

Strategies for Success in Implementing HIPAA 5010 and ICD-10

Start **now** to assess your readiness
and develop an implementation plan

HELPING HOSPITALS SURVIVE *and* THRIVESM

IMPLEMENTING HIPAA 5010 & ICD-10: IT'S A MARATHON, NOT A SPRINT

HIPAA 5010 legislation requires the healthcare industry to use standard formats for electronic claims and related transactions. It has been described as the “envelope” that will contain the new ICD-10 codes – the most sweeping change in U.S. healthcare coding in more than three decades.

While Meaningful Use has garnered much of the healthcare spotlight recently, the January 1, 2012 deadline for HIPAA 5010 compliance is fast approaching and deserves equal – if not greater – attention. The October 2013 deadline for ICD-10 compliance is also something that hospitals need to begin addressing now to avoid last-minute panic and expense.

This white paper examines what hospitals must do to ensure a smooth, successful transition to both HIPAA 5010 and ICD-10. Implementing these new standards requires strategic planning, senior management buy-in, and comprehensive testing at every stage. This process is more of a marathon than a sprint. That's why many hospitals will need outside experts to assist with readiness assessment, testing, and education.

BACKGROUND ON THE NEW STANDARDS

HIPAA 5010 and ICD-10 became a reality when the Department of Health & Human Services released its final rules for healthcare transactions. The first rule covers HIPAA 5010:

- The adoption of the Accredited Standards Committee (ASC) X12 005010 Technical Report Type 3s (TR3s).
- The National Council for Prescription Drug Programs (NCPDP) Version D.0 for pharmacy transactions (ASC X12 5010/D.0).

The second HHS rule established guidelines for ICD-10:

- The adoption of the International Classification of Diseases – Clinical Modification (ICD-10-CM) for diagnosis coding.

- Adoption of the International Classification of Diseases – Procedure Coding System (ICD-10-PCS) for inpatient hospital coding.

The transition to ICD-10 will bring the U.S. in sync with healthcare coding in Europe and around the world. Moving to ICD-10-CM will be a tremendous task for all American hospitals, because it involves a five-fold increase in the number of codes – from about 13,500 to more than 72,000 codes. The structure of the codes is also changing: from three to five predominantly numeric characters to three to seven alphanumeric characters.

BENEFITS AND PITFALLS

The move to ICD-10 is a big step forward in electronic data exchange – and it promises a number of benefits, including:

- Accurately defined patient services
- More detailed diagnosis and treatment data (For example, the new codes can designate either left or right kidney.)
- Comprehensive reporting of quality data
- More accurate payments for new procedures
- Fewer rejected claims

But if HIPAA 5010 and ICD-10 are not properly implemented, there can be many problems in the short-term, including:

- Potential for significant increases in accounts receivable and decreases in hospital cash flow
- Higher call volumes due to rejected claims
- Risk of increased audits and sanctions

A MASSIVE PROJECT THAT AFFECTS *EVERYTHING*

Why are many hospitals retaining consultants to assist with HIPAA 5010 and ICD-10 implementation? Because it's a huge task that affects every area of hospital operations: clinical care, patient accounting, billing/financial systems, and much more. The charts below show some of the key impact areas and the systems requiring assessment for ICD-10 compliance.

Systems Requiring Assessment for ICD-10 Compliance

Accounting systems	Clinical systems	Physician practice management systems
Aggregate data	Decision-support systems	Quality management
Billing systems	Disease management systems	Quality management
Case management	Encoding software	Registration and scheduling systems
Case-mix systems	Medical necessity software	Test-ordering systems
Clearinghouse EDI systems	Medical record abstracting	Utilization management
Clinical protocols	Payer claims adjudication systems	All custom reporting systems, interface engine coding, data extracts & custom data bases
Clinical reminder systems	Performance-measurement systems	All systems sending and receiving clinical information to / from external resources

