Healthcare Organization ICD-10 Readiness Survey:
Key Survey Findings and Action Items

Presented by:

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Survey Background

In August 2015, Navicure commissioned Porter Research to conduct a national survey of healthcare organizations to gauge their preparedness for the ICD-10 transition. This was a follow up to similar surveys conducted in January 2015 and April and November 2013. The survey focused on ICD-10 preparation and whether participants had changed their attitudes, strategies and work plans related to ICD-10. An additional survey will be conducted post ICD-10 implementation.

The majority of survey participants were practice administrators or billing managers (58%), followed by practice executives (14%) and billers and coders (14%). Survey respondents represented a broad range of specialties and sizes, with the majority (67%) coming from organizations with one to 10 providers.

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Key Findings: Timing, Readiness and Challenges

- *Healthcare organizations' state of ICD-10 preparedness is improving, but still varies widely.* Compared to the Q1 2015 survey, more organizations are on track for implementation (43% versus 21%). The overwhelming majority of respondents (85%) are optimistic they will be prepared for ICD-10 even though 57 percent of respondents aren't necessarily on track yet.

- *Respondents' say their greatest concern is ICD-10's impact on revenue and cash flow.* Fifty-six percent name this as their top concern. The overwhelming majority (94%) of participants anticipates an increase in their denial rate, but only 30 percent have improved their denial management processes in preparation for this. While some organizations are being proactive in other areas to improve revenue and cash flow, including improving patient collections (34%) and patient price estimation (17%), 35 percent have not adjusted their revenue cycle in preparation for ICD-10.

- *Respondents feel ICD-10's biggest challenge will be the increased clinical documentation update/coding requirements.* Thirty-one percent of participants cited this as their biggest challenge, followed by lack of payer preparedness resulting in disruption to payments (27%). Despite these clinical documentation and payer challenges, respondents were optimistic in regards to productivity loss with 46 percent estimating losses at less than 20 percent and 20 percent not anticipating any productivity loss.
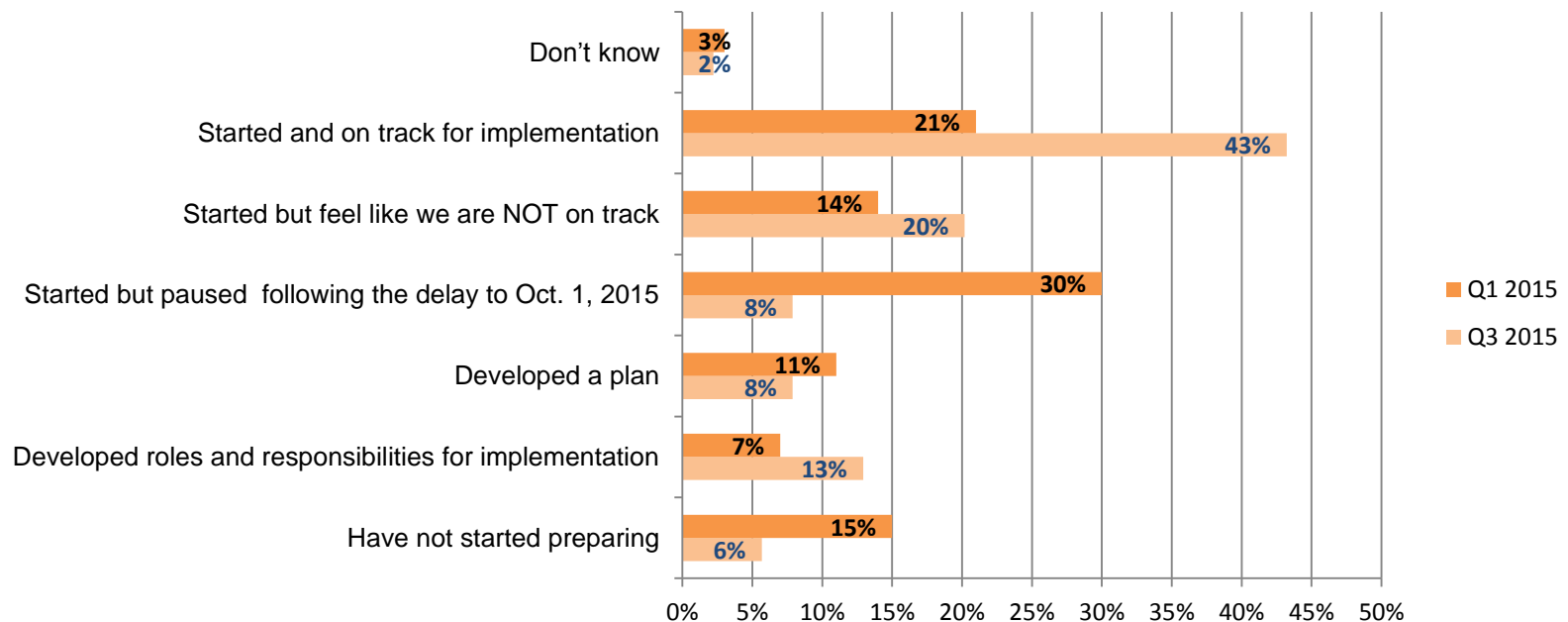
Key Findings: Timing, Readiness and Challenges Continued

