HealthData Management

ICD-10: The Payer Connection

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JUN 1, 2015

With the transition to ICD-10 only a few months away, providers are making final preparations for the change. So are payers, and the two industry segments will need to work together to make the transition successfully.

Stakes are high for both. Some experts are predicting cash flow disruptions for providers, and payers are anticipating additional expenses for testing ahead of Oct. 1, and claims payment disruption in the weeks after that date.

Widespread concern remains about how well the transition will be handled. Testing of claims processing capabilities using ICD-10 is lagging, according to results of the most recent ICD-10 readiness survey, conducted by the Workgroup for Electronic Data Interchange. Released in April, the survey indicates that while more than 50 percent of health plans say they have started external testing of the ICD-10 claims submission process, few have completed testing.

The news is just as grim from the provider side; only 25 percent of providers say they have started external testing, with only a tiny percentage reporting they've completed testing of claims submission under ICD-10.

The survey, the 10th conducted by WEDI on ICD-10 readiness, had nearly twice as many respondents as previous surveys, and overall results may have been skewed by the increased participation of organizations lagging in ICD-10 preparation, says Jim Daley, past chair of WEDI and director of IT risk and compliance at BlueCross BlueShield of South Carolina. Still, results indicate that the next months will be busy for payers and providers alike, he says.

The good news is that many of the necessary business relationships are already in place to get past any rough patches that will occur as part of the transition. Daley suggests provider organizations take advantage of existing relationships they have with billing services, clearinghouses and software vendors to finish preparations for the looming transition to ICD-10.

"Those relations already exist for doing business today, but there needs to be additional commitment regarding the specific mandate," he says.

Communication is critical

Each stakeholder must continue to work hard to advance ICD-10 preparations as quickly as possible, Daley says. For example, provider organizations should do an impact assessment, and have the metrics in place to track changes in accounts receivable dollar amounts and rejection rates. It's also important for providers to build lines of communication with their key vendors and trading partners. "Success comes from knowing what you need to do, and knowing where everyone else is in the chain, to make sure that all of the pieces are synched together," he says.

Angie Comfort, senior director of HIM practice excellence for coding services at the American Health Information Management Association, agrees. She believes providers still have time to cram for the ICD-10 cutover date, although organizations that have procrastinated on finalizing preparations will be sorely tested or risk coding and cash flow issues after Oct. 1. "Are they behind the eight ball? Absolutely-they need to get started," she says.

Comfort also says it's crucial for providers to maintain communication with their software vendors to ensure their products are up to date and any essential last-minute changes are handled expediently.

From a claims submission standpoint, successful ICD-10 coding depends on detailed clinical documentation, says Steve Robinson, vice president of quality and safety advisory services for Premier, a Charlotte, N.C.-based group purchasing organization. Accurate and full documentation helps coders assign the right ICD-10 code, so clinicians bear extra responsibility for what goes into the medical record.

Physicians need support so they can better understand how their documentation can affect ICD-10 coding, Robinson says. Also, organizations that use clinical documentation specialists can take some of the transitional pressure off physicians.

Hospital systems that provide documentation support say it helps with record specificity and claims accuracy. Brian Washa, senior vice president of NorthShore University HealthSystem, Skokie, Ill., says the system's new clinical documentation improvement department is leading efforts to assist doctors with documentation and coding.

Mitigating revenue loss

The potential revenue impact of ICD-10 for even a fairly well-prepared 250-bed hospital can be $1 million to $2.5 million, estimates Ed Hock, managing director of The Advisory Board Company, a Washington-based healthcare information and consulting service.

Factors that may result in potential revenue losses include: the type of contracts organizations have with payers; increased denials; under-coding resulting from under-documentation; over-coding resulting in potential take-backs from auditors; and payment errors from payers.

To prevent problems after Oct. 1, Hock says providers must make sure every facet of their coding operations that is impacted by ICD-10 is well-prepared. Organizations that are highly prepared will be able to quickly identify issues behind rejected claims and correct them.

He also says providers should review any type of contract with a payer that mentions ICD codes, whether they be ICD-9 or ICD-10. For example, "Any pay-for-performance measures based on ICD-9 diagnoses need to be looked at to ensure that those metrics will remain the same or are properly transitioned to ICD-10," he says.

Open discussions

Payer communication must be open now, and preparations must be in place in case providers identify problems with claims after Oct. 1. "Every provider should have a very frank and open discussion about the likelihood of denials as we go through this transition, with additional [discussions] around denials," he says. Some providers have even reached out to their payers to seek revenue protections around ICD-10 denials.

Lucy Zielinski, vice president of The Camden Group, a healthcare business advisory group based in Chicago, says providers need to be aware of cash flow. She believes claim rejections after Oct. 1 may temporarily double for providers. "Organizations should be trying to store some cash reserves, and maybe have a line of credit, to be prepared for that blip," she says.

Testing-both external and internal-is a key activity now to prepare for ICD-10. Testing with payers should encompass the entire life cycle of a claim, so the claim navitages smoothly through provider systems, to the payer, and then back to the provider, and updates all financial systems as appropriate along the way.

"We have been testing claims submission with payers, working with the vendors to confirm that systems are ICD-10 ready, and we have been preparing for end-to-end system testing," says Eliana Owens, executive director of patient access and coding at Mission Health, a health system in Asheville, N.C. "We also have been implementing vendor systems that will support success, such as computer-assisted coding and clinical documentation integrity software and computer-based ICD-10 training for providers and caregivers."

In organizing testing, communication with other entities, scheduling, coordination and planning corrective action is difficult, Owens says, and with the cutover date approaching, scheduling external testing will be even more difficult.

Stuart Newsome, vice president of business development at Alpha II, a Tallahassee, Fla.-based vendor of software coding services and products, says many large application vendors have tested their products with clearinghouses and payers, but providers have not been as likely to pursue testing, sometimes believing they can rely on their vendors' testing programs.

Not every provider is going to be able to test with all its payers, says Mike Hourigan, director of regulatory and compliance at Cerner. He recommends providers do end-to-end testing with

payers, but he acknowledges that smaller provider organizations may not be able to get on payers' testing schedules.

Hock of The Advisory Board recommends that providers at least test ICD-10 claims submission with their clearinghouses, and take a strategic approach in testing efforts. "You have to look at risk-reward tradeoffs: How big is the payer, how much business do we send it, and how big a deal will it be if there is a hiccup," he says.

Prioritizing systems for testing will be necessary to make sure the most critical systems are tested in the limited time remaining before cutover to ICD-10.