



WHITEPAPER

athenahealth, Inc. Published: December 2014

# Making a Smooth Transition: Avoiding the Top 5 Risks of the ICD-10 Conversion

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## Executive Summary

As most physicians are well aware, on October 1, 2015 a significant change is set to occur in the health care industry: the adoption of the ICD-10 code set for reporting diagnoses and procedures to payers. The new code set increases the number of reporting codes from about 13,600 to more than 69,000, representing a dramatic increase in the level of reporting detail and granularity.

The increased complexity of ICD-10 will require a wide variety of adaptations by health care providers. A report by one health care strategic planning firm lists staff education and training; business-process analysis of health plan contracts, coverage determination, and documentation; changes to superbills; IT system changes, increased documentation costs, and cash flow disruption.

The changeover to ICD-10 will also be costly for many practices. The costs for a typical small practice range from \$56,639-\$226,105.

This whitepaper outlines the 5 major risks of the ICD-10 transition that your practice should expect:

1. Lack of preparation by your billing, practice management, and EHR vendor
2. Lack of preparation by your payers
3. Insufficient training for your staff
4. Reduced physician and staff productivity
5. Financial risk associated with high transition costs

Are there ways to make the transition less painful and expensive? Yes, but you can't do it on your own. Your billing, practice management, and EHR vendor should be working hard right now, with you and with payers, to adapt your system for this changeover.

In order to determine if your vendor is doing what is necessary, one source suggests that you ask the vendor these questions:

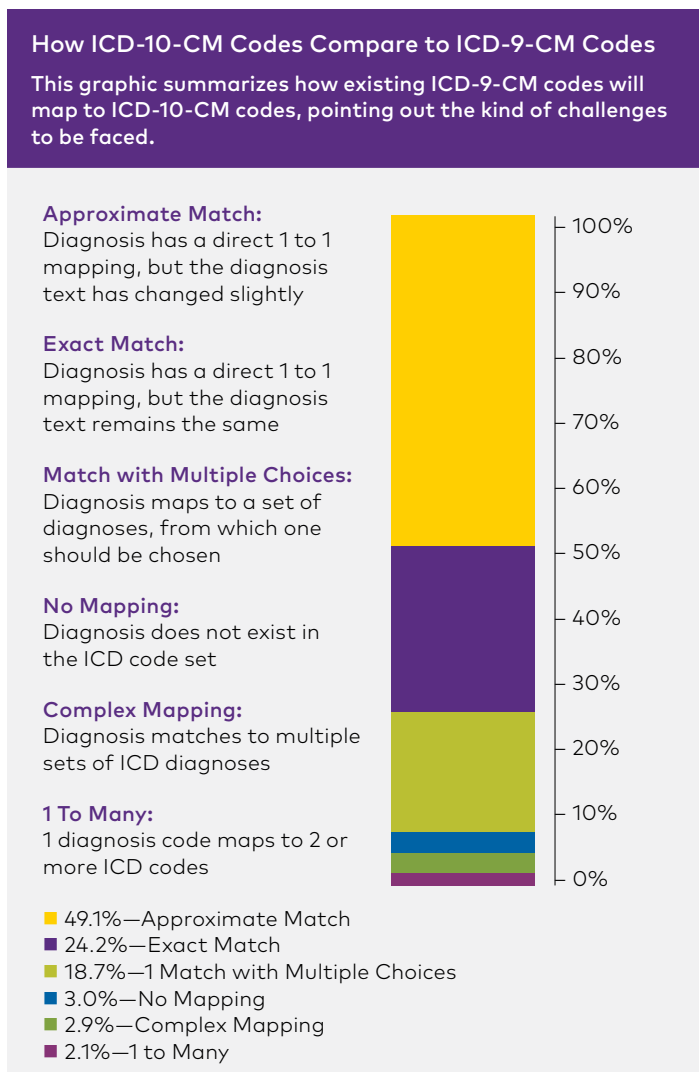
1. What is covered by vendor contracts?
2. What are vendor plans and timelines?
3. How will systems work with both ICD-9 and ICD-10 codes?
4. What does the implementation process include?
5. Is there a cost associated with training and support?