- *Healthcare organizations believe ICD-10 will impact their organization negatively, but the impact to patients will remain neutral.* More than 50 percent of respondents anticipate negative impacts on their organization's finances, operations and staff morale as a result of the transition to ICD-10. Sixty-five percent believe the impact on patients will be neutral and 9 percent feel it will be positive/very positive.

- *CMS' recent announcements regarding non-specific ICD-10 codes and authorizing advance payment have not changed coding plans or cash flow/revenue concerns following ICD-10 implementation.* Almost 75 percent of respondents plan to use as specific codes as possible. Half of participants answered "no" to feeling less concerned about the impact on revenue following CMS indicating they will authorize advance payments to physicians should a Medicare contractor be unable to process claims due to ICD-10 problems.

- *The minority of healthcare organizations that have participated in end-to-end testing experienced overall positive results.* Sixty percent of respondents who had completed end-to-end testing reported the results as expected/positive. Only 25 percent have participated in end-to-end testing, and 38 percent have not participated at all.
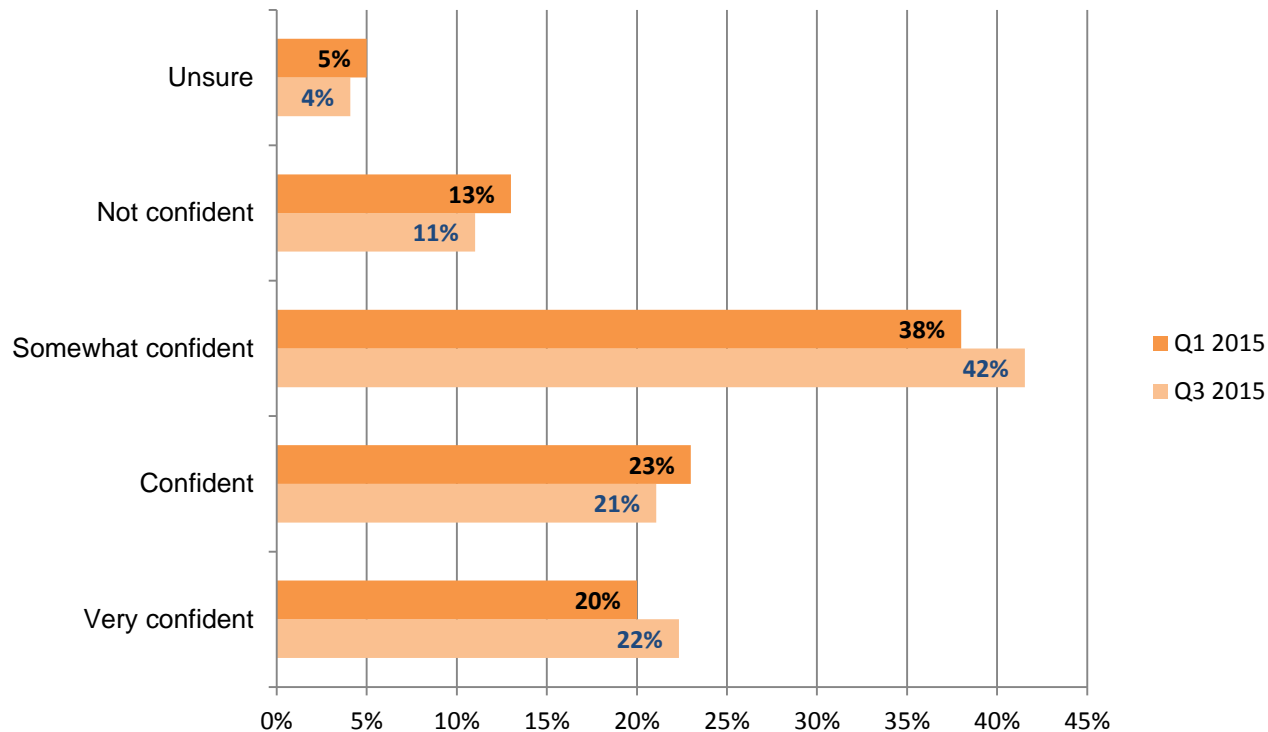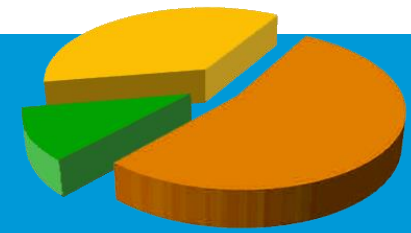
How far along in the ICD-10 preparation process is your organization?

