Minimizing the Financial Impact of ICD 10 to Budgets, Productivity Forecasts and Reimbursement

National Rural Health Resource Center
Rural Hospital Performance Improvement (RHPI) Project

December 19, 2012

John Behn
Determine Financial Impact

• If your facility has created a steering committee and set a schedule and time table for implementation then you should have:
  – Identified the costs associated with implementation
  – Examined the impact of increased denials
  – Examined the impact to departmental and physician productivity
  – Modified budgets where necessary
## Information Systems

<table>
<thead>
<tr>
<th>Practice Management System Upgrade</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Medical Record upgrade</td>
<td></td>
</tr>
<tr>
<td>Coding Software</td>
<td></td>
</tr>
<tr>
<td>IT and Consulting</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>

## Auditing/Review/Cross walking

<table>
<thead>
<tr>
<th>General Consulting/Audit Year 1 @ xxx per provider</th>
<th>Estimated Time</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Consulting Audit Year 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Consulting Audit Year 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Consulting/Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Review of System Process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross walking &amp; Mapping</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$0.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Education and Training

<table>
<thead>
<tr>
<th>Physicians</th>
<th>Estimated Time</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nurses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ancillary</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$0.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Overtime

<table>
<thead>
<tr>
<th>Coders</th>
<th>Estimated Time</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ancillary Staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Productivity Loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$0.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

## Temporary Staffing

<table>
<thead>
<tr>
<th>IS</th>
<th>Estimated Time</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Entry</td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$0.00</strong></td>
<td></td>
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</table>

## Totals

<table>
<thead>
<tr>
<th>Information Systems</th>
<th>Cost Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting/Audit/Crosswalking</td>
<td>$0.00</td>
</tr>
<tr>
<td>Training</td>
<td>$0.00</td>
</tr>
<tr>
<td>Overtime</td>
<td>$0.00</td>
</tr>
<tr>
<td>Temporary Staffing</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Estimated Expenses</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>
Determine Financial Impact – Training and Education

- Identify the costs associated with implementation
  - Courses
  - Books
  - Overtime
  - Outside agencies for coverage
  - Technology changes / updates
  - Reallocation of duties for departmental heads
  - Cost of account rework
  - Internal communication / messaging
  - Customer service announcements
## Sample Canadian Coding Productivity (Charts Completed per Hour) Pre- and Post-ICD-10 Implementation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient</td>
<td>4.62</td>
<td>2.15</td>
<td>3.75</td>
</tr>
<tr>
<td>Day Surgery</td>
<td>10.68</td>
<td>3.82</td>
<td>8.53</td>
</tr>
<tr>
<td>Emergency</td>
<td>10.37</td>
<td>6.49</td>
<td>8.83</td>
</tr>
</tbody>
</table>

Note: Data taken from Humber River Regional Hospital, Toronto, Ontario, Canada

[http://www.himss.org/content/files/HIMSS_%20ICD_10_TaskForceDec17final.pdf](http://www.himss.org/content/files/HIMSS_%20ICD_10_TaskForceDec17final.pdf)
Training Budget - AHIMA ICD-10 Options

• Expert Trainer in Diagnosis and Procedure Coding
  – 3 day course
  – 32 CEUs
  – $1,895.00- $2,395.00 depending on number of trainees and membership status

• Online Options
  – 28 hours acute care code set training for ICD-10 CM
    • $999.00 regular price or $849.00 with member discount per person
  – 40 hours specialty code set training for ICD-10 PCS
    • $999.00 regular price or $849.00 with member discount
  – Practice exams inpatient or outpatient $99.95 each, or $89.95 with member discount

(Note: Your costs may be different than above.)
Training Budget - AAPC Certification Program

• Approximately $695.00 per person per session
  – 16 Hours ICD-10 Implementation Training (Optional)
  – 14 Hours Anatomy and Physiology
  – 16 Hours Phase I ICD-10 General Code set training and exercises
  – 4-8 Hours Phase II Specialty code set training
• Successful completion of 75 question open book online exam. Exam fee $60.00 per person includes one exam retake if necessary.

• (Note: Your costs may be different than above.)
Training Budget - BridgeFront Online ICD-10 Option

• ICD-10 Preparedness Education
• Anatomy and Physiology
• Fundamentals of ICD-10 Coding Specifically for Coders, Billers and CDI personnel
• Prepares coders for AAPC exam
• CEUs available for AHIMA requirement
• Pricing available on request
Additional Budget Considerations

- **Provider Training**
  - AAPC $395.00 per Specialty Training
  - Budget for appointment time lost
  - Ancillary Service reduction resulting from decreased visits
  - Staffing if schedules are expanded to accommodate down time

- **Community Partner Training**
  - What steps are they undertaking?
  - Can you leverage or augment?

( Note: Your costs may be different than above.)
Budget Training for Non Coders

• AHIMA Option
  – Introduction to Code System for non Coders
    • 60 minute session
    • $229.000 per person / $179.00 member discount

• Additional Considerations / Costs
  – Overtime to meet training requirements and staff responsibilities
  – Additional Staffing if necessary

( Note: Your costs may be different than above.)
Determine Financial Impact – Denials

- Examine the impact of increased denials
  - Does your facility / physician practice have a denial management program?
  - What is your current denial rate?
  - What is the financial impact for denials?
  - Is it appropriate or do you have a denial problem?
  - Is your business office trained appropriately?
  - Do you use your billing system to distinguish between denials by payor?
  - Who owns your hospital denials?
  - Are your physician practices accountable?
Determine Financial Impact – Lower Productivity

• Examine the impact to departmental and physician productivity
  – Will the physician practices reduce their schedules for a period of time?
  – If so, what is the impact to:
    • Physician gross revenue
    • Ancillary physician revenue
      – Clinic procedures, ancillary lab or radiology revenue, operating room cases
    • Ancillary hospital revenue
      – Lab, radiology, rehab services, OR cases
  – Will hospital services reduce their schedules?
  – What is the impact of lower lab, radiology or elective OR cases?
  – When will you increase production back to current rates?
  – What is your fall back plan due to complications?
Determine Financial Impact - Budgets

• Modify budgets where necessary
  – Need to confirm final implementation date
  – All budgets need to be reviewed:
    • Expense
    • Revenue
  – Lower volumes will impact pharmacy and supply expenses
  – Do you have buy-in from senior management, departmental leadership and the implementation steering committee?
  – Did you evaluate the impact of:
    • Increased unbilled accounts
    • Increased denials
    • Increased late charges
THANK YOU!!!!!!!

Questions? Thoughts? Contact:

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