This whitepaper offers an additional six questions you should ask. The answers to these questions will help you determine if you are working with a billing, practice management, and EHR vendor that can make your transition to ICD-10 as smooth as possible, allowing you to maintain your focus on patients.

## The Brave New World of ICD-10

As most physicians are aware, the health care industry, which is in the throes of adapting to the HITECH Act and Meaningful Use — with Stage 2 reporting workflows looming in 2015 — faces yet another significant change to its way of doing business between now and October 1, 2015. That change is the adoption of the new ICD-10 code set for reporting diagnoses and procedures to payers. While the current ICD-9 code set includes 13,800 three-to-five-digit, primarily numeric diagnostic codes, the ICD-10 code set includes approximately 69,000 three-to-seven-digit, alphanumeric codes. Needless to say, a change this dramatic will bring a whole new set of challenges along with it. The following chart summarizes the extent of these changes:

**Figure 1. Coding Changes Associated with ICD-10 Conversion**



Source: Centers for Medicare & Medicaid Services (CMS) General Equivalence Mapping (GEMs). Based on 2011 GEMs mapping.

However, there are good reasons for making the change to ICD-10. According to HFMA's Health Care Finance Strategies:

The adoption of ICD-10 brings important society-level benefits, including epidemiological enhancements in the tracking and trending of diseases. The migration from ICD-9 to ICD-10 will bring advantages to the provider community as well, including supporting accurate coding and reducing coding errors, capturing advancements in new technology, supporting innovation in payment design and contracting, improving utilization management, and improving quality management.<sup>1</sup>

But these benefits will not be without costs in time and money. A report by Nachimson Advisors, a health care strategic planning firm, estimates the expenses accruing to various aspects of the adaptation to ICD-10 as follows for a "typical" practice<sup>2</sup>:

**Figure 2. Estimated Financial Impacts of ICD-10 on Practices**

	Typical Small Practice	Typical Medium Practice	Typical Large Practice
<b>Pre-Implementation Costs</b>			
Training	\$2,700 - \$3,000	\$4,800 - \$7,900	\$75,100
Assessment	\$4,300 - \$7,000	\$6,545 - \$9,600	\$19,320
Vendor/Software Upgrades	\$0 - \$60,000	\$0 - \$200,000	\$0 - \$2,000,000
Process Remediation	\$3,312 - \$6,701	\$6,211 - \$12,990	\$14,874 - \$31,821
Testing	\$15,248 - \$28,805	\$47,906 - \$93,098	\$428,740 - \$880,660
<b>Total Pre-Implementation Costs</b>	<b>\$25,560 - \$105,506</b>	<b>\$65,452 - \$323,588</b>	<b>\$538,034 - \$3,006,901</b>
<b>Post-Implementation Costs</b>			
Productivity Loss	\$8,500 - \$20,250	\$72,649 - \$166,649	\$726,487 - \$1,666,487
Payment Disruption	\$22,579 - \$100,349	\$75,263 - \$334,498	\$752,630 - \$3,344,976
<b>Total Post-Implementation Costs</b>	<b>\$31,079 - \$120,599</b>	<b>\$147,912 - \$501,147</b>	<b>\$1,479,117 - \$5,011,463</b>
<b>Total Costs</b>	<b>\$56,639 - \$226,105</b>	<b>\$213,364 - \$824,735</b>	<b>\$2,017,151 - \$8,018,364</b>

<sup>1</sup>Three physicians and two administrative staff

<sup>2</sup>10 providers, one full-time coder, and six administrative staff

<sup>3</sup>100 providers, with 64 coding staff comprised of 10 full-time coders and 54 medical records staff

Source: "The Cost of Implementing ICD-10 for Physician Practices – Updating the 2008 Nachimson Advisors Study," Nachimson Advisors, LLC, February 12, 2014 - See more at: <http://www.athenahealth.com/knowledge-hub/ICD-10/medical-procedure-codes.php#sthash.BefNlyep.dpuf>



Of course, it is important that your practice's time and money be well spent. The purpose of this whitepaper is to help ensure that you're aware of the risks that will accompany the ICD-10 conversion and that you do everything necessary to make your transition as smooth and painless as possible while keeping expenses under control. It will outline both what you need to do to prepare for the transition and what you should expect from your billing, practice management, and EHR vendor.