- **Good news: More people have started preparing for ICD-10.**
  - More organizations (43%) are on track for the implementation date as compared to just 21 percent of participants from the Q1 2015 survey.
  - There was a decrease in participants who hadn't started preparing yet from 15 percent in Q1 2015 to just 6 percent in the most recent survey.
- **Concerning news is that 57 percent of respondents are in varying state of preparation and not necessarily on track.**
  - Twenty percent indicated they started preparation but don't feel they are on track.

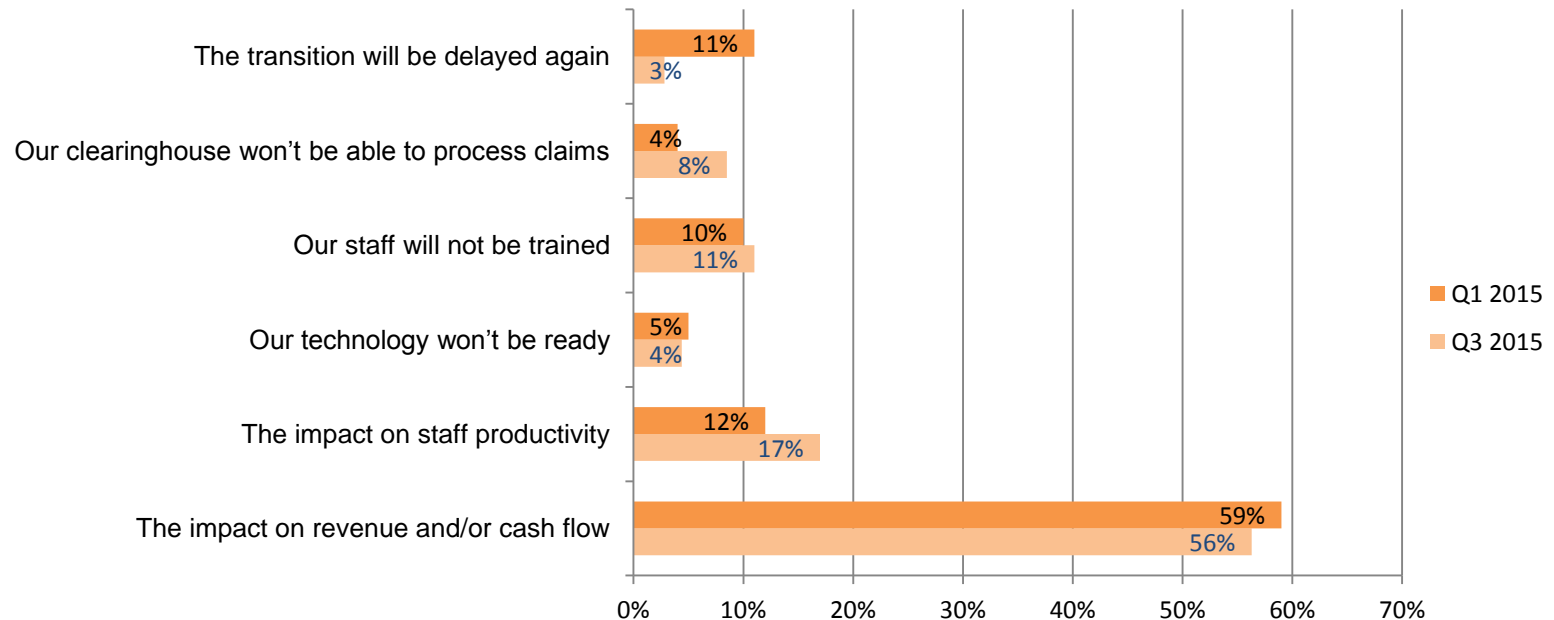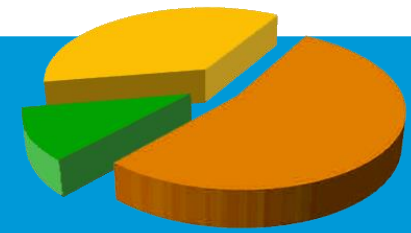| Category	Q1 2015	Q3 2015
Don't know	3%	2%
Started and on track for implementation	21%	43%
Started but feel like we are NOT on track	14%	20%
Started but paused following the delay to Oct. 1, 2015	30%	8%
Developed a plan	11%	8%
Developed roles and responsibilities for implementation	7%	13%
Have not started preparing	15%	6%

