The Revenue Cycle
Impact of ICD-10

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The Cost of ICD-10

- Preparation costs
  - What you already know

- Post-implementation costs
  - What you may not know

- Revenue Cycle Impact
  - What you don’t know
Revenue Cycle Impact

The financial impact of ICD-10 on your revenue cycle will exceed your cost of preparation due to:

• Higher rate of coding errors
• Higher query rate
• Slower reimbursement from payers
• Increased denial rates
• Lower coding productivity
Coding Errors

After annual ICD-9 updates, coding error rates rise by 3% for several months and then go back down to normal levels.

During the first six months of ICD-10, error rates are expected to increase by 6% to 10%.

This will delay billings and require more resources to rework denials.
Higher Query Rate

Greater specificity will be required in the patient record to properly assign ICD-10 codes.

• Physicians may not be fully prepared to document in the detail needed, causing the coder to initiate more queries.
• Coder uncertainty with new coding rules may cause them to initiate unnecessary queries.
Slower Payments

The same challenges in training and technology that you are faced with will also challenge payers. A conservative estimate forecasts an additional 2 WEEK delay in processing payments.

• System interfaces
• Training issues
• Coding errors
• Uncertainty
Increased Denial Rate

• Increased coding errors will result in increased denials from payers.

• Even correctly coded accounts may be mistakenly viewed as incorrect by the payer.
Lower Coding Productivity

• Increase in the number of codes
  • 17,000 -> 155,000

• Codes changing from 5 to 7 digits

• Codes changing from numeric to alpha-numeric-can’t just use keypad
  • 2 or Z?
  • 0 or 0?
Lower Coding Productivity

- Coders do not have any codes memorized
- Greater specificity requires a more thorough review of the documentation
- Coders may not trust their coding decisions
  - once they find a code they may tend to go back and check it again just to be sure.
## Code Comparison

<table>
<thead>
<tr>
<th>ICD-9 Diagnosis Codes</th>
<th>ICD-10 Diagnosis Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>415.0 Acute cor pulmonale</td>
<td>I26.01 Septic pulmonary embolism with acute cor pulmonale</td>
</tr>
<tr>
<td>And</td>
<td></td>
</tr>
<tr>
<td>415.12 Septic pulmonary embolism</td>
<td></td>
</tr>
<tr>
<td>707.06 Pressure ulcer, ankle</td>
<td>L89.501 Pressure ulcer of unspecified ankle, stage I</td>
</tr>
<tr>
<td>And</td>
<td></td>
</tr>
<tr>
<td>707.21 Pressure ulcer stage I</td>
<td></td>
</tr>
</tbody>
</table>
## Code Comparison

<table>
<thead>
<tr>
<th>ICD-9 Procedure Code</th>
<th>ICD-10 Procedure Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.50 Angioplasty</td>
<td>0DN90ZZ Release of duodenum, open approach</td>
</tr>
<tr>
<td>39.31 Suture of artery</td>
<td>0FB03ZX Excision of liver, percutaneous approach, diagnostic</td>
</tr>
<tr>
<td>47.01 Laparoscopic appendectomy</td>
<td>02PS0CZ Removal, extraluminal device from pulmonary vein, right, open</td>
</tr>
</tbody>
</table>
99.04 - Blood transfusion now has up to 16 possibilities in ICD-10-PCS such as:

- 30230N1: Transfusion of Nonautologous Red Blood Cells into Peripheral Vein, Open Approach
- 30230P1: Transfusion of Nonautologous Frozen Red Cells into Peripheral Vein, Open Approach
- 30233N1: Transfusion of Nonautologous Red Blood Cells into Peripheral Vein, Percutaneous Approach
- 30233P1: Transfusion of Nonautologous Frozen Red Cells into Peripheral Vein, Percutaneous Approach
- 30240N1: Transfusion of Nonautologous Red Blood Cells into Central Vein, Open Approach
- 30240P1: Transfusion of Nonautologous Frozen Red Cells into Central Vein, Open Approach
**Code Comparison**

