



# The Financial Outcome Of ICD-10-CM



*“Improving the Financial Health of the Practices we Serve.”*



# Concerns

- How your practice is going to meet the challenge of ICD-10?
- Billing and Coding input? Updated credentials? Certifications?
- Will your partners/hospitals/vendors be ready?
- Is your PMS and EMR ready?
- What will this do to payer reimbursements and claim submissions?
- New Payer guidelines and requirements?
- Outside provider requirements and abilities?
- Testing completed?
- Staff trained?
- Forms needed?
- Physician buy-in?
- Who, What, Where, When?
- **WHY ME?**



# What Will It Effect?

- Front/Back office process
- Workflow
- Personnel
- Documentation
- Billing timelines/days in A/R
- Reporting
- EMR function
- Patient throughput
- Phone calls surge (incoming and outgoing)
- More manual processes and work-arounds



# Financial Overview

- Staff training, loss of productivity, and changing systems will cost the health care providers between \$475 million-\$1.5 billion over the next 10 years.
- Upside? Healthcare industry would gain \$700 million – \$7.7 Billion in cost savings.

**We pay for them to save!**



# HIPAA

- Adoption of ICD-10 required the implementation of HIPAA electronic transaction standards - 5010
- 5010 had to be implemented prior to ICD-10 because ICD-10 code set could not have operated with the then current HIPAA standards 4010
- This was a good change!



# HIPAA

Implementing these two requirements—the next generation HIPAA transaction standards (5010) and the ICD-10 code sets—will result in many potential costs to physicians. Among these costs are staff education and training, changes in health plan contracts, coverage determinations, increased documentation, changes to Fee Ticket, information technology system changes, and possible cash flow disruption.



# HIPAA

HIPAA legislation requires that:

- Providers
- Payers
- Clearinghouses

Comply with ICD-10-CM standard for all healthcare transactions.





# Measuring The Financial Outcome

A Nachimson Advisors study suggests the HHS underestimated the implementation cost.

True costs are much higher

- 3-physician practice could be as much as \$83,290.00
- 10-Physician practice could be as much as \$285,195.00
- 100-physician practice might pay more than \$2.7 million





# Measuring The Financial Outcome

## Total Cost Summary (Nachimson Study) 2008

	Typical Small Practice	Typical Medium Practice	Typical Large Practice
Education	\$2,405	\$4,745	\$46,280
Process Analysis	\$6,900	\$12,000	\$48,000
Changes to Super bills	\$2,985	\$9,950	\$99,500
IT Costs	\$7,500	\$15,000	\$100,000
Increased Documentation Costs	\$44,000	\$178,500	\$1,785,000
Cash Flow Disruption	\$19,500	\$65,000	\$650,000
<b>TOTAL</b>	<b>\$83,290</b>	<b>\$285,195</b>	<b>\$2,728,780</b>



# Measuring The Financial Outcome

NewportMed believes training clinical and administrative staff on ICD-10 may require up to:

- 24 (non productive) hours per coding staff
- 10 (non productive) hours per administrative staff
- 8 (non productive) hours per provider



# Measuring The Financial Outcome

- ICD-10 will require software modifications in both the insurance coverage and billing systems. Vendor costs differ by software vendor.
- Billing services and clearinghouse vendors will also have to comply with the new system requirements. Both entities will bear the costs (on your behalf) or close their doors.



# 6 Costly Key Areas Of ICD-10

## Staff Education & Training:

- Billing services or coding services can mitigate costs by sharing or assuming costs.
- Online, group education with multiple employees.
- Users Groups sharing the costs of education.
- Sharing resources with other practices. Large, combined team training.



# 6 Costly Key Areas Of ICD-10

## **Business-Process Analysis of Health Plan Contracts, Coverage Determinations & Documentation:**

- Billing services or coding services can mitigate costs by sharing or assuming costs.
- Check with your IPA's that may already have health plan information.
- Users Groups sharing the costs of creation.
- Sharing resources with other practices. Splitting up carriers to contact.



# 6 Costly Key Areas Of ICD-10

## Changes to Fee Tickets/Superbills:

- We do not believe this is possible.
- Loss of efficiency.
- Multiple pages; all for ICD-10 Codes.
- Loss of resources to attempt the improbable.



# 6 Costly Key Areas Of ICD-10

## IT System Changes:

- Many software vendors have incurred these costs on behalf of their user base. Some are recouping it under the guise of “upgrades.”
- Billing services or coding services can mitigate costs by sharing or assuming costs of their systems and IT resources.
- Users Groups sharing the costs of IT resources and information sharing on outcomes.
- Sharing resources with other practices. Allowing for a critical mass effect for IT fixes. Dividing research projects
- Free is not always “free.”



# 6 Costly Key Areas Of ICD-10

## Increased Documentation Costs :

- NewportMed Analysis found 65-70% of documentation allows for ICD-10 for general ortho and 40% for fracture care.
  - Do your own analysis or outsource the duty.
- Documentation costs are better defined by loss of time, patient throughput.
- Also costs associated with requesting additional info, addendums, updates, clarification...
- This will be a shared costs if utilizing billing or coding services.
- Permanent increase, not just an implementation or learning curve increase.
- Physician workload increase with no expected increase in payment, due to the increased requirements for providing specific information for coding.





# 6 Costly Key Areas Of ICD-10

## Cash Flow Disruptions:

- Loss of time, patient throughput.
- New processes have costs (some temporary).
- Delays associated with requesting additional missing info, clarification...
- Carrier Delays
- Documentation Delays
- “Unspecified” Denials
- System/Carrier “work-arounds”
  - Small HMO’s/IPA’s carry a higher probability of claims issues.



# 6 Costly Key Areas Of ICD-10

## Cash Flow Disruption:

Cash-flow disruption costs associated with an ICD-10 mandate would range from \$19,500 for a typical small practice to \$650,000 for a typical large practice.



# 6 Costly Key Areas Of ICD-10

## Total Cost Summary

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# Revision of Financial Outcomes

Below is a summary of the newly estimated costs as compared to the 2008 study.

	Typical Small Practice	Typical Medium Practice	Typical Large Practice
Training	\$2,700-\$3,000	\$4,800-\$7,900	\$75,100
Assessment	\$4,300-\$7,000	\$6,535-\$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
Productivity Loss	\$8,500-\$20,250	\$72,649-\$166,649	\$726,487-\$1,666,487
<b>Payment Disruption</b>	<b>\$22,579-\$100,349</b>	<b>\$75,263-\$334,498</b>	<b>\$752,630-\$3,344,976</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>

# Resources

1. American Academy Of Orthopaedic Surgeons

[www.aaos.org/news/aaosnow/feb09/reimbursement](http://www.aaos.org/news/aaosnow/feb09/reimbursement)

2. Medical Group Management Association

[www.mgma.com](http://www.mgma.com)

3. American Academy Of Professional Coders

[www.aapc.com/icd-10/faq.aspx](http://www.aapc.com/icd-10/faq.aspx)

4. ICD-10 Fastrack – Ortho Pro App

[www.icd10fasttrak.com/](http://www.icd10fasttrak.com/)

5. AMA

<http://www.ama-assn.org/ama/pub/news/news/2014/2014-02-12-icd10-cost-estimates-increased-for-most-physicians.page>