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How confident are you that your organization will be prepared for ICD-10 by the transition deadline?

- Despite being on track or not for implementation, similar to the Q1 2015 survey, respondents' confidence remains high (85%) they will be prepared for ICD-10.

Category	Q1 2015	Q3 2015
Unsure	5%	4%
Not confident	13%	11%
Somewhat confident	38%	42%
Confident	23%	21%
Very confident	20%	22%

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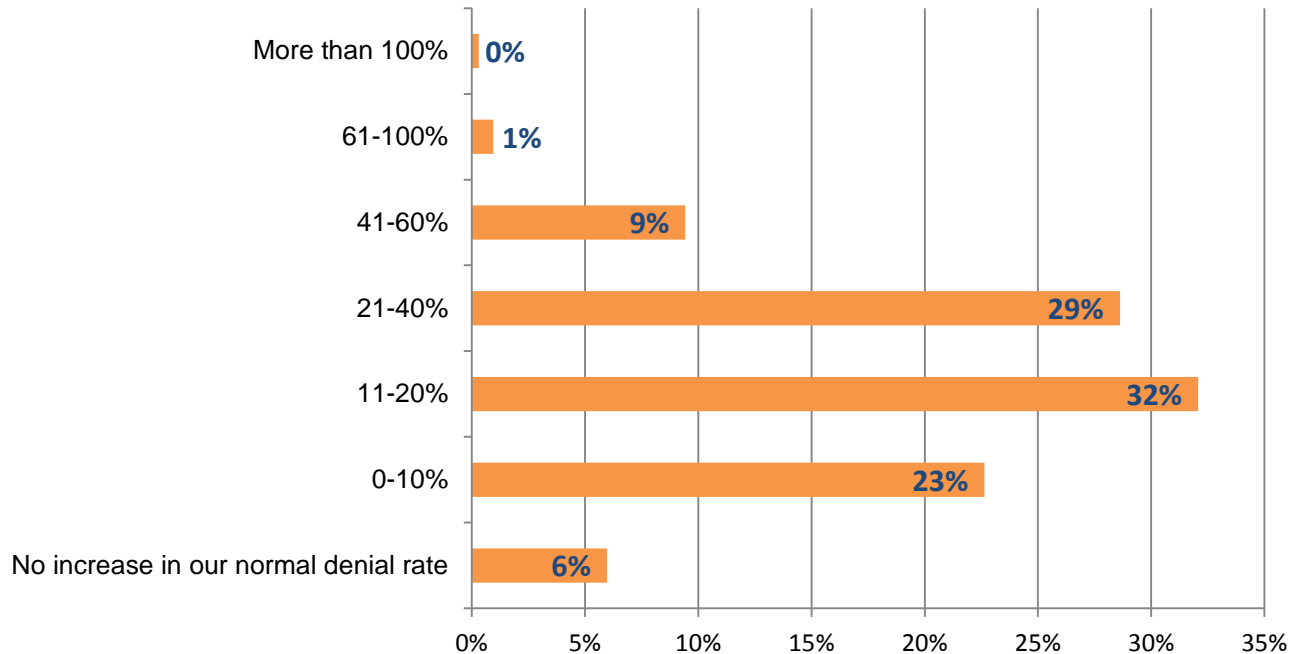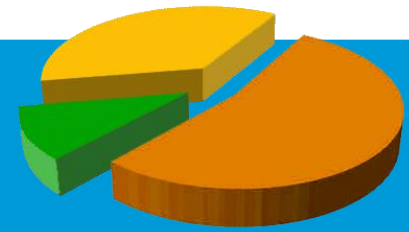**navicure®**
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What concerns you MOST about the ICD-10 transition?