38.93 - Venous catheterization (PICC line) has up to 185 possibilities in ICD-10-PCS such as:

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>02HS03Z</td>
<td>Insertion of Infusion Device into Right Pulmonary Vein, Open Approach</td>
</tr>
<tr>
<td>02HS33Z</td>
<td>Insertion of Infusion Device into Right Pulmonary Vein, Percutaneous Approach</td>
</tr>
<tr>
<td>02HS43Z</td>
<td>Insertion of Infusion Device into Right Pulmonary Vein, Percutaneous Endoscopic Approach</td>
</tr>
<tr>
<td>02HT03Z</td>
<td>Insertion of Infusion Device into Left Pulmonary Vein, Open Approach</td>
</tr>
<tr>
<td>02HT33Z</td>
<td>Insertion of Infusion Device into Left Pulmonary Vein, Percutaneous Approach</td>
</tr>
<tr>
<td>02HT43Z</td>
<td>Insertion of Infusion Device into Left Pulmonary Vein, Percutaneous Endoscopic Approach</td>
</tr>
<tr>
<td>02HV03Z</td>
<td>Insertion of Infusion Device into Superior Vena Cava, Open Approach</td>
</tr>
<tr>
<td>02HV33Z</td>
<td>Insertion of Infusion Device into Superior Vena Cava, Percutaneous Approach</td>
</tr>
</tbody>
</table>
Lower Coding Productivity (continued)

- Greater specificity will require more frequent communication between providers and coders
- The normal learning curve for any new set of operational rules
- Higher error rates will require more re-coding to be performed
- Many senior, highly productive coders are expected to retire
## Productivity Estimates
(charts per hour - Canada studies)

<table>
<thead>
<tr>
<th></th>
<th>ICD-9 Previous</th>
<th>ICD-10 after 30 days</th>
<th>ICD-10 after 9 mos.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient</td>
<td>4.6/hr.</td>
<td>2.2/hr.</td>
<td>3.8/hr.</td>
</tr>
<tr>
<td>Day Surgery</td>
<td>10.7/hr.</td>
<td>3.8/hr.</td>
<td>8.5/hr.</td>
</tr>
<tr>
<td>Emergency Room</td>
<td>10.4/hr.</td>
<td>6.5/hr.</td>
<td>8.8/hr.</td>
</tr>
</tbody>
</table>
How Do You Prepare for That?

• You must first measure the size of the problem in order to plan properly.

• Understanding the size of the problem will help you to get the resources that you need to solve it.

• Without the proper planning, your facility will run out of cash.
Current State of Revenue Cycle (in millions)

- Average $ Charges per day: $2.0M
- Average DNFB days: 4
- Average A/R Days which includes DNFB: 40
- Average A/R $ are: $80.0M
- Average DNFB is: $8.0M
- Additional A/R days due to payer issues: 12
## Coder productivity impact after ICD-10

<table>
<thead>
<tr>
<th>Duration</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 30 days</td>
<td>50%</td>
</tr>
<tr>
<td>31 to 60 days</td>
<td>60%</td>
</tr>
<tr>
<td>61 to 90 days</td>
<td>70%</td>
</tr>
<tr>
<td>91 to 120 days</td>
<td>80%</td>
</tr>
<tr>
<td>121 to 150 days</td>
<td>90%</td>
</tr>
<tr>
<td>151 to 180 days</td>
<td>95%</td>
</tr>
<tr>
<td>Post ICD-10 conversion</td>
<td>A/R $</td>
</tr>
<tr>
<td>------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Your A/R and DNFB on 11/1</td>
<td>$80.0</td>
</tr>
<tr>
<td>Your A/R and DNFB on 12/1</td>
<td>$124.0</td>
</tr>
<tr>
<td>Your A/R and DNFB on 1/1</td>
<td>$150.0</td>
</tr>
<tr>
<td>Your A/R and DNFB on 2/1</td>
<td>$170.0</td>
</tr>
<tr>
<td>Your A/R and DNFB on 3/1</td>
<td>$184.0</td>
</tr>
<tr>
<td>Your A/R and DNFB on 4/1</td>
<td>$192.0</td>
</tr>
</tbody>
</table>
You Know the Size of the problem....