## The Top 5 Risks of ICD-10 Conversion

One of the most important things to recognize is that, despite the fact that the cutover to ICD-10 won't take place until October 1, 2015, you must prepare for it now. Think about how diagnosis codes are used by your practice and by your payers. Now think about what it will mean when those codes change dramatically. Graham Tiggs, author of the KLAS report, told FierceHealthIT, "I think that, quite frankly, if a provider does nothing and is not prepared to cut over...they will not be able to get a bill out the door and be reimbursed for it."<sup>3</sup> In a CMIO Industry News article titled "HIMSS: Failing to prepare for ICD-10? Plan to fail," John Dingle, a senior health systems engineering analyst at the Mayo Clinic, was quoted as saying: "If you haven't already started planning, you need to clearly understand the regulations and what you are being asked to do."<sup>4</sup>

It is essential to know exactly what the transition to ICD-10 will mean for your practice and for the industry. Your billing, practice management, and EHR vendor should be able to provide you with helpful information. In addition, a list of ICD-10 resources for providers can be found at the Centers for Medicare and Medicaid Services (CMS) website. athenahealth also recommends the AAPC's ICD-10 Provider Office Changes and the HIMSS ICD-10 Playbook.

Once you are well acquainted with what ICD-10 will mean for your practice and the industry, it's important to know how to avoid the pitfalls that lie in wait for the unaware. The five most dangerous risks during the transition to ICD-10 are as follows:

1. Lack of preparation by your billing, practice management, and EHR vendor
2. Lack of preparation by your payers
3. Insufficient training for your staff
4. Reduced physician and staff productivity
5. Financial risk associated with high transition costs

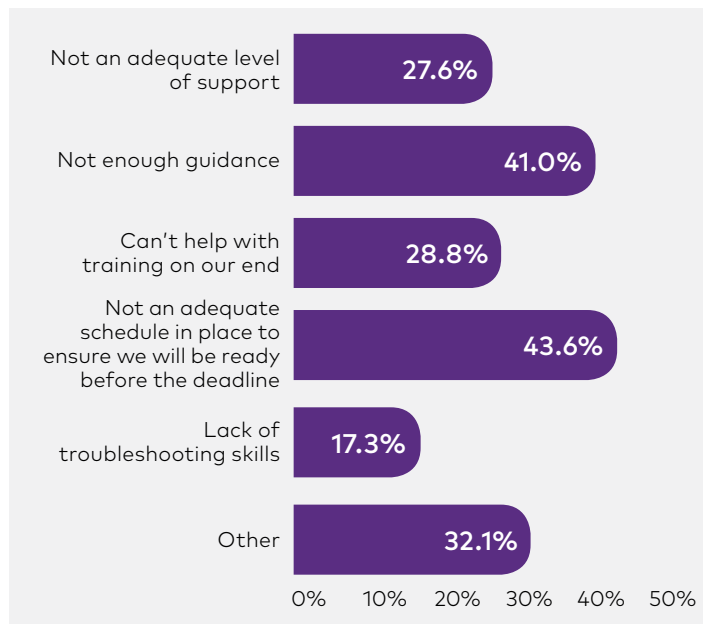
Let's examine each of these risks and see how they can be avoided.

### Risk #1: Lack of preparation by your billing, practice management, and EHR vendor

Billing, practice management, and EHR vendors are promising to be ready for the ICD-10 transition, but the evidence shows that they are

not inspiring confidence in their clients. Here are the results of a survey conducted by Aloft Group in February 2013:

## Figure 3. Practice Perception of Vendor Readiness for ICD-10



Source: "ICD-10 Implementation Snapshot Study," Aloft Group, February, 2013

It is alarming that the two major concerns are vendors' lack of adequate schedules in place to ensure their clients will be ready for the transition and insufficient guidance for their clients. This transition will not be easy, and unless vendors are well prepared now and able to provide practices with the assistance they'll need to make the transition, the result could be loss of productivity and revenue for those practices.

