

ICD-10 DEFERRAL: WHAT'S NEXT FOR PROVIDERS?

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On March 31, it was with great surprise that the Department of Health and Human Services (HHS) announced that the mandated conversion to the International Classification for Diseases, 10th Edition (ICD-10) was to be further delayed through Oct. 1, 2015. This delay is part of a larger bill which is focused on preventing a significant cut on Medicare reimbursement for physicians.

What Led to the Delay to Implement ICD-10 in the U.S.?

A number of factors led to HHS's decision. For one, implementation is costly. The American Medical Association (AMA) estimates that costs could be \$225,000 for a typical small physician's practice and as much as eight million for a large practice.

Second, industry experts question whether the medical community is prepared to implement ICD-10. The Medical Group Management Association (MGMA) noted that in February 2014, only 10 percent of physician practices were in fact ready for ICD-10 implementation.

According to research conducted by MGMA, the overall readiness of the industry remains slow. In a press release, the association noted that "The transition to ICD-10, with its substantial impact on documentation of clinical care, physician productivity and practice reimbursement, is unprecedented. It's

proving to be one of the most complex and expensive changes our healthcare system has faced in decades."

Additionally, in today's shifting healthcare environment, it is no wonder a significant percentage of physicians are resisting the implementation of ICD-10, as it is just another of the many financial shocks facing doctors. According to MGMA, "ICD-10 will arrive at the same time that a number of other transformative federal policies go into effect, such as health insurance exchanges and Stage 2 of the CMS Meaningful Use EHR Incentive Program."

What Was the Industry's Reaction to the Delay?

According to a recent poll conducted by *Healthcare Informatics*, 59 percent of providers expect a loss of momentum due to the delay and 58 percent expect their resources and funding to be most affected. Fourteen percent of providers said the delay will give them time to catch up on testing for the new coding system. The Coalition for ICD-10, a broad-based healthcare industry advocacy group that includes hospitals, health plans, physician office coding experts, vendors and the health information technology (HIT) community, sent a letter to HHS encouraging the department to reconsider its October 2015 deadline. For the time being, HHS is sticking to its deferral.

What Can Providers Do Now to Prepare for ICD-10 Implementation?

As with most new ventures in the medical field, the challenge is adapting to the requirements. The time invested now will save effort, energy and, in the long run, money.

There are several resources available to help prepare for the implementation of ICD-10. Most of them focus on how to prepare the coders and billers for the transition. While it is important to work with these individuals to ensure they have the necessary training, it is equally important for providers to understand what they need to do in order to be ready. Providers need to take a long, hard look at their documentation as this is where the true impact of ICD-10 implementation will be felt by clinicians.

That is not to say that providers will be on their own in understanding the new documentation requirements. Nor does it mean it has to be a painful, difficult or monumental undertaking. Providers are not expected, or even encouraged, to memorize any ICD-10 codes. Rather, they are expected to take care of their patients and document what they did, then codes will be assigned based on documentation.

In advance of ICD-10 implementation, providers will need to gather and document more information on most of their patients. To help capture all necessary data, providers might consider creating a documentation-prompting template, a tool they can refer to until they are comfortable with the new requirements. This template is not meant to replace a provider's documentation style; rather it is intended to prompt providers to capture all the required elements in order to assign the appropriate ICD-10 code to the highest level of specificity.

A documentation-prompting template can be created by the providers' organization or by outside consultants. Providers do not need a template for each and every diagnosis code, but they do need a template for the main category that encompasses all possible options. For example, say an organization has

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more than 50 different fracture codes that it is currently reporting in ICD-9. It would only need one template for fractures, as they all follow the same basic setup in ICD-10. A fracture template may look something like this:

Fractures – General Guidelines:

If not specified as displaced or nondisplaced, coders will default to displaced.

If not specified as open or closed, coders will default to closed.

Needed information (if applicable):

1. Location – e.g., proximal end, mid shaft, etc.
2. Laterality
3. Bone(s) involved – e.g., ulna alone or ulna with radius
4. Type of fracture – physeal, comminuted, spiral, transverse, etc.
5. What encounter this is – e.g., initial or subsequent
6. Healing status – routine, delayed, nonunion, malunion, sequel

Example of what a code actually states:

S72.021N Displaced fracture of epiphysis (separation) (upper) of right femur, subsequent encounter for open fracture type IIIA, IIIB, or IIIC with nonunion

What's Next?

Changing to ICD-10 is not as easy as flipping a switch. The U.S. healthcare industry must reshape 35 years of habit, and it will take time to adjust. However, with the additional allotted time, it is prudent that providers ensure that documentation will be ready to go live once October 2015 approaches. Their alternative — to wait and then spend a great deal of time re-visiting records and amending notes just to get claims out the door or, better yet, paid — makes much less sense.

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New reimbursement models, an aging population and changes mandated under healthcare reform have all coalesced to reshape the industry, placing tremendous pressure on healthcare organizations to adapt, drive efficiencies, manage costs and improve the quality of care for patients.

Within this new healthcare landscape, the need to transform business and care models is paramount. BDO recognizes this challenge – and opportunity – and we're committed to continuing to grow the breadth of services we provide to healthcare clients to help them navigate this complex environment and position themselves for success.

We are pleased to announce the continued expansion of BDO's Healthcare Advisory practice and BDO's Center for Healthcare Excellence & Innovation, with the addition of three leading industry professionals:

- **Dr. David Friend, MD, MBA:** Managing Director with BDO Consulting and Chief Transformation Officer for BDO's Healthcare Advisory practice, where he co-leads Clinical Strategy for the firm's Center for Healthcare Excellence & Innovation.
- **Dr. William "Bill" Bithoney, MD, FAAP:** Managing Director with BDO Consulting and Chief Physician Executive for BDO's Healthcare Advisory practice, where he co-leads Clinical Strategy for the firm's Center for Healthcare Excellence & Innovation.
- **E. Venson Wallin, Jr., CPA:** Managing Director with BDO Consulting, where he expands the firm's regulatory and compliance capabilities for BDO's Healthcare Advisory practice and Center for Healthcare Excellence & Innovation.

Dr. Friend, Dr. Bithoney and Mr. Wallin join **Patrick Pilch**, National Leader of BDO's Healthcare Advisory practice, further enhancing the firm's ability to offer clients diverse, multidisciplinary teams that bring together deep clinical, financial, regulatory and data analytics experience to help provide sustainable solutions across the full spectrum of healthcare challenges facing organizations, stakeholders and communities. They will work alongside seasoned BDO Healthcare industry leaders **Chris Orella** and **Steven Shill** to drive value for BDO's healthcare clients.

For more information, please contact Patrick Pilch at ppilch@bdo.com, David Friend at dfriend@bdo.com, William "Bill" Bithoney at bbithoney@bdo.com or Venson Wallin at vwallin@bdo.com.