Now What Do You Do?
Make Your Coding Staff More Productive
Maximize Training Opportunities

• Each individual may need different levels of training for ICD-10. Customize your training to fit the needs of each individual.
• Utilize ICD-10 assessment tests to clarify training needs by coder
• Consider dual coding prior to implementation to better prepare your coders.
Improve Documentation Flow and Quality

• Minimize missing documentation that delays the coding process
• Speed up query responses
• Ensure timely completion of patient records by physicians
• Pre-test system upgrades to ensure documents and data flows smoothly
• Improve quality of scanned images
Improve Documentation Integrity

Perform a gap analysis on your current documentation.

- Code charts in ICD-9 and then code in ICD-10.
- Identify what types of documentation issues you will be facing
- Identify which physicians will have the most issues
- Discuss what changes in forms and formats are needed to assist them.
- Being proactive now will reduce queries and incomplete documentation
Eliminate Factors that Inhibit Productivity

• Minimize workplace interruptions
  • Meetings
  • Intercom announcements
  • Extraneous noise
Eliminate Factors that Inhibit Productivity

• Workstation set up
  • Ergonomics-chair and desk position
  • Keyboard and monitor position
  • Monitor size, dual monitors
Eliminate Factors that Inhibit Productivity

- Streamline interfaces between applications to reduce response time
- Eliminate unnecessary abstracting and non-coding duties
  - Coders should just code!
Reorganize your Staff to Maximize Productivity

• Assign a person to handle queries and missing documentation requests
• Assign a person to handle denials
• Create “Specialists” to focus each staff member on a more narrow responsibility
  – Assignments by patient type or by physician
Benchmark Your Current Staff’s Productivity

- Most coding staffs do not produce to productivity standards over time
- Salary based compensation does not encourage high productivity
Benchmark Your Current Staff’s Productivity

2080 hours per year divided by 12 months = an average of 173 hours per month.

• Run monthly productivity reports on each coder and compare their production to your productivity standards
Example #1

Productivity standard for SDS = 6 per hour. An average month should produce 1038 charts coded per month. (6 x 173)

Actual example of charts coded

<table>
<thead>
<tr>
<th></th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDS coder #1</td>
<td>515</td>
<td>683</td>
<td>689</td>
</tr>
<tr>
<td>SDS coder #2</td>
<td>573</td>
<td>747</td>
<td>570</td>
</tr>
</tbody>
</table>
Example #2

Productivity standard for Diagnostics = 25 per hour. An average month should produce 4,325 charts coded per month. (25 x 173)

<table>
<thead>
<tr>
<th>Actual example of charts coded</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIA coder #1</td>
<td>3128</td>
<td>3389</td>
<td>2954</td>
</tr>
<tr>
<td>DIA coder #2</td>
<td>2815</td>
<td>3476</td>
<td>3109</td>
</tr>
</tbody>
</table>
We found that across all patient types, the average coder for this client was at 49% of productivity standard.

- They may already have enough coding support to handle ICD-10!
- You may also have enough staffing.
  - Measure where you are today
  - Determine what steps are required to make improvements
What Else Can You Do?
Put in an Incentive Based Pay System

Everyone’s performance is driven by their compensation parameters

• Allow coders that reach high levels of productivity AND quality to earn more money.

• Recognize high producers
Beef Up Your Coding Resources

- Consider CAC to enhance productivity
- Increase the size of your coding staff
- Apprentice program for new graduates
- Job specialization improves productivity
  - Denial management specialist
  - Query management specialist
Focus on Receivables

• Renegotiate payment terms with payers
• Aggressively manage A/R to minimize write-offs and denials
• Be prepared to rework all denials and rejects
• Identify opportunities to minimize denials
Questions?
References

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• www.icd10watch.com
• www.icd10monitor.com
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