ICD-10 Key Impact Areas

Patient Scheduling	Registration	Charge Capture	Coding	Pricing	Claims Processing	Payment
Patient Accounting		Clinical Care			Billing & Financial Systems	
<ul style="list-style-type: none"> • Scheduling • Pre-registration • Information Capture • Financial Assistance • Registration 		<p>Physicians</p> <ul style="list-style-type: none"> • Disease & Case Management • Case Mix Management & DRG Groupers • Care Guidelines / Protocols <p>Nursing</p> <ul style="list-style-type: none"> • Clinical Documentation • Nursing Codes <p>Pharmacy</p> <ul style="list-style-type: none"> • Support to P4P and Bio-surveillance • Pharmacy Information Systems 			<ul style="list-style-type: none"> • Health Plan Contracting • Charge Capture • Payment Policy • Utilization Review • Coordination of Benefits • Physician Reimbursement Management 	
Health Information Systems						
<ul style="list-style-type: none"> • Clinical Documentation & Coding • EMR / EHR Workflow - CPOE 				<ul style="list-style-type: none"> • e-Rx Pharmacy & Radiology Systems • Integration / RHIO Support Processes 		
Performance and Reporting						
<ul style="list-style-type: none"> • Clinical Research & Registry Reporting • Performance Measurement • Audit / F&A Investigation Support 				<ul style="list-style-type: none"> • Quality Measures and P4P • Epidemiology & Public Health Reporting 		
Information Technology						
<ul style="list-style-type: none"> • Compatibility and Transition 		<ul style="list-style-type: none"> • Data Repositories 		<ul style="list-style-type: none"> • Software Interfaces 		

SUCCESSFUL IMPLEMENTATION STRATEGIES

The following strategies can help your hospital make a smooth, cost-effective transition to HIPAA 5010/ICD-10:

Get the right people involved early – Your CFO should be the leader of your HIPAA 5010 transition team, while your IT director should spearhead the ICD-10 implementation team. They'll need to enlist the support of many others, from every department in your hospital.

Secure buy-in from your hospital's leadership – It's essential to have the complete support of your senior management team and board. They're the ones who need to understand the process and approve the budgets. Let them know that you'll need to upgrade and test as many as 12 hospital systems to get ready for ICD-10.

Develop a long-term strategic plan – Many hospitals are choosing to combine the HIPAA 5010 and ICD-10 implementation teams rather than tackle the projects separately. This is a good way to ensure that testing and training go smoothly. Just don't forget that your hospital will need to support both ICD-9 and ICD-10 for a period of roughly two years.

Start planning and testing now – Don't let your hospital get fixated on Meaningful Use and other considerations and, in turn, delay the planning required for the coding changeover. The transition to HIPAA 5010 initially involves your electronic billing system (from vendors like SSI Group and McKesson) and your electronic data clearinghouse (companies like Emdeon). They're ready to test right now, so don't delay. The HIPAA 5010 transaction set must be ready to go on January 1 of next year.

Get a head start on training – Many people in your organization – doctors, nurses, IT staff, billing associates and more – will need extensive training in ICD-10 coding. Start the education process early, and sell your staff on the many benefits of the new system.

Important Deadlines:

HIPAA 5010 compliance: Jan. 1, 2012

ICD-10 compliance: Oct. 1, 2013

HOW QHR CAN HELP

QHR's seasoned consultants can support your hospital with the coding transition in a variety of ways:

- Conducting readiness assessments and audits
- Developing a long-range strategic plan
- Advising your IT staff
- Interfacing with companies that provide electronic billing and clearinghouse services
- Providing hospital-wide HIPAA 5010/ICD-10 education programs

FOR MORE INFORMATION CONTACT



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RESOURCES

You can get more information about the HIPAA 5010 and ICD-10 transition at:

- getready5010.org
- icd10watch.com
- ahima.org/icd10/preparing.aspx
- "Budgeting For ICD-10: What You Need To Know", *ICD-Ten* Aug. 2010 newsletter from AHIMA.