

# ICD-10

International Classification of Diseases

## **Dollars and Sense: ICD-10 Cost Survey Results**

Prepared For:

**American Institute of Healthcare Administrative Management**

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# Defining the Problem



## Top 3 Provider Concerns

\*as discussed in the WEDI National Conference, May 2014

### ● Cost

- Updated Cost Study shows small practice costs ranging from \$56k to \$226k
- The bulk of these costs fall into Testing and Payment Disruption
- “ICD-10 cost a ‘crushing burden’ for docs” – Healthcare IT News headline

### ● Complexity

- ICD-10 Diagnosis Codes increase five-fold over ICD-9: from 13,000 to 68,000

### ● Testing

- Too many small providers for each to test with key regional payers

# What Can You Expect Today?

## This Presentation Focuses on Cost:

- Review findings from UHC driven ICD-10 cost survey
- Share best practices identified in cost survey
- Call to arms: leverage industry to engage in a broader, collaborative effort to identify costs & viable cost reduction strategies

## Further Work Being Done:

- Collaborative efforts for partner testing
- Education on ICD-10 complexity

# Question for You:

- By a show of hands, please provide your answer to the following question:

What is your best guess as to the overall costs a small PCP practice (2-3 physicians) will experience in the transition to ICD-10:

- 1) Under \$10,000
- 2) \$10,000-\$50,000
- 3) \$50,000-100,000
- 4) \$100,00-\$200,000
- 5) Over \$200,000



# Why an ICD-10 Cost Survey

- To better understand the specific cost burdens of small practices for ICD-10
- Utilize specific case scenarios to explore remediation alternatives and their impact on cost
- Test out the assumption that not all costs are applicable to all providers
- Identify what small practitioners deem to be “best practices” and share with provider partners

## Bottom Line:

- From the outset, UnitedHealthcare has been particularly concerned with small/ solo practitioners, rurally situated practitioners, or resource sensitive practitioners because the transition to ICD-10 can be a resource heavy activity. Information shared about the transition helps create awareness and the ability to offset or mitigate those factors which might affect productivity or revenue

# Overview of Study Participants

- **Participants:**

- 3 Small Sized (2-4 physician) Practices':

- Small Practice A. 2 MDs/ 1 coder
    - Small Practice B. 1 MDs/ zero coders
    - Small Practice C. 4 MDs/ zero coders

- 1 Medium Sized Practice

- 11 MDs/ 3 coders

- 1 Large Sized Practice

- 59 MDs/ 2.5 coders

Total: 78 Physician 6.5 Coders (12:1 physician to coder ratio)

- **Specialty:**

- All Primary Care Based (large practice did include specialists)

- **Where:**

- 3 practices located in Colorado/ 1 practice located in Illinois and Iowa

- **When:**

- All surveys performed in August, 2014

- **How:**

- Onsite and/ or telephonic interview

# Small Practice Feedback



**Below is feedback from two of the small practices we interviewed that helps illustrate that ICD-10 cost implications vary widely from practice to practice**

## **Small practice #1:**

**Q.** How difficult has the ICD-10 transition been relative to your expectations?

**A.** More difficult than I thought.

**Q.** Generally speaking, are the ICD-10 transition costs you've incurred more or less than your expectations?

**A.** Less costly than I thought.

## **Small practice #2:**

**Q.** How difficult has the ICD-10 transition been relative to your expectations?

**A.** Less difficult than I thought.

**Q.** Generally speaking, are the ICD-10 transition costs you've incurred more or less than your expectations?

**A.** More costly than I thought.

# Practice Feedback: Performance

Here is feedback received when each of the various sized practices were asked:

In which ICD-10 transition areas – Documentation/IT Readiness/Coder Training/Working with Clearinghouse/Code Mapping/Preparing for Payment Disruption – did they see their practice performing better than average:

- All three small practices indicated IT readiness
- One smaller practice indicated coder training
- The medium practice indicated coder training/code mapping/clearinghouse
- The large practice indicated coder training and preparing for payment disruption



# Practice Feedback: Performance Cont.

Here is feedback received when each of the various sized practices were asked:

In which ICD-10 transition areas – Documentation/IT Readiness/Coder Training/Working with Clearinghouse/Code Mapping/Preparing for Payment Disruption – did they see their practice as performing worse than average:

- Two small practices indicated documentation and preparing for payment disruption
- The medium practice indicated preparing for payment disruption
- The larger practice indicated IT readiness and code mapping

# Practice Feedback: Assessment

## When asked about ICD-10 Impact Assessment Costs, responses included:

- Yes, the practice hired a third party to conduct an ICD-10 Impact Assessment
- Not applicable. We do not expect costs to arise out of our Impact Assessment
- No, the practice did not hire a third party to conduct an ICD-10 impact assessment, and it was being done internally

## Small Practice findings:

- Two practices will perform the assessment in-house (no costs identified when asked)
- One practice's billing company is performing the function at no added charge to the monthly fee

## Medium Practice findings:

- Performing assessment in-house (budgeting \$2,500)

## Large Practice findings:

- Hired a third party to perform assessment (budgeting \$80,000 for consultant)

# Practice Feedback: Training

## When asked about ICD-10 Training Costs, responses included:

- Yes, the practice will use a third party to conduct ICD-10 training
- Not applicable. We do not expect costs related to ICD-10 training.
- No, the practice did not hire a third party to conduct ICD-10 training, and it will be handled internally