- Similar to responses from Q1 2015, the overwhelming majority of participants (56%) named ICD-10's impact on revenue and/or cash flow as their biggest concern.
- The second largest concern was ICD-10's impact on staff productivity (17%).

Chart legend:
- Q1 2015
- Q3 2015

Concern	Q1 2015	Q3 2015
The transition will be delayed again	11%	3%
Our clearinghouse won't be able to process claims	4%	8%
Our staff will not be trained	10%	11%
Our technology won't be ready	5%	4%
The impact on staff productivity	12%	17%
The impact on revenue and/or cash flow	59%	56%

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What percentage increase in denials do you anticipate in the several months following the ICD-10 transition?
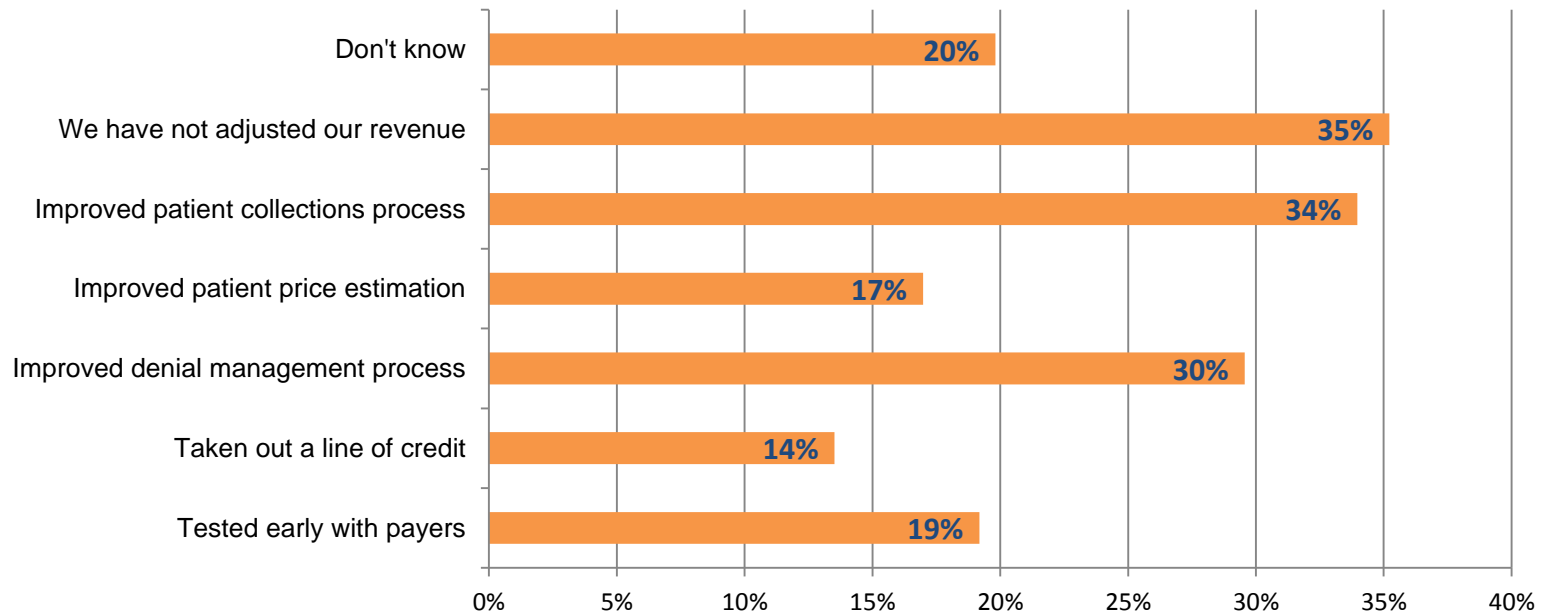
- An overwhelming majority of respondents (94%) anticipate their denial rate increasing following the transition.

