AHIMA/eHealth Initiative 2015 ICD-10 Readiness
SURVEY RESULTS

In January 2009, the U.S. Department of Health and Human Services (HHS) published a final rule mandating that all entities covered by the Health Insurance Portability and Accountability Act (HIPAA) implement the 10th revision of the International Statistical Classification of Diseases and Related Health Problems (ICD-10) for medical coding. This new code set updates the ninth revision with significantly more codes overall, more characters per code, and greater specificity in what can be coded. As a result, ICD-10 is expected to increase the overall granularity of healthcare data, which has important implications for quality measurement, public health reporting, biomedical research, and performance improvement.

After multiple delays, the compliance deadline for implementing ICD-10 has now been set for October 1, 2015. Beginning on October 1, all diagnostic coding will have to use ICD-10 codes to be accepted by payers, and hospital inpatient facilities will have to use ICD-10-PCS codes to report procedures. With the compliance date only months away and unlikely to be delayed again, it is imperative for providers to assess their readiness and take final steps to prepare.

As a follow-up to surveys in 2013 and 2014, eHealth Initiative and the American Health Information Management Association (AHIMA) conducted a survey of healthcare providers in May and June of 2015 to assess the anticipated impact of the transition to ICD-10. Specific areas of focus included readiness for testing and implementation, anticipated financial, clinical, and operational impacts of the transition, and post-implementation strategies for maintaining productivity. In all, the survey had 271 respondents. Not all respondents answered every question; percentages included in this report reflect the percentage of the total number of respondents for a given question.

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RESULTS

Key findings:

- Provider organizations have completed many key steps in the implementation process, but still lag in testing
- A significant preparedness gap exists among providers, with larger organizations being much further along in their preparation than smaller organizations
- Results suggest growing recognition of the value of ICD-10, but there are also concerns about decreased revenue, productivity, and accuracy
- Most respondents expect to continue managing the impact of ICD-10 following the deadline

Demographics

The 2015 survey was intended only for healthcare providers. Sixty percent responded on behalf of a hospital or health system, 18 percent were from clinics or physician practices, and 9 percent were employed by an integrated delivery network. In all, 28 percent of respondents came from smaller organizations (defined as having one to 10 physicians or less than 100 beds), 21 percent from medium organizations (11to 30 physicians or 100 to 300 beds), and 50 percent from large organizations (more than 30 physicians or 300 beds).

Size of Responding Organizations

Large: 51%
(>30 physicians or >300 beds)

28%

Small: 28%
(1-10 physicians or <100 beds)

51%

21%

Medium: 21%
(11-30 physicians or 100-300 beds)
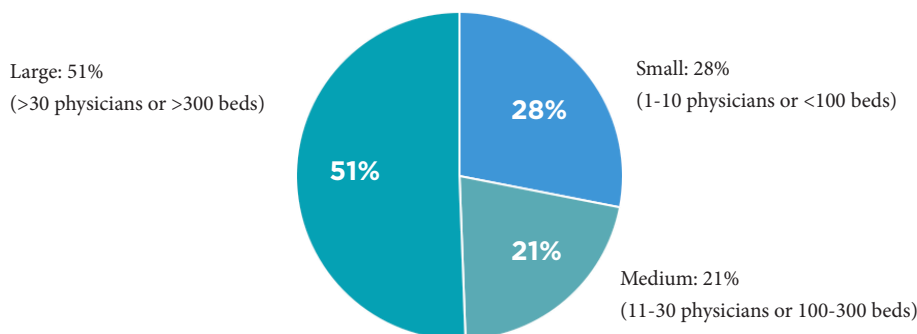
Preparing for ICD-10

The scope and complexity of the transition to ICD-10 are significant. In addition to needing complex technical updates to existing health information systems, implementation of ICD-10 necessitates changes in workflow and procedure as staff must familiarize themselves with the larger code set, classification changes, and increased specificity. Providers must undertake a number of steps to adequately prepare for ICD-10. Such steps may include creating a team to prepare the organization for implementation, sharing informational materials about ICD-10, training staff to code using ICD-10, and testing ICD-10 transactions with other organizations.

By now, the majority of organizations responding to the survey have undertaken most of the steps to prepare for the transition, with the exception of testing and revenue impact assessments. Most commonly, organizations provided ICD-10 awareness and educational materials to staff (78%), formed a team to lead efforts to prepare for implementation (73%), trained staff using new codes (72%), performed technical upgrades to support ICD-10 on health information systems (66%), and began to think about how internal processes will be impacted by ICD-10 coding (64%). Informational resources are most likely to come from a professional association (73%), technology systems vendor (62%), or consulting firm (50%). To maintain the ICD-10 skills of their staff in the wake of delays in the compliance deadline, 74 percent of organizations have provided additional training and 65 percent are dual coding transactions.

