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**The Health Data
Transaction Ecosystem**



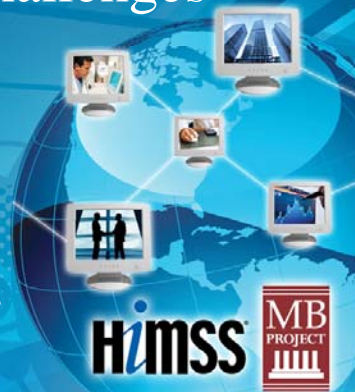
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**Meeting the HIPAA 5010 and
ICD-10 Compliance Challenges**

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5010 & ICD-10 Compliance Timeline



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HIPAA 5010: Background

Why 5010?

- Defines situational requirements more precisely than 4010A1
- Improves interoperability and enforceability of the standards
- Makes transactions easier to implement in a consistent manner

The Changes

- Front matter changes for standardization, better clarity and improved accuracy
- Technical improvements for effectiveness and better accommodation of transmitted data
- Structural changes to data elements and segments
 - Data content changes to eliminate redundancies and add additional elements

Systems Impacts

- Front matter changes and clarifications from 4010A1
- NPI crosswalks will need to be reviewed to ensure changes do not impact current crosswalks
- COB reporting enhanced

Costs

- Gartner estimates that the healthcare industry will spend between \$5.5B and 11B to achieve compliance with HIPAA 5010*
- Gartner also estimated that 70% of 5010 implementation cost will be for testing

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HIPAA 5010: Scope of Changes

HIPAA Transactions	X12 Standard	TR3	Volume of Changes
Enrollment	834	X220	117
Premium Payment	820	X218	23
Eligibility & Benefits Inquiry & Response	270 & 271	X279	143
Authorization	278	X217	277
Claims – Professional	837	X222	265
Claims – Institutional	837	X223	152
Claims – Dental	837	X224	190
Claim Status Inquiry & Response	276 & 277	X212	76
Remittance	835	X221	88
Total			1331
NCPDP			Volume of Changes
Total no. of changes			71

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HIPAA 5010: Migration Options

- Complete Replacement of All Systems
 - Replace core processing systems
 - Replace transaction processing front-end systems
- Remediation of Core Processing Systems
 - Make enhancements to core processing systems
 - Replace transaction processing front-end systems
- Step-Up / Step-Down
 - Leave core processing systems as-is
 - Inbound Transactions: Map and translate 5010 transactions to 4010A1 and hand over to core processing systems
 - Outbound Transactions: Convert 4010A1 transactions originating from core processing systems into 5010

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Complete Replacement: Key Considerations

- The most comprehensive option, that helps address both 5010 and ICD-10 compliance in one go
- Time Required to implement
 - If implementation is not yet well underway, it may be too late already to meet the mandated deadlines
- Costs of implementation
 - Definitely the most expensive option, requires fundamental rip-and-replace of legacy systems
- Other resources required
 - Even if costs and time are not a factor, people required within the organization may not be readily available

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Remediation: Key Considerations

- Requires enhancements to core processing systems and possible replacement of the front-end transaction processing systems
- Depending on the existing systems, may still require considerable time, money and resource investments
- Lower impact to IT and business than complete replacement

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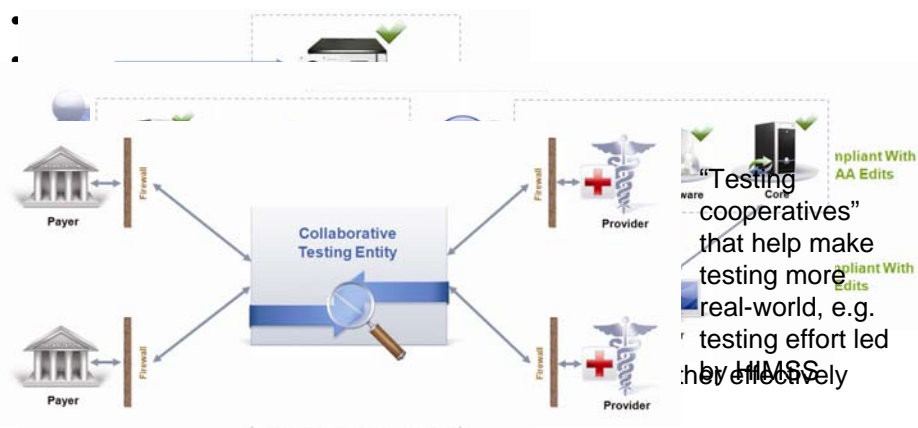
Step-Up / Step-Down: Key Considerations