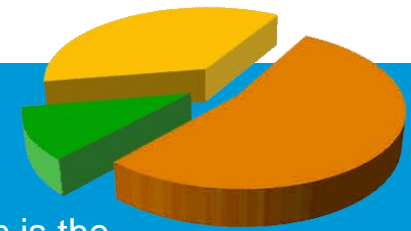- Sixty-one percent believe their denial rate will increase by 11 percent to 40 percent.

Category	Percentage
More than 100%	0%
61-100%	1%
41-60%	9%
21-40%	29%
11-20%	32%
0-10%	23%
No increase in our normal denial rate	6%

How has your organization prepared your revenue cycle for ICD-10 so cash flow remains consistent? *Check all that apply*.
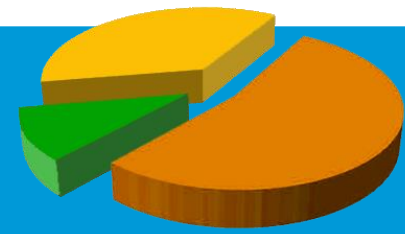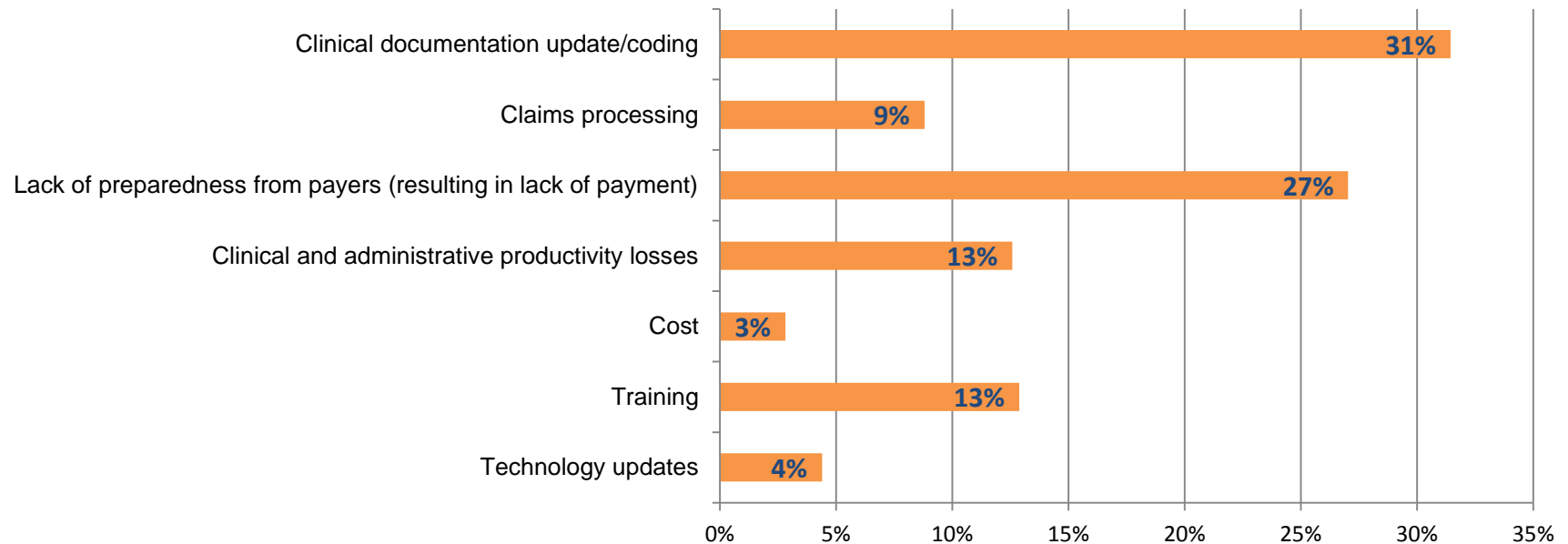
- Proactive organizations indicated they have prepared their revenue cycle so that cash flow remains consistent for ICD-10 by:
  - Improving patient collections (34%)
  - Improving denial management process (30%)
  - Testing early with payers (19%)
  - Improving patient price estimation (17%)
- Despite the cash flow and revenue concerns, 35 percent of respondents have not adjusted their revenue cycle for ICD-10 so that cash flow remains consistent.

