ICD-10 preparation: 9 keys to ensure your practice is ready

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By Elaine Pofeldt

Kevin de Regnier, DO, isn’t wasting any time in getting his 27-year-old practice, Madison County Medical Associates, up to speed and ready for ICD-10.

He and his two physician assistants, who all do their own coding, have attended sessions to learn about the new coding system at national medical meetings and conferences. The practice in Winterset, Iowa, about a 40-minute drive from Des Moines, also has sent its three-person billing staff to classes.

de Regnier, who is president-elect of the American College of Osteopathic Family Physicians, does not mince words about all the time and money he and his team have invested. “This is clearly about the insurance companies and the government wanting to have a better handle on fraud and abuse,” he says. “It’s another unfunded mandate that we have to absorb the cost of implementation. It’s going to involve considerably more work.”

In April, physicians got a reprieve from making the transition from the existing coding system, ICD-9, to ICD-10. President Obama signed a law that, for the second time, shifted the deadline for implementing ICD-10. On July 31, the U.S. Department of Health and Human Services issued a final rule that said that healthcare providers, health plans and healthcare clearinghouses must switch to ICD-10 by October 1, 2015. The change affects everyone who must comply with the Health Insurance Portability and Accountability Act.

ICD-10 was designed to update the existing system, which is 30 years old, and to provide more information regarding patients’ medical conditions. But for that to happen, medical practices must master the complex new medical coding system, in which codes are three to seven digits, rather than the three to five digits used in ICD-9.

The consequences of failing to make the change on time are steep. Medical practices risk seeing improperly coded claims denied—and a resulting cash-flow crunch.

“Financial viability is really the issue,” says Fletcher Lance, vice president and national healthcare leader at North Highland, a global consulting firm that is helping providers navigate the transition.

But getting ready for ICD-10 is a long and expensive road. A survey produced by the American Medical Association estimates that preparing a small practice for ICD-10 will cost between $56,639 and $226,105, including technology updates, training, testing and revenue losses due to drops in productivity and payment delays and reductions.

A year away from the October 2015 deadline for transitioning to the International Classification of Diseases—10th revision (ICD-10), physicians cannot assume another delay will happen, experts say. Now is the time to prepare in earnest.
Not sure how to start preparing in your own practice? To get an overview of what ICD-10 entails, start with the Road to 10 site (roadto10.org), run by the Centers for Medicare and Medicaid Services. It offers webcasts, frequently-asked questions and other information. Once you know the basics, here are other strategies to get your practice prepared.

1. Beat inertia

Many medical practices got lucky when the ICD-10 implementation deadline was extended because they had procrastinated on learning it. While it is possible the deadline could be postponed again, Lance believes it’s unlikely. “Hope was a strategy, but I don’t think it will be this time,” he says.

To make the transition manageable, experts recommend scheduling some time every month to work on it, starting now—rather than next July or August, when it is likely to become a mad rush. “I think there are a lot of physicians who have their head in the sand on this,” says de Regnier. “It’s going to come back to bite them.”

Although de Regnier has started working on the transition, he is apprehensive. “I think we’ve frankly only scratched the surface,” he says. “It’s such a radically different coding system from what ICD-9 is. There’s going to be a pretty steep learning curve. I think the result is we will see a significant decline in productivity initially.”

2. Budget for the blitz

Complying with ICD-10 requires a substantial investment, so make sure you plan for outlays to cover training, additional software or upgrades to your existing programs, and other costs.

Madison County Medical Associates has, for example, paid its electronic health records (EHR) vendor Allscripts more than $5,000 to update its system to manage ICD-10. If some members of your team have learned the system well, you may be able to offset some of the additional overhead by having them train others.

3. Assess your internal capabilities

Large practices may have a large enough business office to manage the change internally, but smaller ones may find it difficult to keep up.

Jeff Drasnin, MD, a general pediatrician based in Cincinnati, Ohio is among them. He is a partner in ESD Pediatric Group, which runs two practices that employ a total of five physicians and three nurses. After the practice’s billing manager mentioned concerns about the scope of the change, ESD decided to rely on solutions such as athenaCollector, a practice management and billing service, to handle the requirements.

“If you have the wrong codes, it will grind your practice to a screeching halt,” Drasnin says.

4. Know who needs to learn

To avoid coding errors, include anyone who “touches” the system in your training, say experts. For instance, if medical assistants fill out lab forms and need to list patients’ diagnoses, they need to know the proper codes. de Regnier’s practice employs three nurses and a health coach, but he says, “we haven’t spent a lot of time with them, other than in our office meetings.”

