software license costs, hardware procurement, staff training costs, work flow changes during and after implementation, and contingency planning.
- Talk with your payers, billing and IT staff, and vendors to confirm their readiness status.
- Coordinate your ICD-10 transition plans with your partners and evaluate contracts with payers and vendors for policy revisions, testing timelines and costs related to the ICD-10 transition.
- Create and maintain a timeline that identifies tasks to be completed and crucial milestones, relationships, task owners, needed resources, and estimated start and end dates.

Who is leading the charge?

The implementation of ICD-10 is the largest change to happen in Health Information Management (HIM) and Revenue Cycle (RC) in over 30 years. According to our survey, 68% of the health systems interviewed indicated that the responsibility of the overall ICD-10 transition was shared by multiple departments, predominately HIM, RC and IT.

HIM and IT were identified as the two most prominent departments for leading ICD-10 transitions in the Southeast at 62% and 59%, respectively. 25% reported Revenue Department was responsible, accounting for 50% of the "Other" category as shown in the graph to follow.



Did the deadline shift to October 2014 change or delay the timing of your ICD-10 project?

In contrast to perceptions that the deadline shift from 2013 to 2014 bumped ICD-10 down on the priority list for many providers, who are also juggling Meaningful Use and other regulatory deadlines, only about half of our respondents reported a change or delay in ICD-10 projects due to the 2014 deadline shift. Nationally, about two-fifths of providers indicated that the compliance delay did not shift their timeline, while about one-third indicated a delay of more than 6 months. Most national respondents indicated no change in their resources devoted to the project due to the deadline extension according to WEDI.

Business and process changes are inevitable. Do you have a plan?

Transitioning to ICD-10 requires modification of a broad range of business processes and supporting technologies throughout the organization. When asked if their organizations had established when they would begin internal business process design and development, 88% of those we surveyed stated that they have. Of those, 87% plan to start implementing these changes before the end of 2013.

This puts the Southeast ahead of the national curve. Both the 2012 and 2013 WEDI surveys show that about two-fifths of providers did not know when they expect to complete business changes, and another one-third indicated that they would not be complete until 2014. WEDI describes this finding as "another indication that providers are not making the progress that is needed for their ICD-10 implementation."

Education and Training: How much will you offer and to whom?

A well-defined, organization-wide education and training plan is critical to a successful ICD-10 transition. Discipline-specific training strategies, curricula, requirements and schedules should be developed for each staffing role that will be impacted throughout the health system.

The implementation of ICD-10 provides an opportunity to improve clinical documentation, coding accuracy, operational processes and quality. It is imperative to approach this transition with a comprehensive ICD-10 training program, as it creates the foundation for Revenue Cycle operations.

The level of training varies for different organizations, but The American Health Information Management Association (AHIMA) recommends a minimum of 16 hours for outpatient coders and 50 hours for acute/inpatient coders. Training for physician coding staff should be focused on the code categories most applicable to the practice patient mix. In addition to learning the ICD-10 clinical concepts and coding methodology, all coders and clinical documentation improvement professionals should be competent in:

- Medical Terminology
- Anatomy and Physiology
- Pathophysiology and Disease Processes
- Pharmacology

CMS recommends that staff training programs should begin no later than January 2014. While 88% of our respondents stated that they had implemented a training program for their facilities, details of the plan were not clear among most respondents. Almost 65% of the health systems surveyed were able to provide a specific number of hours for coder training, yet less than 30% could provide any specifics regarding physician, non-physician clinical staff, and other support staff hours. Training for ICD-10 is the most critical aspect of the ICD-10 transition for the providers.

The chart to follow, which compares planned training hours by providers in the Southeast to industry recommendations, demonstrates that staff education and training plans are insufficient and should be a concern for providers in our region.

Role	Industry Guidelines	Southeastern Providers
Clinical Staff (Non-physician)	16-24 hours	0-20 hours
Physicians (Documenters)	12-16 hours	2-100+ hours
Coders	30-62 hours	30-300+ hours
Organization-wide Education	1-7 hours	0-5 hours

Are your payers ready? When will you start external testing?

Testing for the ICD-10 transition will be more detail-oriented than any round of testing performed since HIPAA Version 5010. ICD-10 impacts not only your IT systems, but also every business process within the organization. As with Version 5010 testing, ICD-10 testing should include end-to-end, cross-functional, regression, internal and external testing. However, the biggest differentiators between 5010 and ICD-10 testing are the analytics required to validate results of the test transactions and the resulting impact on business processes.

Although CMS recommends an external testing start date of October 1, 2013, WEDI's survey indicates that almost half of the health plans they surveyed expect to begin external testing by the end of this year, whereas all health plans had expected to begin in 2013 when surveyed in 2012. This means that only half of those payers have made the progress they expected to since 2012.

42% of our respondents have defined a date to begin testing with their payers, the majority of which are scheduled to begin either the third quarter of 2013 or first quarter of 2014. This puts providers in the Southeast on par with national providers, of whom about 50% reported that they did not know when testing would occur when surveyed by WEDI in April.