Category	Percentage
Don't know	20%
We have not adjusted our revenue	35%
Improved patient collections process	34%
Improved patient price estimation	17%
Improved denial management process	30%
Taken out a line of credit	14%
Tested early with payers	19%

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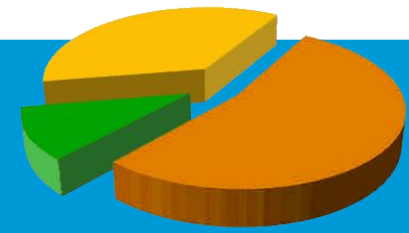**navicure®**
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Which area do you anticipate will be MOST challenging during the ICD-10 transition?
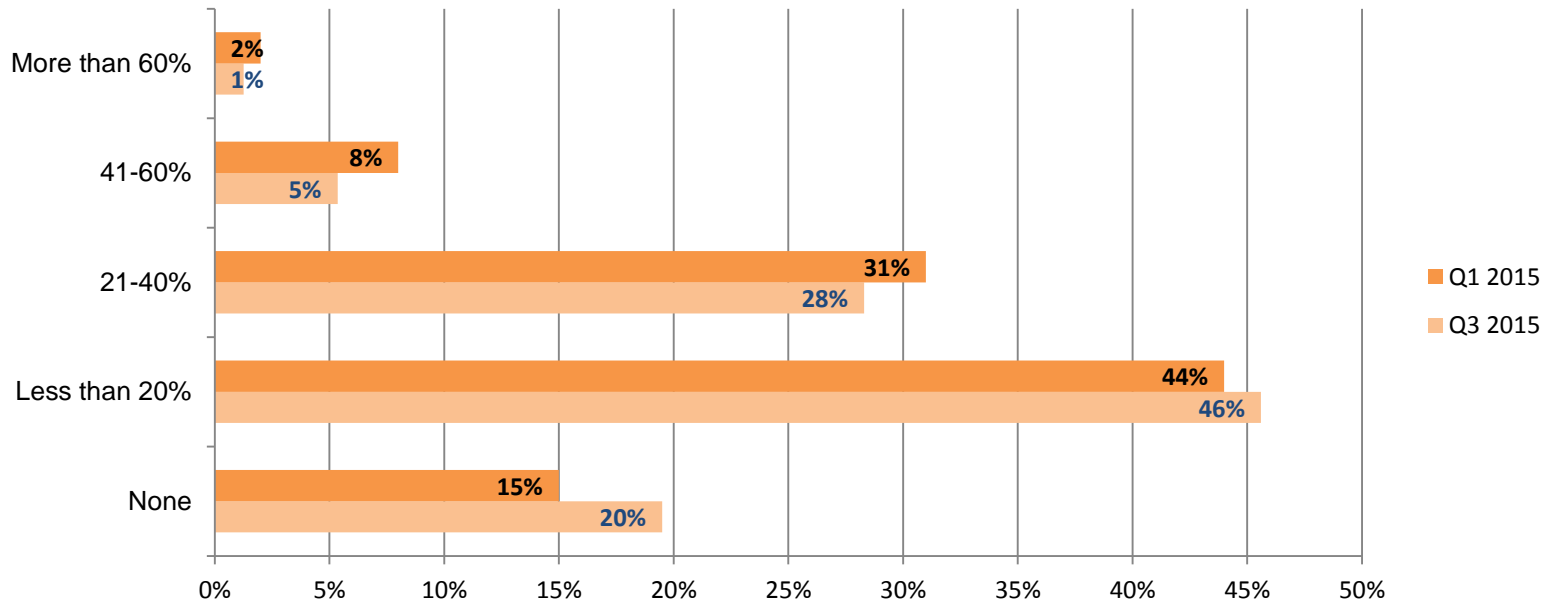
- The biggest challenges anticipated by respondents during the ICD-10 transition is the increased clinical documentation update/coding (31%).
- Twenty-seven percent of respondents believe that lack of preparedness from payers, resulting in lack of payment will be most challenging for them during the ICD-10 transition.