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However, many organizations have not yet conducted crucial steps like testing. As organizations implement the ICD-10 code set, testing is imperative to ensure that trading partners can ultimately submit and accept the ICD-10 coded transactions. At the time of the survey, 50 percent of respondents had conducted test transactions with payers or claims clearinghouses, while only 17 percent believed they had completed all external testing. With only a few months remaining before the compliance date, most providers still plan to test transactions. Only 19 percent of respondents reported having no plans to conduct end-to-end testing, the most rigorous way to test ICD-10 transactions. Reasons for forgoing end-to-end testing include cost (2% versus 12% in 2014), lack of knowledge about how to conduct testing (7% versus 36% in 2014), and unwillingness on the part of business partners to perform testing (8% versus 5% in 2014).

In part, low testing rates may be a result of perceptions of a lack of preparedness among trading partners. While technology systems vendors, Medicare, and claims clearinghouses were widely regarded as better prepared to accept ICD-10 transactions, 26 percent of respondents believe other providers are not well prepared and 22 percent believe private payers are least prepared to accept ICD-10 transactions. Overall, 39 percent of respondents cited vendor/partner readiness as an impediment to implement and use ICD-10.

Moreover, low testing rates may be indicative of a general lack of preparedness among smaller organizations. If an organization has not completed many of the steps leading up to implementation, they likely aren't prepared to test ICD-10 transactions. Smaller organizations and clinics and practices were in fact less likely to have completed many of the steps to prepare for ICD-10. For example, 59 percent of hospitals and 68 percent of large organizations reported conducting test transactions with payers and clearinghouses, as compared to only 17 percent of practices and 29 percent of small organizations. Additional examples are shown in Table 1 below.

Table 1: Preparedness Gap between Provider Organizations

	Type of Org		Size of Org		
	Practice	Hospital	Small	Medium	Large
Trained staff on using ICD-10	41%	85%	62%	74%	79%
Performed technical system upgrades/updates to support ICD-10	36%	72%	50%	67%	76%
Budgeted for time and costs association with transition	19%	64%	29%	55%	72%
Conducted test transactions using ICD-10 codes with payers and clearinghouses	17%	59%	29%	39%	68%
Completed internal testing	5%	38%	12%	35%	47%

Impact of ICD-10

As respondents looked to the future and thought about the impact ICD-10 would have on their business, they indicated a mix of concern and optimism. As in 2014, respondents were concerned about the impact of ICD-10 on reimbursement. Thirty-eight percent believed the first year of ICD-10 use would negatively impact their revenue. Of this 38 percent, 80 percent believe that ICD-10 will reduce coder productivity or accuracy, and 78 percent foresee an increased number of denied claims or decreased reimbursement. However, 34 percent of providers had not conducted a revenue impact assessment.

Sixty percent of respondents viewed impacts on clinical workflow and productivity as a barrier to ICD-10 implementation and use. Impact on clinical workflow and productivity was the most commonly identified barrier for all practice settings and sizes, except for integrated delivery networks (IDNs). IDNs more often selected competing IT priorities as a pressing concern, which is not surprising given the extensive systems and numerous IT projects typical of an IDN. Small organizations (29%) and clinics and practices (25%) were less likely to cite a lack of staff as a top challenge than medium (41%) and large organizations (43%) and hospitals (44%).

Despite concern over reimbursement and workflow, most providers have an otherwise optimistic view of ICD-10 in the long term. In fact, the percentage of respondents who believe that ICD-10 will make certain activities easier increased in all cases from 2014. Generally, respondents believe that the increased specificity of ICD-10 codes will contribute to improvements in quality measurement (38%), research (36%), collecting and exchanging health information (33%), population health management (30%), and risk management (27%). Slightly more respondents actually thought ICD-10 would improve the accuracy of claims (35%) rather than worsen them (31%). Even in categories that are widely regarded to be more difficult with ICD-10, such as coding and documenting patient encounters, a higher percentage of respondents in 2015 thought these activities would be easier than in 2014. See Table 2 for comparisons.

Table 2: Expected Impact of ICD-10

	Easier (vs. 2014)	Harder (vs. 2014)
Analyze and report measures on performance, quality, and safety	38% (^18%)	27% (^2%)
Collect and exchange health information	33% (^16%)	21% (^2%)
Conduct clinical, health services, or translational research	36% (^19%)	18% (^3%)
Document patient encounters	18% (^6%)	48% (^6%)
Code patient encounters	16% (^5%)	68% (^9%)
Manage population health	30% (^13%)	12% (^1%)
Manage risk	27% (^13%)	18% (^1%)
Negotiate contracts with health plans	14% (^3%)	23% (^3%)

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Compliance is Not the End...