- May be the most pragmatic option if planning and implementation have not yet commenced
- Least impact on core processing systems and other ongoing projects
- Technical Considerations
 - Mapping from 4010A1 - 5010 may not always be completely straightforward, so requires extensive impact analysis
 - May require storing inbound data for later "step-up" conversion
 - May need to maintain separation between transaction validation and 4010A1-5010 translation

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HIPAA 5010: Testing Strategies

- **Internal System Testing**



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ICD-10 COMPLIANCE

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ICD-10: Background

- ICD (International Classification of Diseases) codes are maintained by the World Health Organization (WHO); ICD-10 adopted by WHO in 1989
- Most developed countries other than the US currently use ICD-10
- The international version of ICD-10 contains approximately 12,400 diagnostic codes
- WHO has approved the United States version of ICD-10 CM version which in distinction contains approximately 69,000 codes
- ICD-10 PCS for coding of institutionally related procedures was developed by 3M as requested by CMS and maintained as a CMS standard
- Final Rule Published January 16, 2009; Compliance date October 1, 2013
- Claims not accepted with ICD-9 codes after compliance date
- Applies to date of service for Outpatient and Professional claims and date of discharge for institutional claims

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ICD-10: Why Is It Important?

1. A cornerstone of Health Information

- ICD-9/10 diagnosis codes define the health state of the patient
- ICD-9/10 procedure codes define the institutional procedures that patients may receive to maintain or improve their health state

2. Major change in the coding system

- **14,300** ICD-9 codes to **69,000** ICD-10 codes
- **3,800** ICD-9 procedure codes to **72,000** ICD-10 procedure codes
- Major changes in structure of the codes, coding rules and terminology

3. Pervasive use through most healthcare systems

- Many business functions Impacted
- Many IT systems impacted
- Paper and electronic

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ICD-10: Clinical Example

A provider sees a patient in a [subsequent encounter] for a [non-union] of an [open] [fracture] of the [right] [distal] [radius] with [intra-articular extension] and a [minimal opening] with [minimal tissue damage]

ICD-9 Code

Description

81352

Other Open Fracture of Distal End of Radius (Alone)

ICD-10 Code

Description

S52571M

Other intra-articular fracture of lower end of right radius, subsequent encounter for open fracture type I or II with nonunion

[Note] For all codes related to fractures of the radius:

•ICD-9 codes = 32

•ICD-10 codes = 1731

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ICD-10: Terminology Changes

ICD-9 Procedure Term	ICD-10 Procedure Term
Amputation	Detachment
Amniocentesis	Drainage
Arthroscopy, Cystoscopy...	Inspection... Endoscopic Approach
Closed Reduction	Reposition
Debridement	Excision, Extraction, Irrigation, Extirpation
Radical Mastectomy	Resection (right, left or bilateral)
Subtotal Mastectomy	Excision
Tracheostomy,	Bypass
Cesarean section	Extraction of Products of Conception
Incision	No ICD-10 term