50% of our respondents named Medicare and Medicaid as their largest payers and have established testing dates. 39% will begin testing the fourth quarter of 2013 and 31% in the first quarter of next year.

Greater coding accuracy and specificity is the end game. What will your approach be?

The ICD-10 coding system is not merely an update to ICD-9. In contrast, it is structured to capture more specific clinical information and allows for scalability to add new codes for technical advances and new diseases in the future.

ICD-10 requires detailed clinical documentation to identify the correct code, and offers more than four times the diagnosis codes and more than 19 times more procedure codes than the current ICD-9 code set. The fundamentals of determining ICD-9 and ICD-10 codes for encounters are not the same and cannot be compared equally, which makes the transition more complex.

On October 1, 2014, providers will have three options for how they will produce ICD codes:

- Choose directly from ICD-10 code set (Direct Coding)
- Continue to use some ICD-9 codes along with some ICD-10 codes (Crosswalk

and Direct Coding)

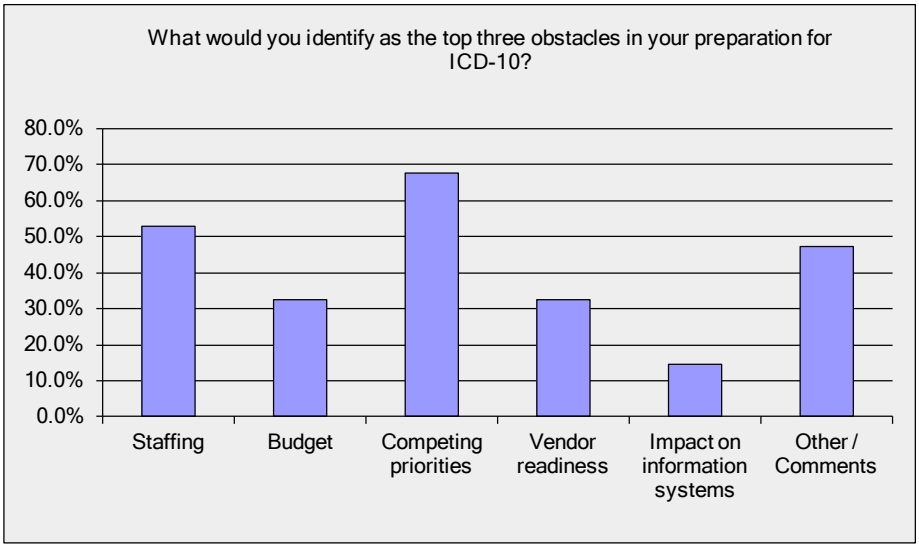
- Continue using only ICD-9 codes that will crosswalk/translate into new ICD-10 codes (Crosswalk Only)

53% of our respondents plan to utilize Direct Coding and 33% plan to use a combination of Direct Coding and Crosswalk technology. Slightly more than one-quarter of WEDI respondents plan for Direct Coding, more than half plan to employ Crosswalking and Direct Coding efforts, and less than one-sixth plan to use Crosswalking alone.

Overall, about two-thirds of national respondents plan to use some Crosswalking, compared to less than half of our Southeast respondents. While Direct Coding will require extensive training and testing, this method is expected to produce better coding accuracy and related reimbursements.

There will be hurdles to jump. What are your major challenges?

When asked to identify the top challenges in for preparing for ICD-10 implementation, our respondents identified competing priorities, staffing and physician education as the top three. Physician education accounts for 50% of the "Other" category as illustrated in the chart to follow. The WEDI survey reports a fairly even split among staffing, budget, competing priorities, vendor readiness and IT impacts as the top national obstacles.



Conclusion

Providers in the Southeast appear to be trending slightly better in most areas when compared to the rest of the country. However, lags in training and education, coupled with the many challenges expressed by our respondents indicate that many providers in our region are not well-positioned for a smooth transition to ICD-10.

According to WEDI, in order to be fully prepared for a successful transition, providers should have already developed an implementation strategy that includes an assessment of the impact on their organization, a detailed timeline and a budget. They should also be knowledgeable about the compliance plans of their billing services, clearinghouses and practice management software vendors, and should have a documented plan for implementation. Providers who manage billing and software development internally should have a plan to coordinate ICD-10 transition efforts throughout the medical records, billing, clinical, IT and finance departments.

Don't invest false hope in another ICD-10 deadline delay. Where will your organization stand 490 days from now? Make ICD-10 a top priority today.

ABOUT CUMBERLAND CONSULTING GROUP

Cumberland Consulting Group is a national technology implementation and project management firm serving ambulatory, acute and post-acute healthcare providers. Through the implementation of new technologies, we help the nation's largest health systems advance the quality of patient care they deliver and improve overall business performance.

Our approach to IT planning is based on years of experience gained in dozens of successful implementations. We believe that proven methods combined with disciplined, rigorous but pragmatic project management delivers successful projects.

We get it right the first time.

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