Although the ICD-10 compliance deadline is fast approaching, providers recognize that October 1 will not be the end of their work to manage the transition. Ninety-seven percent of organizations responding to the survey plan to continue assessing the impact of ICD-10 after October 1. Organizations will largely focus on assessing coding productivity and accuracy (81%) and tracking claims denials and rejections (83%). Many organizations are also planning to provide additional ongoing training for staff after the compliance date (71%), track reimbursement levels (71%), and monitor system functionality (64%). However, it is concerning that only twenty-three percent of responding organizations have developed a contingency plan should problems occur when ICD-10 goes live.

If ICD-10 use does in fact have a negative impact on productivity, many organizations will provide additional training to mitigate losses (53%). Organizations may also mitigate productivity losses by contracting with outsourced coding companies (51%), hiring new coders (41%), or purchasing computer-assisted coding tools (35%). It is important to note that smaller organizations and practices may have to rely more heavily on training to overcome losses in productivity, rather than adding staff to fill in the gaps. Fifty-six percent of clinics and physician practices will provide additional training and practice, but only 14 percent will hire additional coders. In comparison, 53 percent of hospitals will hire new coders. A much greater percentage of hospitals and larger organizations will also contract with other companies to fill gaps in staffing.

CONCLUSION

Results from the eHI and AHIMA 2015 ICD-10 survey offer new insights into preparedness for and expected impact of the transition to ICD-10. Although many organizations have started taking the necessary steps to prepare for ICD-10, there remains a gap in testing rates, particularly for those organizations that are smaller and likely have fewer resources to devote to the transition. In light of the delays in ICD-10 implementation, smaller providers may have held off preparing for ICD-10 to avoid expending limited resources until they are sure there will not be another delay. Still, most organizations indicated that they plan to conduct test transactions. And based on the tests that organizations have already performed, many also believe that most major trading partners are fairly well prepared to accept ICD-10 transactions.

As the nation moves closer to the compliance deadline, it is likely that more organizations will begin testing transactions. Testing is important to not only ensure systems, processes, and workflow are effectively handling the transition, but to also instill a sense of confidence and familiarity with the code set. Given the multiple delays in implementation and negative perceptions of complexity, cost, and risk portrayed in media reports, it is not surprising that many organizations appear to view the transition as a looming detriment to business operations. However, by testing early and responding proactively to the results, organizations can get a jump on potential productivity losses and overcome any glitches in their systems. Through testing, many organizations might find that they had relatively little to fear in the first place.

In fact, widespread recognition of the long-term benefits of ICD-10 on quality improvement, data use, and population health management suggests that concerns about reimbursement may stem from a fear of the unknown rather than experience using the ICD-10 code set. The increasing percentage of respondents who viewed ICD-10 favorably for these purposes indicates that familiarity with the code set contributes to recognition of its value.

All stakeholders should consider the following strategies to ensure the transition is handled as seamlessly as possible:

- **Engage in external testing**—With only months left until the October 1 deadline, now is the time for organizations to be proactive about testing. Testing should occur during all stages of implementation, not only in an end-to-end environment. It should not only focus on technical systems, but also the workflows, processes, and supporting elements necessary to use the systems properly. Testing can also help organizations overcome negative perceptions associated with ICD-10.

- **Collaborate with stakeholders**—Providers should work with other stakeholders in their communities to prepare for the transition. By working together, organizations can share best practices and gain a better understanding of the state of preparedness of their trading partners. Stakeholders should work with their vendors to make upgrades and communicate with all of the individuals involved in the claims pathway to ensure that the systems function properly for all roles involved.

- **Utilize existing resources**—Multiple delays to the ICD-10 implementation deadline have left many organizations with time to help others prepare for the transition. There are many existing resources to help organizations prepare, including CMS's "Road to 10" website, the ICD-10 hub, and resources provided by professional associations like AHIMA and the Professional Association of Health Care Office Management (PAHCOM).

- **Conduct a revenue impact assessment**—It is important for organizations to anticipate the impact the ICD-10 transition may have on their revenue.

- **Develop a contingency plan**—Even with the best-laid plans and preparations, glitches can occur during a system changeover. Organizations should develop action plans to mitigate risks and ensure business continuity.

With these strategies and resources, organizations along all points on the readiness curve will be better equipped to handle the demands of ICD-10 implementation and ultimately leverage the code set to improve performance, efficiency, and quality of care.

ACKNOWLEDGEMENTS