



ICD 10 transition: Claims analysis and financial impact assessment using business intelligence tools

Thursday, January 17, 2013

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Today's presenters



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Today's agenda

- ICD 10 transition overview
- What is an ICD 9 to 10 Translator and how can it help with your ICD 10 transition?
- Claims analysis and financial impact assessment approach
- General equivalency mapping (GEM) limitations
- Developing a sound mapping strategy using custom maps
- McGladrey's ICD 10 Translator overview
- Demonstration of the power using business intelligence technology

Polling question one

- Where did you hear about this webcast?
 - My local HFMA chapter
 - My local hospital association
 - McGladrey invitation / contact
 - McGladrey website
 - Colleague / friend
 - Twitter / Facebook
 - Other

Polling question two

- What type of organization do you represent?
 - PPS hospital / health system
 - Sole community hospital
 - Critical access hospital
 - City/county hospital
 - Physician clinic
 - Association
 - Other

Polling question three

- What role do you hold within your organization?
 - Board of directors / strategic planning
 - CEO / CFO / COO / CIO
 - Clinical leadership / CMO
 - ICD 10 transition leader
 - HIM/medical records
 - CDI
 - Revenue cycle/reimbursement
 - IT/decision support
 - Patient financial services
 - Other

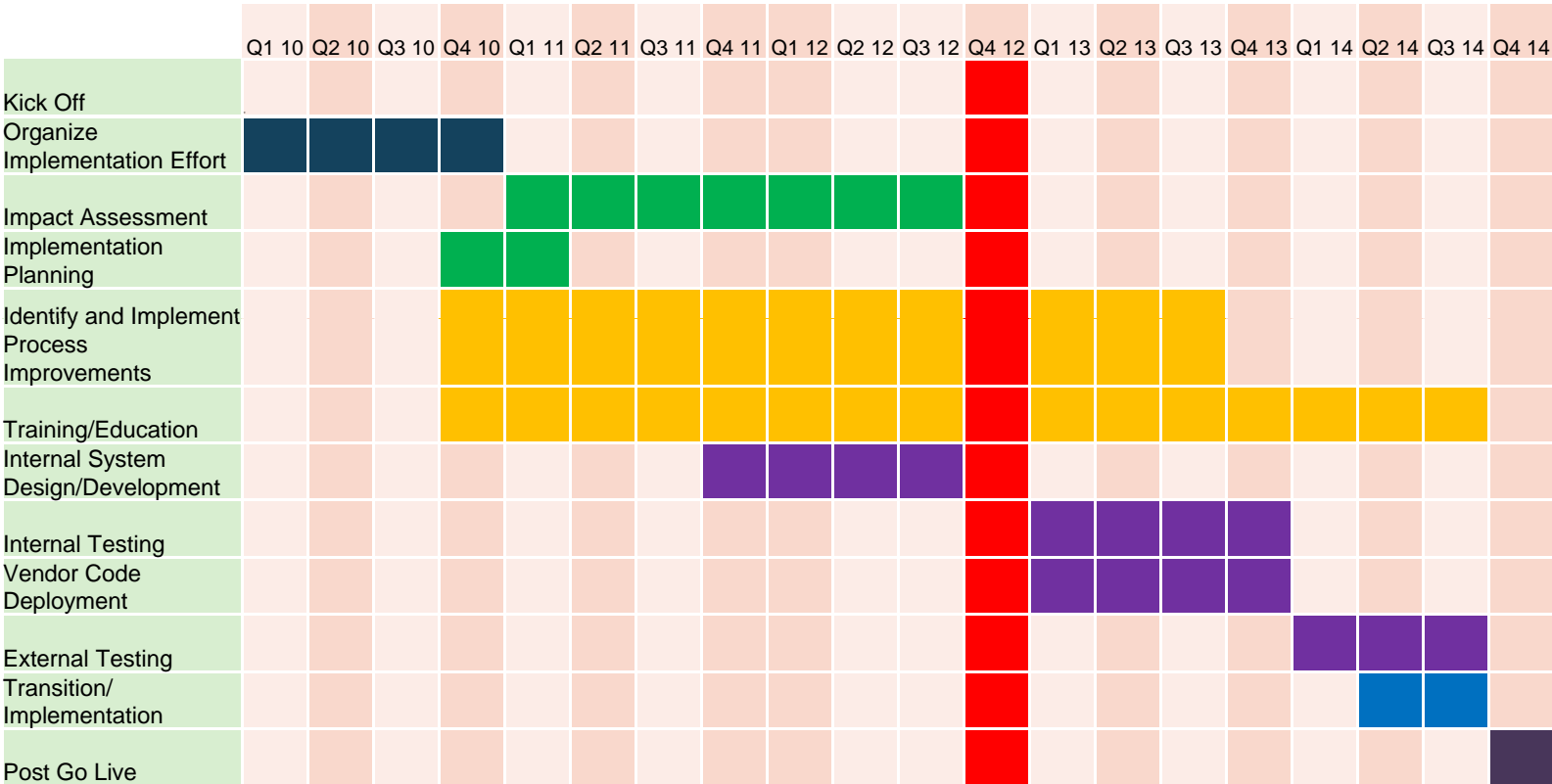
ICD 10 transition context

- International Classification of Disease (ICD) 10 is the medical code set already utilized by the majority of other countries
- Now a federal mandate for the U.S., and process has begun to replace the ICD 9 code with ICD 10
- Compliant date is October 1, 2014
- If date of service is before October 1, 2014 , ICD 9 will be used; dates of service on or after October 1, 2014 use ICD 10
- Preparing for ICD 10 will involve
 - Consideration for all processes, systems, documentation, contracts and reports
 - Impact to every system that uses ICD 9 coding
 - Conducting claims analysis and financial impact assessment

ICD 10 impact on reimbursement and coding

- ICD 10 will affect reimbursement for inpatient services covered by some form of prospective payment (PPS) since PPS ties payment directly to ICD codes
- Coding cases in ICD 10 rather than ICD 9-CM will be sufficient to move some cases from one DRG into another
- The level of documentation will impact coding in ICD 10
 - Lost revenue due to inaccurate coding and lack of documentation will be magnified under ICD 10
 - Need to plan for impact of ICD 10 on existing CDI programs
- Health information management professionals must learn a new and far more complicated code set
 - Identification of most common and complex coding changes is key
 - Need a focused plan for dual coding and testing to manage risk, time and cost
