

**ICD-10 AND HIPAA 5010  
FOR THE EXECUTIVE SUITE:**

**ARE YOU PREPARED?**

January 20, 2011

12:00 - 1:00 p.m.



# Presenters

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# HIPAA 5010 and ICD-10

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**Jim Cannon, FACHE**  
**Washington State Hospital Association**

# Agenda

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- Introduction
- Financial picture
- Technology
- Coding knowledge, needs, and training
- Summary
- Q & A

# What Are HIPAA 5010 and ICD-10?

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- Conversion to HIPAA 5010 & ICD-10 is *mandated* by the U.S. Department of Health & Human Services with *non-negotiable deadlines*
- HIPAA 5010 standard defines how providers exchange information electronically with payers
- ICD codes define patient diagnoses and procedures in a standard way

# Deadlines and who is impacted

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- Upgrades: HIPAA 4010 to 5010 (*Jan 1, 2012*) and ICD-9 to ICD-10 (*Oct 1, 2013*)
- All Washington providers billing for patient services
- Payers, software vendors, and affiliated reporting partners
- Failure to meet either deadline will delay reimbursements

# Some of the Benefits

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## ■ Improved quality of care

- Measuring quality, safety, efficacy and outcomes
- Better understanding new procedure value
- Improving disease management

## ■ Improved financial performance

- More-accurate payments for new procedures
- Fewer miscoded or rejected claims
- Ability to monitor resource utilization

# What's Changing and When?

## HIPAA 5010

- Upgrade of claims/billing transactions from previous version
- 1,300 changes
- Prerequisite for ICD-10

## ICD-10

- Massive overhaul
- Increased clinical data complexity
- Impacts physician/clinical documentation requirements and processes
- Impacts all areas of Revenue Cycle
- Many systems are impacted
- Impacts IT vendors, all trading partners, external reporting entities and payers
- Coders must be trained and re-certified.
- Physicians must either be trained or alerted to acquire training



Federally mandated dates

# ICD-10 Implementation

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## Financial Picture

Lori Laubach  
Moss Adams,LLP

# HHS

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- In Final Rule, the US Department of Health and Human Resources (HHS) intra-agency workgroup considered the broad cost categories of training, productivity losses and system changes to provide a cost estimate of 0.01% of revenue receipts for health insurance carriers and third party administrators.

# Costs to Consider

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- **Move within Information Technology to ICD-10**
  - Software changes
  - Hardware changes
  - Interface changes
  - Testing of Information Technology changes
  - Use of risk mitigating technologies
  - Hard coded edits
  - Report changes (custom designed reports, data warehouse)

# Financial Impact Areas

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- **Training and Education**
- **Cash Flow disruptions**
  - Payer issues – creating manual mechanisms
  - Repeat processing of denied claims
  - Coding accuracy
- **New payment mechanisms Revised Contracts or benefit categories**
- **Timing of implementation – other payers**

# Areas to Analyze

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- Training
- Case mix analysis
- Payer contracts
- Utilization by ICD-9 – ICD10 impact to DRG
- Clean claims
- Implement financial modeling to assess financial impact of ICD-10 efforts



# 5010/ICD-10 Migration – Technology Impact

**Doug Hires**  
**Strategy & Advisory Practice**

# The Transition to HIPAA X12 5010

- This is a technical integration and systems upgrade
- The transition includes more than 850 complex changes
- The transition to 5010 is the pre-requisite to ICD-10
- Extensive internal and then external testing will be necessary
- Each transaction in 5010 has many impacted fields

<b>TX ID</b>	<b>Description</b>	<b># of Impacted Fields</b>
270/271	Eligibility	157
276/277	Claim Status	77
278	Pre-Authorization	278
820	Premium	33
834	Enrollment	135
835	Remittance	136
837D	Dental Claim	190
837I	Institution Claim	152
837P	Professional Claim	257



# What are the HIPAA X12 5010 Transactions?

- 270/271

- Health Care Eligibility Benefit Inquiry and Response

- 276/277

- Health Care Claim Status Request and Response

- 278

- Health Care Services – Request for Review and Response; Health Care Services Notification and Acknowledgment