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ICD-10: Uses

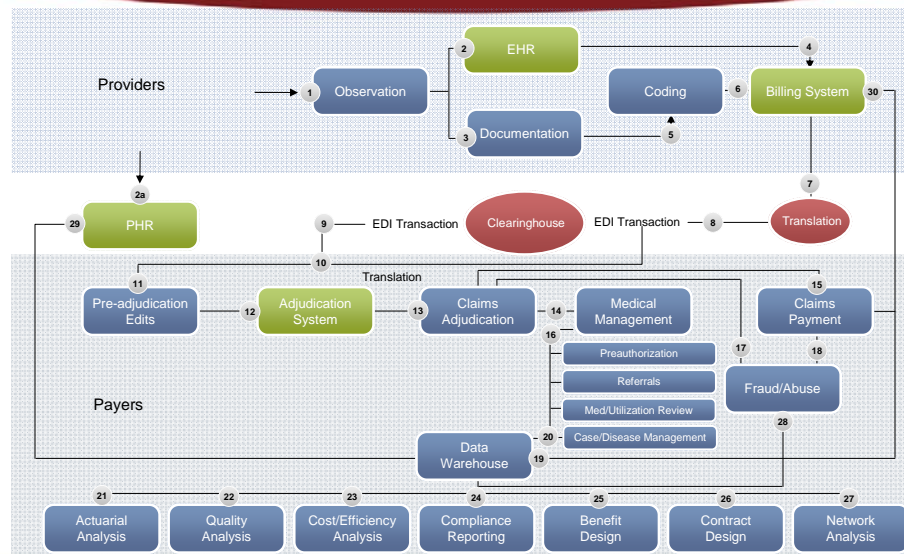
- Actuarial / Financial Risk
- Benefits Design
- Adjudication
- Contracting Scope and Pricing
- Payment Rules
- Medical Policies and Clinical Guidelines
- Quality and Efficiency Assessment
- Fraud, Waste and Abuse Analysis
- Comparative Effectiveness Research
- Outcomes
- Population Health Analysis
- Network Adequacy Assessment
- Clinical History
- Utilization
- Regulatory Reporting...

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ICD-10: Terminology Changes

- 5% of all ICD-10 codes will map accurately to ICD-9 codes
- 26% of all ICD-9 codes will map accurately to ICD-10 codes
- All other codes will either lose information or assume information that may not be true
- Imperfect mapping will affect processing and analytics in a way that impacts revenue, costs, risks and relationships.
- The level of impact is directly related to the quality of translation
- The anticipated quality of translation is currently an unknown
- No “approved” mapping is available. Payers, Providers, Vendors, everyone must comply, but they are on their own to map
- GEM (CMS General Equivalency Mapping) does not provide a definitive answer to cross-walking requirements

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ICD-10: Transition Strategy

- Short term goals with a long term vision
 - What solution do I need today?
 - Will that solution extend to tomorrow's needs?
- Awareness of touch points with other initiatives
 - Overlap and conflicts
- Down Stream Impacts
 - What works well for one business area, may bring another business area to its knees
- Positioning for competitive advantage
 - Can you predict risk better than you competitor?
 - Are you perceived as a supporter and facilitator for the transition challenge to providers and other stakeholders?
 - Can you manage the "burden of illness" of your population better than your competitors?

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ICD-10: Transition Phases

1. Assessment
 - Inventory of impacted systems and processes
 - Identifying risk
2. Analysis/Planning
 - Prioritizing focus
 - Establishing business area specific approaches
 - Creating maps/crosswalks to support implementation
3. Implementation and Operations
 - Translating codes from 9 to 10 and from 10 to 9 using crosswalks
 - Changing analytic models to support both codes
 - Changing processing logic to operate directly from ICD-10 codes
4. Leveraging ICD-10 capabilities
 - Using the enhanced information within ICD-10 codes to improved processing and analysis based on improved concepts buried within the ICD-10 codes

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Conclusion: Edifecs Recommendations

- If you haven't yet started implementing a 5010 compliance solution, DO IT NOW!
- Inventory all business functions and systems to assess the impact of the ICD-10 transition
- Start defining your ICD-10 migration strategy very quickly
- Hold your vendors and systems integrators responsible for keeping you up-to-date on compliance
- Collaborate with your business and trading partners as you develop your 5010 and ICD-10 plans