- The cost of moving to a more complex set of codes with increased specificity will be substantial
 - Estimated loss in coding productivity is between 30 to 50 percent in first year
 - Need to evaluate outsourcing and computer-assisted coding
- Need to plan for shifts in revenue across service lines
- Need to model impact on payer contracts

No more delays



Timeline Catch-up Necessary



Unofficial October 2014 update of the original WEDI Timeline

Comparison of ICD 9-CM vs. ICD 10-CM

| | ICD 9-CM | ICD 10-CM |
|------------------|----------------------|---------------------------|
| Format | 3 – 5 characters | 3 – 7 characters |
| # of codes | Approximately 13,000 | Approximately 69,800 |
| Adding new codes | Limited space | Flexible |
| Level of detail | Minimal | Extensive |
| Laterality | Lacking | Present |
| Specificity | Limited | Extensive |
| Interoperability | US only | US & most other countries |

Polling question four

- Has your organization begun to execute its ICD 10 transition plan (system remediation, testing, documentation review, training, dual coding, etc.)?
 - Yes, completed an assessment and transition plan and we are in the process of execution of our plan
 - Completed an assessment but have not developed a transition plan
 - Completed an assessment and transition plan but have not begun to implement our transition plan
 - We still have not completed an ICD 10 assessment

How can data analytics help with the financial impact analysis?

- Large volumes of ICD 9 coded claims can be translated and analyzed
- Data analytics can assist with forecasting financial impacts and assessing risk
 - Top ICD 9 and 10 codes used, overall and by specialty areas
 - Identification of high-risk ICD 9 and ICD 10 codes
 - Identification of top DRGs and service lines forecast to be impacted in transition
- Data analytics can inform the ICD 10 transition team where to prioritize efforts
 - Training
 - Dual coding
 - computer-assisted coding
 - Testing
- Business intelligence tools can drive the data analytics
 - Enables a dynamic discovery process!

ICD 9 to 10 Translator Overview

What is the *Translator*?

A solution developed by McGladrey, the *Translator*, is a Business Discovery tool which identifies the impact of the ICD 10 transition to your organization

Action:

Where does this help my organization? The options are endless.

Discovery: The *Translator* assists hospitals, providers and other health care organizations in understanding what the transition to ICD 10 will mean to them. The application is designed to educate, assess, inform and analyze both the financial and operational effects of transitioning to the ICD 10 coding structure.

Analytic Development: The *Translator* contains baseline analytics to evaluate the impact of ICD 10 on hospitals, clinics, service lines, departments and physicians. Using QlikView's business intelligence product you can develop your own customized analytics.