5. Create a communication team

Designate one, or several individuals, on your team to tackle tasks like keeping in touch with software vendors, health plans and clearinghouses to find out their status in complying with ICD-10, and ask about changes in how you will work with them, experts recommend.
Your communication team should also keep your staff informed of any news on ICD-10 that affects how they do their jobs. Given the massive scale of the change, there will likely be snafus related to reimbursements.

“Plan for contingencies,” advises Tim DeCou, a partner who directs the healthcare practice at Hardesty LLC, an executive services firm based in Irvine, California. He recently helped a medical group prepare for ICD-10.

6. Master the codes that matter

While many physicians have memorized the codes they use in ICD-9, that is harder to do in ICD-10, because the system is more elaborate. Instead, experts recommend focusing on learning the codes relevant to your specialty, rather than all 155,000 codes. “Make a short list of the codes you have to be good at,” says Lance.

7. Use the right lingo

To get the proper reimbursements, it is important for medical teams to understand how the terms “initial” and “subsequent” are being used in ICD-10, says David J. Freedman, DPM, CPC who, in partnership with Gary Chan, MD, CPC, operates a website called ICDtenhelp.com.

An initial visit is when a problem is first diagnosed, he explains. “It can be a patient you’ve seen on and off for years or a new patient,” Freedman says. A subsequent visit follows the initial one. Whether a visit is initial or subsequent affects how claims are coded. “The last of the seven characters changes on subsequent visits,” says Freedman. “The documentation would have to match up with the coding.”

Not understanding this difference can be costly. “If an insurer audits a record and it’s really a subsequent encounter and not an initial encounter that’s going to cause problems from a medical dollar reimbursement side,” says Freedman. “The claim will be denied or held up.”

8. Keep an eye on operations

Be prepared for changes to your coding affecting other aspects of your practice’s operations—and divert staffers from other tasks. “Look at where your work flow is going to have to change,” advises DeCou.

How you create referrals and order services will likely change somewhat, notes Michael Palantoni, senior manager of product innovation at software provider athenahealth. Ask yourself: “If those are all created and generated in the ICD-10 world, how do you make sure those are handled well?” he says.

9. Create a compliance team

Every practice should have a point person assigned to regularly check coding to make sure there are no errors that are costing the practice money—and identify staffers who need more training, say experts. The stakes are high for practices that don’t get it right because errors may lead to delayed or denied claims. “We’ve got to get it right. That’s why planning is so critical,” says DeCou. “No practice can afford to make big mistakes that affect cash flow today.”
ICD-10 Preparation 101

- **Make sure ICD-9 still works**
  Practices must ensure that they are ready to continue with ICD-9. To do this, make sure all of your vendors are aware of the delay and that no forms or software for ICD-10 go active on October 1-2014.

- **Continue training**
  Conduct high-level training in ICD-10 for providers and coders to prepare for eventual testing.

- **Take a financial snapshot**
  Begin analyzing the financial health of your practice. Evaluate your payer mix, determine your typical accounts receivable cycle and examine denied claims, both for coding and documentation reasons. Determine what you need to do to survive financially if you encounter a major problem with reimbursements after October 2015.

- **Gather coding data and identify diagnostic patterns**
  Analyze your practice’s coding patterns to determine which codes you use most frequently, which ones make up the largest portion of your revenue, and which ones are denied most frequently. This should be done for each payer you work with, going back about one year.

- **Contact vendors and health plans**
  Ask all your payers and vendors – electronic health records, billing services, clearinghouses – about their ICD-10 readiness. Monitor the preparedness of your vendors and payers and work with them to identify and address gaps.

- **Beef up your documentation**
  No reason to wait on this. Providers should begin documenting patient encounters as if ICD-10 is already in place. The goal is to be ready, from a documentation standpoint, for testing and, eventually, going live with ICD-10.

- **Begin testing**
  Testing ICD-10 claims to ensure that your coding and documentation are working properly is vital, and should begin as soon as possible. CMS is holding testing weeks prior to the October 2015 transition, but waiting for those events is not necessary. Testing is important both within your practice and with the clearinghouses and payers you will be working with. One key: Test using records that reflect the patient encounters you will commonly deal with.

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**ICD-10 testing weeks**

The Centers for Medicare and Medicaid Services (CMS) has announced that it will conduct three weeks of ICD-10 testing. The testing weeks will be:
- November 17-21, 2014
- March 2-6, 2015
- June 1-5, 2015

CMS says the testing is to reassure providers that the systems will be ready for the October 1, 2015 implementation deadline, which was officially confirmed by the Department of Health and Human Services earlier this month.

While submitters can acknowledge test ICD-10 claims at any time through implementation, the testing weeks were created by CMS to instill confidence in the provider community that CMS is ready.