See the sidebar, "Is your vendor ICD-10 ready?" to learn which 11 questions to ask your vendor now to ensure that you'll be prepared to make the ICD-10 transition. These questions deal with issues such as the ability to handle both ICD-9 and ICD-10 codes during the transition; support for data migration; fees or costs associated with upgrades, transition services, and training; and the ability to test your systems using ICD-10 codes well before the cutover.

### Risk #2: Lack of preparation by your payers

It is going to happen. It's happened with other big industry transitions, such as NPI and ANSI-5010, and it's bound to happen with ICD-10. Payers admit it themselves. In fact, in a survey of payers conducted in 2012, fully 39% admitted that they were not likely to be ready for the ICD-10 transition by the cutover date.<sup>5</sup>

This lack of readiness by vendors means that practices will need to be able to submit to payers using both ICD-9 and ICD-10 codes. They

## Is your vendor ICD-10 ready? Ask them these 11 questions.

In order to assess whether your vendor is going to do what is necessary to prepare you for the transition to ICD-10, CMIO Industry News suggests that you ask these six questions:

1. What is covered by vendor contracts?
2. What are vendor plans and timelines?
3. How will systems work with both ICD-9 and ICD-10 codes?
4. What does the implementation process include?
5. Is there a cost associated with training and support?
6. Will you need additional infrastructure and software?

Additional questions you should ask are:

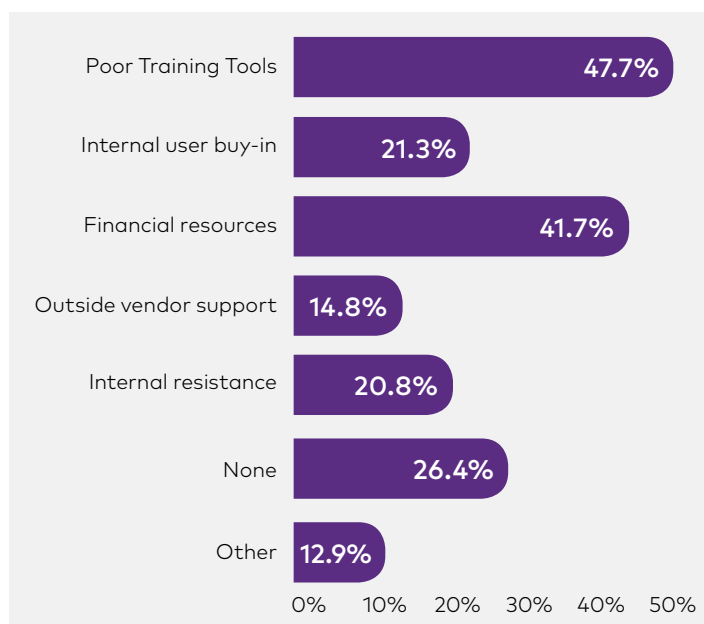
7. Which of your vendors are impacted by ICD-10?
8. How will existing interfaces with other vendors be upgraded?
9. Are there any upgrade costs or fees associated with ICD-10 compliance?
10. Will you be able to run test claims using ICD-10 prior to the October 1, 2015, cutover?
11. Can you migrate to ICD-10 prior to the October 1, 2015, compliance date?

will need to monitor the ICD-10 readiness of each payer, so they know which payer needs to receive which form of diagnosis code. This could be a huge administrative headache, costing practices significant time and money. In order to avoid this problem, vendors must provide systems that enable practices to easily submit the right codes to the right payers. These systems should guide users to the correct ICD-10 codes and then automatically make conversions back to ICD-9 codes in the background for payers who have not made the transition. This will shield practices from the difficulties that these dual codes would introduce into the billing process.