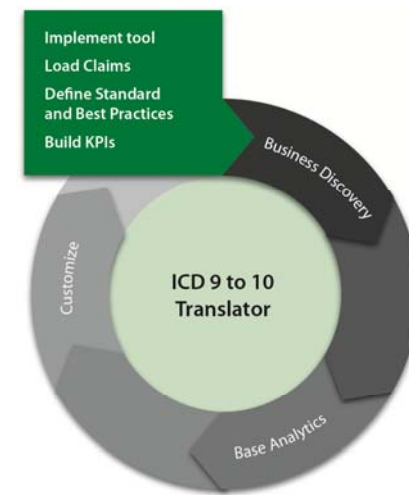
Business Intelligence: Because the *Translator* is a business intelligence application, you have an unlimited ability to analyze and examine data, extending the value of your initial investment well beyond the ICD 9 to 10 transition.

- Sustain Medicare Reimbursement
- Commercial Payer Opportunities

Bottom Line:

The *Translator* can help with an understanding of:

- Revenue Protection
- Cost Savings - Productivity
- Planning and Prioritization



Architecture

QlikView

ICD 9 to 10 Translator
ICD 9 to 10 Default Mapped
ICD 9 to 10 Reimbursement Map
ICD 9 to 10 DRG Analysis

TruCode[®]
empowering coders. delivering results.™

(Encoder
Interface)

Web Access

Reports

Security

Inputs:

- CMS GEMs
- CMS Reimbursement GEMs
- Claims
- Patient Accounting
- ICD 9 Codes V27, V28, V29
- MDC Codes
- NDC, LDC Codes
- MCC/ CC Codes

Outputs:

- DRG Analysis Report
- Unspecified Report
- Other Ad-hoc Reports

CMS GEM example

1:1 Exact Map



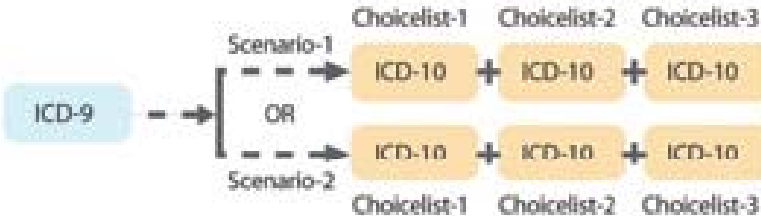
The ICD-9/10 maps to a single ICD-10/9 and both codes have the exact clinical meaning

1:1 Approximate Map



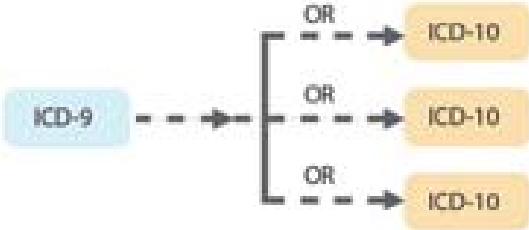
The ICD-9/10 maps to a single ICD-10/9, and the two codes have similar meanings although the underlying clinical contexts are not the same

1: Many Combination ('ANDs')



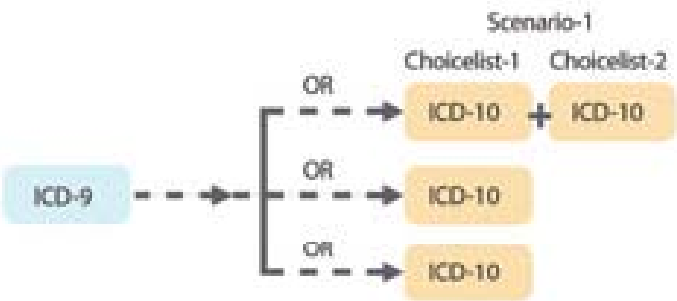
The ICD-9/10 maps to a group of ICD-10/9 codes, which must be taken together in order to have a similar clinical meaning to the ICD-9/10 codes

1: Many Approximate Cluster ('ORs')



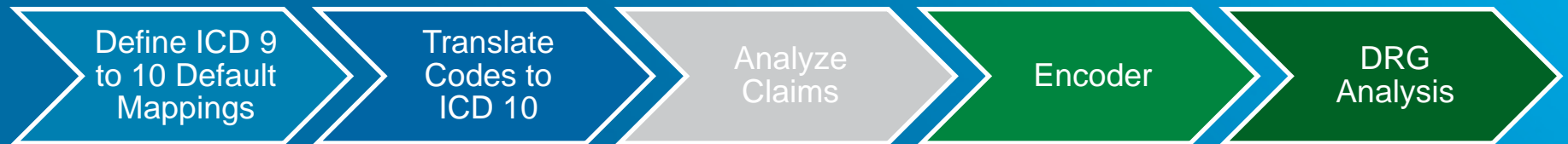
The ICD-9/10 maps to multiple ICD-10/9 codes. However, only one of these ICD codes will be required

1: Many Complex ('ANDs' and 'ORs')