## Small Practice findings:

- One practice will perform training in-house (no costs identified when asked)
- Two practices' billing organization are performing this function at no added charge outside of the contract (will certify two internal staffers)

## Medium Practice findings:

- Performing training (“train the trainer”) in-house (budgeting \$1,500)

## Large Practice

- Hired a third party to perform training (budgeting \$60,000 for consultants)

# Practice Feedback: IT Remediation

**When asked about ICD-10 Vendor/Software Costs, findings included:**

## **For Small Practices:**

- Two had contacted vendor (charge: \$17,500 and \$7,500 respectively)
- One had not contacted vendor (assuming costs are included as part of recent upgrade)

## **For Medium Practices:**

- Had contacted vendor (no additional charge – included in agreement)

## **For Large Practice:**

- Had not contacted vendor

# Practice Findings: ICD-10 Testing

## When asked about ICD-10 Testing Costs, responses included:

- At this point, we don't anticipate any material costs arising from the practice's ICD-10 testing plans
- We do anticipate there will be costs associated with the ICD-10 testing the practice will perform.

## Findings include:

- All practices said they expect to test
- All participating practices mentioned they do not expect costs arising from testing

# Practice Findings: ICD-10 Delay

When asked if they could quantify costs incurred, if any, related to the ICD-10 delay(s), responses included:

## For Small Practices:

- Two cited none
- One stated \$1,000 (2 books and online ICD-10 resources)

## For Medium Practices:

- Cited none

## For Large Practice:

- Cited none

# Practice Findings: Productivity Loss\*

**When asked about Process Remediation/ Productivity Costs (additional time/requirements to get claims out to payers), responses included:**

- All practices said they expect a post ICD-10 productivity loss

**Small Practices** (one cited 30% loss in productivity/one cited moving from 3 to 7 days to get a bill out and one could not quantify the productivity loss)

- Reasons: All mentioned documentation
- Two mentioned longer time to code
- One mentioned gaps in payments/having to send both ICD-9/ICD-10 codes

**Medium Practice** (Could not quantify productivity loss)

- Reasons: Documentation/ long time to code

**Large Practice** (Could not quantify productivity loss)

- Reasons: Additional time is being anticipated to bill/ work rejections and handle back end issues – in addition to Documentation/Longer time to Code chart/System Issues

\*Cost NOT included in calculations

# Practice Findings: Payment Disruption\*

## When asked about ICD-10 Payment Disruption, responses included:

- At this point, we don't anticipate any material payment disruption to arise post ICD-10 implementation
- We do anticipate there will be a payment disruption arising from the use of ICD-10

## Findings include:

- All practices responded that they expect payment disruption

## For Small Practices:

- One cited Private Payer Issues/General Disruptions – smaller payer
- Two cited Private Payer Issue/Government Payer Issues

## For Medium Practices:

- Private Payer Issues/Government Payer Issues/ Prior Authorization

## For Large Practice:

- Private Payer Issue/Government Payer Issues/Prior Authorization

\*Cost NOT included in calculations



# Calculations: ICD-10 Transition

Summary Results: Cost Study Survey Additional Costs	Small Practice A (2 MDs)	Small Practice B (2 MDs)	Small Practice C (4 MDs)	Medium Practice (11 MDs)	Large Practice (59 MDs)
<b>ICD-10 Transition Costs</b>					
Costs: Assessment	\$0.00 (in house)	\$0.00 (in house)	\$0.00 (Billing Service)	\$2,500.00	\$80,000.00
Costs: Training	\$0.00 (in house)	\$0.00 (Billing Service)	\$0.00 (Billing Service)	\$1,500.00	\$60,000.00
Costs: IT Remediation	\$17,500.00	\$0.00 (Included in Recent Upgrade)	\$7,500.00	\$0.00 (Included in Maintenance Agreement w with Vendor)	? (Had Not Contacted Vendor)
Costs: Testing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Costs: Delay	\$0.00	\$1000.00 (Online Material/ Books)	\$0.00	\$0.00	\$0.00
Costs: Productivity Loss* No "additional" costs identified	n/a	n/a	n/a	n/a	n/a
Costs: Payment Disruption* No "additional" costs identified	n/a	n/a	n/a	n/a	n/a
<b>Total</b>	<b>\$17,500.00</b>	<b>\$1,000.00</b>	<b>\$7,500.00</b>	<b>\$4,000.00</b>	<b>\$140,000.00</b>
Costs per physician: (Total costs/ number of physician)=	\$8,750.00	\$500.00	\$1,875.00	\$363.64	\$2,372.88

# Findings and Best Practices

## Findings:

- The larger the practice the harder it is to incorporate costs. More hard costs are realized the larger the practice.
- All practices expect productivity losses, but hard to quantify
- Hard costs associated with IT remediation
- Physician documentation is a top concern

## Best Practices:

- Connect with and work with state medical societies
- Billing agencies are working to add value in offering education and assessments with small practices in particular
- Work with IT vendor(s) early – IT costs are a hard cost so knowing them upfront puts the practice in the best position
- Hospitals, in some cases, are providing free documentation training to those with privileges
- Dollars saved in employing a “train the trainer” education strategy
- Understanding ICD-10 prior-authorization process is of benefit.

# Questions and Contact information

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## Questions?

### Contact Information:

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ICD-10 Questions??

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# Thank you!