- 820

- Payroll Deducted and Other Group Premium Payment for Insurance Products

- 834

- Benefit Enrollment and Maintenance

- 835

- Health Care Claim Payment/Advice

- 837

- Health Care Claim (Professional , Institutional, and Dental), including coordination of benefits (COB) and subrogation claims

- NCPDP D.0

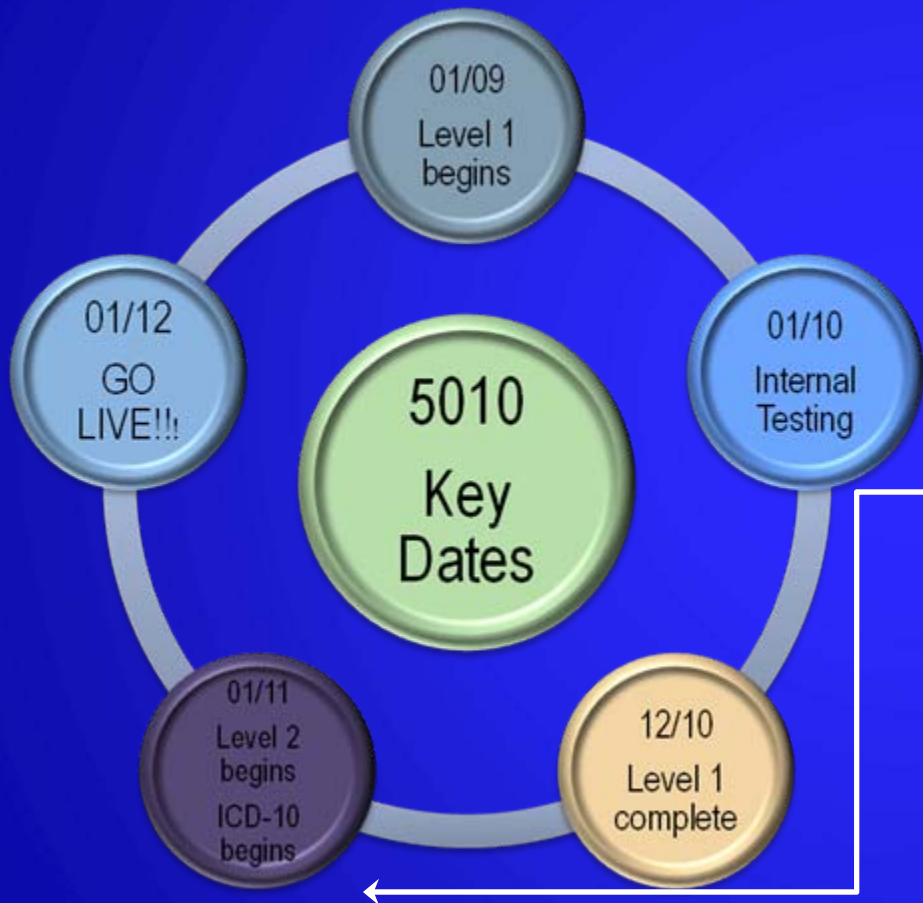
- Retail Pharmacy Drugs (Claims, Coordination of Benefits, Eligibility Request/Response, Referral Certification and Authorization Request/Response)

- NCPDP 3.0

- Medicaid Pharmacy Subrogation (Batch)



# Key 5010 Dates – Set by HHS



Jan 2009

- Begin Level 1 activities (gap analysis, design, and development)

Jan 2010

- Begin internal testing for HIPAA 5010 and NCPDP D.0

Dec 2010

- Achieve Level 1 compliance (covered entities have completed internal testing and can send and receive compliant transactions)

Jan 2011

- Begin Level 2 testing period activities (external testing with trading partners and move into production; dual 4010A/5010 processing mode)
- Begin initial ICD-10 compliance activities (gap analysis, design, development, and internal testing)

Jan 1, 2012

- 5010/D.0 compliance date for all covered entities



# Contents of a 5010 Technology Migration Plan

- 5010 training or reviews (understand the problem space)
- A review of existing interfaces to ensure 5010 compatibility
- Develop robust test plans that exercise edge cases and not just the “norm”
- Obtain/construct realistic test data
- Construct development and test environments
- Develop validation procedures with your external data recipients
- Create a plan for running parallel systems
- Develop “cutover” and rollback plans from test to development
- Execute test plans
- Document your environments
- Understand the impact of a rollback on cash flow



# ICD-10: Won't Our Vendors Handle This?

Yes, but No.....