### Risk #3: Insufficient training for your staff

ICD-10 is far more complex than ICD-9, breaking diagnosis codes down to a much finer level of granularity. For example, diabetes was a single code under ICD-9. Now there are 50 codes associated with the disease! Learning all of this new information will be a significant challenge for providers and their staffs, and if it is not handled efficiently and effectively, ICD-10 could become very costly for practices. This is borne out by the results of the Aloft Group survey of over 260 health care professionals, which delineated their major concerns about the ICD-10 transition. The results are illustrated in this graphic:

**Figure 4. The Top Concerns Associated with ICD-10 Transition**



Source: "ICD-10 Implementation Snapshot Study," Aloft Group, February, 2013

Practices are right to be concerned about having the proper training tools, because the more experienced everyone within the practice is with the new coding, the less painful the transition will be.

While some vendors will certainly provide classroom and online training for using their systems' ICD-10 coding capabilities, there is no substitute for practicing with the application in the day-to-day workflow before the transition date. This will not only allow practices to pinpoint and troubleshoot problems, but it is also the most effective way to learn. Susan Heathfield, a human resources expert and trainer, puts it this way:

Train people in skills and information that are immediately applicable on the job. "Use it or lose it," is a common refrain about training... Even with strategic skills such as listening, providing performance feedback, and team building, set up situations in which practice is immediate and frequent, to help participants retain the training.

*In application-oriented training such as software training, don't bother with the training unless participants have the software. In fact, training is often more effective if they experiment with the program first, before attending the [training] session.<sup>6</sup>*

The emphasis on application-oriented training points to the need for vendors to get functioning ICD-10-based systems into the hands of practices well before the cutover date. This allows physicians and staff to get used to the system and make errors without pressure, since it will be before ICD-10 coding is required and practices face penalties for noncompliance.

#### Risk #4: Reduced physician and staff productivity

Behind the fear of not having the proper training tools is concern that adapting practices to ICD-10 will cause a reduction in their productivity for a significant period of time — something no practice can afford. Because ICD-10 requires additional documentation (e.g., laterality, encounter type, comorbidities), your system should be sophisticated enough to use that additional documentation to narrow the list of applicable ICD-10 codes. The key is to have an EHR that shields you from ICD-10 until it truly matters: when you enter orders and select the diagnosis code for billing.

Your system should be set up in such a way that providers and staff can be led to the new levels of coding granularity in ICD-10 by using their existing knowledge of ICD-9. In addition to making it easier to use ICD-10 over the long term — which will help minimize the impact on productivity — this approach will also function as a teaching mechanism while individuals adapt to ICD-10, thus reducing training costs.

For an example of how this would work, consider the diagnosis "Stress fracture of the tibia," which in ICD-10 has 21 codes associated with it. A physician would first be presented with the following list of choices:

##### Body Part

- Unspecified tibia and fibula
- Tibia and fibula
- Right tibia
- Left tibia

If the physician chose "Right tibia," the code choices would be reduced to six and the next list offered would be:

##### Encounter Type

- Initial encounter
- Subsequent encounter

If the physician chose "Subsequent encounter," the list would be reduced to four choices and the subsequent choices offered would be:

##### Healing Type

- Routine healing
- Delayed healing
- Nonunion
- Malunion

If the physician chose malunion, just one code would remain: M84.361P.

Using a simple, clear approach such as this will significantly reduce the impact of ICD-10 on your practice's productivity.

Another area where productivity could be greatly affected was described above in "Risk #2: Lack of preparation by your payers," whereby practices would keep using both ICD-9 and ICD-10 codes because of payer tardiness in making the transition to ICD-10. This is a task that vendors must take out of the hands of practices in order to help their clients maintain the level of productivity they need to make this transition successfully.

#### Risk #5: Financial risk associated with high transition costs

Fifty-three percent of providers cite financial resources as the biggest constraint on their ability to implement ICD-10.<sup>7</sup> Two of the changes that will contribute to the cost of transitioning to ICD-10 have already been mentioned: training and possibly a period of reduced productivity as your practice adapts to the new codes. (In addition, total predicted costs have been laid out in Figure 1 above.) Two other aspects of the transition that could be costly are software upgrades and lost or delayed revenue due to delayed preparation for ICD-10 by some payers— which, as we've already established, is highly likely.

Ideally, you won't need to pay for the upgrade. A cloud-based system that is continuously upgraded at no cost to its users will simply roll out these system changes as they're required — and, as noted above, will provide you with the training and early familiarity with the system that will be required to use it without loss of productivity. If your system is not upgraded continuously and for free, it would be best to start planning now for how your practice will finance the upgrades that are coming.