The mapping consists of both combinations and alternative mappings

5 Step Process



ICD 9 to 10 Translator process

| Source data | Define mappings 1# | Translate codes 2# | Analyze claims 3# | Encoder 4# | DRG analysis 5# |
|---|---|---|--|--|--|
| <p>CMS GEMs</p>  <p>Validation is key!</p> | <p>Maps Basic Custom Level Probability</p> | <p>Evaluate claims and ensure that the correct ICD 10 code has been mapped to the claim based on the data available</p> | <p>Claims analytics</p> | <p>Interface with encoder</p> | |
| <p>Claims Clinics</p>  | | <p>Default mapper</p> | <p>Analyze how your claims will transition into the new ICD 10 structure</p> | <p>Translated claims</p>  | <p>Encoder</p> |
| <p>Hospital</p>  | <p>Users can choose between a conservative basic map, a best practice map or build their own custom map</p> | | <p>Claims impact assessment</p> | <p>Evaluate coding practices</p> | <p>Financial impact assessment</p> <ul style="list-style-type: none"> • Top 25 reports • Service line impact |
| | | | <ul style="list-style-type: none"> • Top ICD 9 codes by usage and complexity • Top ICD 10 codes by usage • Prioritization analytics • Training tools | <p>Further customize default maps</p> | <p>DRG analyzer</p> |

Polling question five

- Has your organization completed a financial impact assessment for the transition for ICD 10?
 - Yes
 - No
 - Not sure what an ICD 10 financial impact assessment is

Polling question six

- Have you utilized any GEM-based software to support your financial impact assessment?
 - Yes
 - No
 - Not applicable

Polling question seven

- Does your organization use any business intelligence software to analyze your claims data?
 - Yes
 - No
 - Not sure

Polling question eight

- GEM-based translation tools and computer-assisted coding are used for the same purpose
 - True
 - False

Demo

Polling question nine

- What type of decisions can an ICD 9 to 10 Translator support?
 - Predictive modeling of financial results by DRG, service line, etc. under ICD 10
 - Claims analysis to identify the ICD 9 and ICD 10 codes by specialty that are most frequently used based on claim history
 - Claims analysis to identify the most complex accounts, and ICD 9 and 10 codes in order to prioritize training, documentation improvement and testing activities
 - Training and reference resource to identify approximate ICD 10 code choices for ICD 9 codes
 - All of the above

Features



- **Collaboration** – Collaborate with team members by sharing analytic views and observation through web access.
- **Discovery** – Using QlikView’s award winning, easy to use user interface to add payer contracts and denial information to enhance analysis without incurring additional cost.
- **Claims analysis** – Detailed analytics of claim portfolio highlighting source, occurrence and revenue.
- **ICD 10 mapping** – Assign ICD 10 codes based on revenue neutrality, interest, current experience and investigative reasons.
- **TruCode interface** – Work with claims in an encoder that can provide both ICD 9 and ICD 10 analysis.
- **Reimbursement analysis** – Examine the impact the transition to ICD 10 will have on current reimbursements. Evaluate the impact that MCC/CC assignment will have on claims.
- **DRG analysis** – Examine the financial impact that the transition can potentially have on your organization by DRG.
- **Ad-hoc reporting** – Build your own customizable reports to meet the needs of your organization.
- **Ad-hoc analytics** – Add additional information to help evaluate the impact the transition will have based on this new information, at no additional cost.

Benefits of using our ICD 10 translation services

Strategic

[Understanding and planning]

- Realign assessment risks/action steps
- Provide specific implementation direction for individual work groups
- Can be utilized as part of a larger business intelligence solution need
- Assess coding translation risks
- Assist in realigning reimbursement strategy by payor
- Potential coding resource impact resulting from translation risk
- Customizable to specific objectives

Operational

[Visualization and management]

- Highlights impact by service line
- Identify potential coding risks (diagnosis and procedural) by payor
- Assesses reimbursement implications
- Identifies potential increases in denials
- Assists in driving claim reviews for potential coding gaps
- Customize GEM limitations
- Ability to reconcile coding risks with coding resource needs
- Helps facilitate a more precise ICD-10 implementation plan

Benefits of using our ICD 10 translation services (continued)

Training

(Resources – training tool)

- Highlights coding needs for both ICD 9 and ICD 10.
- Develop a very deliberate training program around your translation risks
- Provides a training tool for transition
- Provides insight into ICD 10 structures

Intangibles

- Ability to cross-utilize by work group
- Integrate health care experts with technology
- Customize dashboards for your needs (particularly around coding edits)
- Not just a Medicare tool --- can be customized to other payors
- Technology solution evolves as changes to ICD 10 continue
- Very scalable to fit your needs
- If we have the data, we can create the analytic!!

Questions?

Thank you!

Presenter contact information



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