- Do you have custom applications in house?
- Are all of your vendors "on plan"?
  - Smaller vendors may pose a risk?
  - Vendors may not be delivering a functional upgrade, activation thru configuration
- Reports Modification, who does that and how big is it?
- How do you run retrospective ICD-9 and prospective ICD-10?
- What tools do you need?



# Potentially Impacted I/T Systems & Business Functions

- Encoding & Abstracting
- Billing / Financial
- Registrations / Scheduling
- ABN
- Case Mix
- Decision Support
- Clinical Documentation
- CPOE
- Registries
- Claims Submission Software
- Utilization Management
- Quality Management
- Pharmacy System
- Case Management
- Medical Necessity Software
- Disease Management
- Radiology / PACS
- Laboratory
- Data Warehouse



# What and How Do You Perform Applications/ System Remediation?

- Version Upgrades to support ICD-10 codes
- Utilize Translation Tools & Mapping (General Equivalency Maps – GEM) for the translation of ICD-9 codes to ICD-10
- Replacement of applications that can't be upgraded economically or effectively with ICD-10 compliant applications
- Consider new coding technology (Auto Coding/NLP) to assist with impact on HIM

## And don't forget.....

- Interfaces in all cases must be evaluated, modified and tested
- Reports redesign and modification
- Custom databases redesign and modification



# Contents of an ICD-10 Technology Migration Plan

## *Assessment /Analysis /Planning*

- Identify I/T system functional dependencies
- Document and locate all sources of automation (vendors, internal, etc.)
- Document the ICD-9 code workflows (interfaces, etc.) among systems
- Identify how changes to data will impact downstream (reporting, workflows, etc.)
- Assess key vendor readiness and their roadmap for ICD-10 compliance
- Determine if custom application systems will be cross-walked or upgraded or replaced
- Assess and communicate the database changes that are required
- Determine strategy for data conversion (Legacy ICD-9, Mapping, etc.)
- Consider new technologies to assist with coding in ICD-10, e.g. Autocoding/NLP
- Develop Tactical Plan for software upgrades, testing & go-live
- Identify capital and operating budget impacts (hardware, software, people)



# ICD-10 Implementation

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## Coding Knowledge Needs and Training

**Kathleen Peterson, MS, RHIA, CCS**  
**KP Compliance Solutions LLC**

# Coding Knowledge Needs

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## ICD-10-CM and ICD-10-PCS

- **Role-based training**
- **Extent of training**
  - Coding professionals
  - Providers
  - Case managers
  - Administrative staff
  - Ancillary services staff

# ICD-10 Code Set Training

## Timeline

- Roles determine when training is delivered

## Content

- Pre-implementation process
- Biomedical science & surgical terminology refresher
- Coding conventions & guidelines
- Post-implementation evaluation and maintenance

## Method / Resources

- Staff in-service training on site
- Distance learning
- Off-site workshops and training
- Vendor / professional training

# ICD-10: Impact on Financial Resources

## Training Budget

Who needs training?

How much training needed by role?

## Minimizing the Impact on Facility Reimbursement

Fully trained workforce

Clinical documentation improvement

Evaluate and test software applications & data systems

Keep current on data collection



# Summary

# Critical Success Factors

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- Start now – *you may already be behind*
- Leadership support is critical
- Cross-functional teamwork is needed
- Engage with external trading partners
- Work with vendors. Are they ready for 5010 testing this year?
- Communicate regularly with all stakeholders to ensure coordination of efforts

# Challenging changes, but resources are available

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- AHIMA [www.ahima.org/ICD10](http://www.ahima.org/ICD10)
- HIMSS [www.himss.org](http://www.himss.org)
- HFMA <http://hfma.org>
- Federal government:
  - CMS [www.cms.gov/ICD10](http://www.cms.gov/ICD10)  
[www.cms.gov/Versions5010andDO/](http://www.cms.gov/Versions5010andDO/)
  - MAC [www.noridianmedicare.com](http://www.noridianmedicare.com)
- Vendors
- Consulting firms

# Any Questions?



# Contact Information

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