As to loss of revenue because payers aren't ready, this cost has two aspects. If your providers and billers are required to deal with two sets of codes, more time will be spent coding, and it is more likely that mistakes will be made. ICD-9 was complex enough, but ICD-10 makes it look

like a walk in the park! Mistakes will lead to delayed or lost revenue. This point further underscores the importance of training and early practice on the new system, which will reduce the likelihood of errors.

The other aspect of the cost is out of your control: delays and errors made by payers who are not fully prepared to deal with ICD-10 could disrupt your cash flow. Because there is nothing you can do about this directly, it is important that you work with a vendor that works closely with payers and has worked out a way to help you through the period where payers will be less efficient and payments could be delayed. This could involve a program in which your payments are guaranteed by your vendor within a certain timeframe, regardless of how difficult it might be for a payer to process claims with ICD-10 codes.

## How Ready Is Your Practice?

To get a sense of where your practice stands today in terms of readiness for the ICD-10 transition, see how many of the following questions you can answer:

### Encounter documentation

- What is your EHR vendor's readiness plan?
- Can you name all the vendors with which you exchange diagnosis information?
- Will your providers' documentation workflow(s) be specific enough for ICD-10?
- Do you have a training plan for MAs, physicians, and billing staff?

### Quality measurement

- What programs do you participate in? Are they outside of your system's infrastructure? Do you know when you'll need to generate the necessary reporting updates?
- How will your utilization review or population management reports change?

### Revenue cycle impact

- How many certified medical billers do you have? Do they need to re-certify?
- Do you know which ICD-9 codes are commonly used on your claims? How are they changing in ICD-10?
- What rules might payers implement, and what are some errors you might see? (For example: V202 Routine Infant Care becomes V202xxx Motorcycle Accident Injury.)

It is important to recognize that the complexity of the ICD-10 transition will make it virtually impossible for you to go it alone. In order to make the transition successfully, it is essential that your billing, practice management, and EHR vendor help you plan and execute the changes that need to be made to your practice processes and systems.

## Know Your Vendor's Plans to Prepare You for ICD-10

Your billing, practice management, and EHR vendor should be working hard right now, with you and your payers, to adapt your processes and systems for the changeover to ICD-10. Your vendor should have the software, knowledge, and services to make your transition as smooth as possible:

### Software

- Should be continuously updated as the industry moves toward the ICD-10 cutover
- Should have the flexibility to support a variety of vendor requirements and timelines

### Knowledge

- Should leverage learning from ANSI 5010 conversion for the smoothest possible ICD-10 conversion
- Should conduct extensive and ongoing payer readiness surveys
- Should have the relationships with payers that enable proactive creation of updated coding rules

### Services

- Should conduct individual payer and vendor testing, when available
- Should have cross-functional teams monitoring and responding in real-time to changes in the performance of clients, vendors, and payers
- Should have a streamlined triage workflow to provide quick prioritization and problem resolution

In addition to these activities, your billing, practice management, and EHR vendor should provide:

- Support for diagnosis code selection
- Dual-submission workflow for transaction migration
- New billing workflows to support coding staff
- Testing with payers and vendors on ICD-10, as available
- Movement of payers and vendors to ICD-10
- Management of highly specified implementations (e.g., payers, labs, interfaces, reports)
- Updates to all relevant rules (e.g., billing, coding, utilization)
- Ongoing communications on the progress of the conversion
- Tips and reporting tools to minimize productivity loss during transition (e.g., guidance on metrics to track, workflows to review, timelines, etc.)

Your transition to ICD-10 can be smooth and painless with the help of your vendor, who should be on top of ICD-10 by knowing what needs to be done for a successful transition, by having payer relationships that will help smooth the way, and by updating your software automatically — and without cost to you — to reflect ICD-10 requirements.

## athenahealth: Guaranteeing a Smooth Transition

athenahealth is working hard to prepare for the ICD-10 conversion, conducting research to discern what changes payers and clearinghouses will be making and arranging to test with them, when possible. We are so confident of our ability to make this transition as easy as possible that we guarantee your success.

### The athenahealth Guarantee<sup>†</sup>:

1. If we're not ready for the ICD-10 conversion in a timely manner, your practice will not be charged for our services.
2. If any of your payers do not pay in a timely fashion, we will advance cash to your practice against your outstanding claims.

We are confident in this guarantee because we have a superb track record of smoothly managing the biggest health care industry changes for our clients, including:

NPI – Front-end rejection rate just after May 23, 2008:  
athenahealth 1.57%, industry 24% (source: Emdeon)

ANSI 5010 – 45.8% of all claims billed in 5010 format, 40.7% of all transactions in 5010 format (source: athenahealth, week of Dec. 5, 2011 to Dec. 11, 2011)

Meaningful Use – 95.6% of eligible athenahealth providers had attested for MU Stage 1 by the end of 2013.

athenahealth will partner with your practice to:

- Make it clear what ICD-10 is and what the changeover will mean for your practice
- Deliver as seamless a transition as the industry will allow when you migrate from ICD-9 to ICD-10 diagnosis codes
- Mitigate the impact on your practice revenue
- Minimize the impact on your financial and operational metrics

Our patented billing-rules engine is continuously updated — at no additional cost to our clients — and will continue to be updated throughout the transition to ICD-10. We already have fully certified EHR technology with Meaningful Use Stage 2 workflows in place, enabling you to focus on your transition to ICD-10 well before the October 1, 2015, cutover. We will also:

- Update athenaClinicals<sup>®</sup>, our cloud-based EHR service, to ensure continuity of patient care, including decision support tools for accurate documentation and coding.
- Update all your interfaces (labs, registries, pharmacies, CCD's, third-party EHR systems, etc.) at no cost. Since athenaClinicals is fully integrated with athenaCollector<sup>®</sup>, our billing and practice management service, we can help you track and analyze the impact of the new system on your organization.
- Update the infrastructure for our Quality Management and Pay for Performance program and coordinate roll-out so your practice can continue to participate in these programs without additional effort on your part.
- Provide diagnosis code impact assessments by specialty using actual claims data as well offer practice coding tools in ICD-10 on your real claims for both billers and providers.

We will also:

- Put procedures in place to ensure minimal disruption of service and cash flow for practices.
- Conduct outreach and proactively monitor payer readiness through the compliance date.
- Engage directly with payers and clearinghouses to conduct testing before Oct 1, 2015 to ensure ICD-10 claims can be submitted and processed successfully.
- Participate in industry ICD-10 events and contact industry stakeholders to determine readiness timelines.
- Ensure that application and operations updates are made to support ICD-10.
- Create new and updated fields in patient, billing, and EHR workflows to ensure compliance.
- Develop tools and value-added services in various workflows to enable a seamless transition to ICD-10.
- Update claim formatting rules to support ICD-10 requirements.

Finally, we will closely monitor all test results — and your claims performance — in order to minimize the financial and procedural impact of ICD-10 on your practice. With athenahealth as your service partner, you are always on top of the changes affecting your practice, ensuring that you stay profitable, compliant, and focused on patient care.



## Endnotes

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7. "ICD-10 Snapshot Study," Aloft Group, February 2013. "

\* ICD-10 Guarantee: This Guarantee covers ICD-10-CM codes and does not cover the ICD-10-PCS code set. Additional terms and conditions apply; please see your sales representative for more information.

Meaningful Use Guarantee: If you don't receive the Federal Stimulus reimbursement dollars for the first year you qualify, we will credit you 100% of your EHR service fees for up to six months until you do. This offer applies to HITECH Act reimbursement payments only. Additional terms, conditions, and limitations apply.

athenaCollector, U.S. patents #7,617,116 and #7,720,701, and U.S. patents pending; athenaClinicals, athenaCommunicator, athenaCoordinator, and Anodyne Analytics, U.S. patents

# Notes

# Notes



# we connect care™

A leading provider of cloud-based services and mobile tools for medical groups and health systems. Our mission is to be the most trusted service to health care providers, helping them do well by doing the right thing.