Category	Percentage
Clinical documentation update/coding	31%
Claims processing	9%
Lack of preparedness from payers (resulting in lack of payment)	27%
Clinical and administrative productivity losses	13%
Cost	3%
Training	13%
Technology updates	4%

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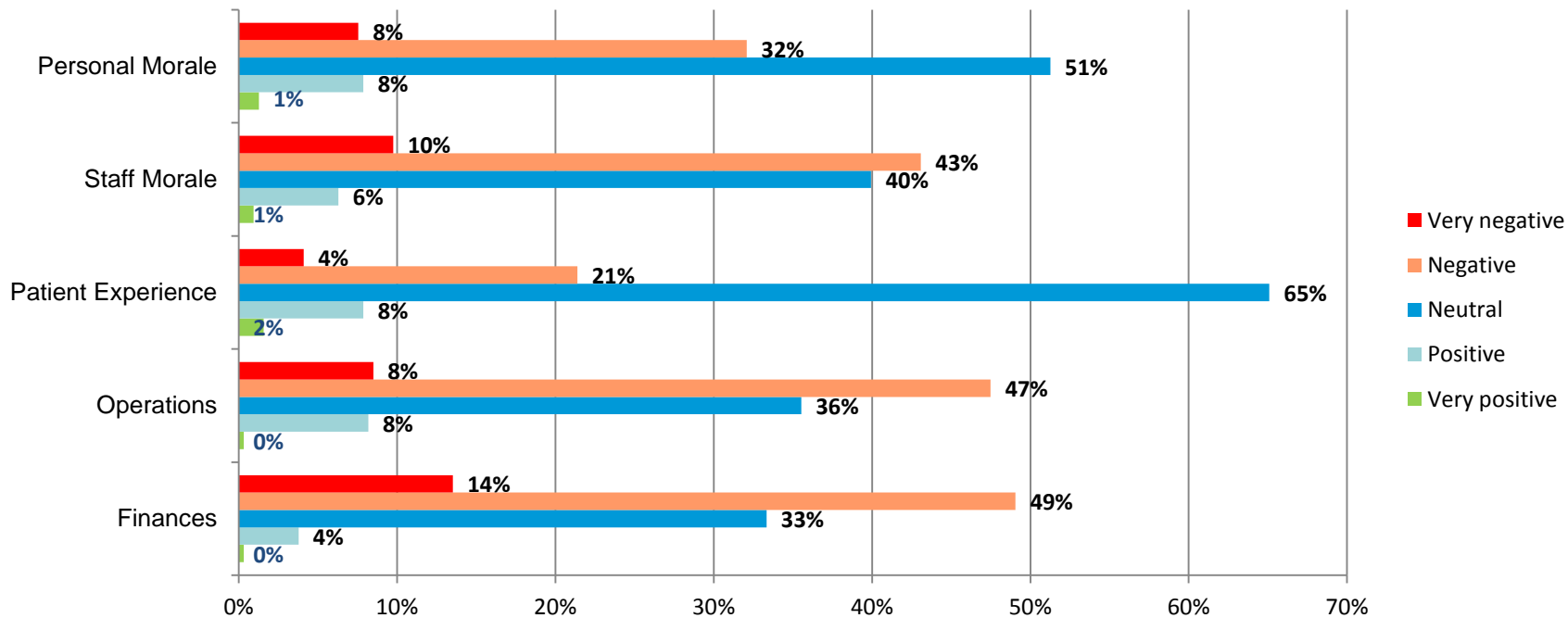# How much staff productivity do you anticipate losing due to ICD-10?

- As in the Q1 2015 survey, despite the challenges associated with increased clinical documentation and the uncertainty surrounding payer readiness, respondents remained optimistic in regards to productivity loss.
  - Only 6 percent estimate ICD-10 productivity losses greater than 40 percent.
  - The majority (46%) are confident productivity loss will be less than 20 percent.
  - Nearly 20 percent of participants do not anticipate any productivity loss.

Chart: Staff productivity loss anticipated due to ICD-10

| Category	Q1 2015	Q3 2015
More than 60%	2%	1%
41-60%	8%	5%
21-40%	31%	28%
Less than 20%	44%	46%
None	15%	20%

Rate the effect the ICD-10 transition will have on the following areas of your business: *Personal Morale, Staff Morale, Patient Experience, Operations, and Finance*
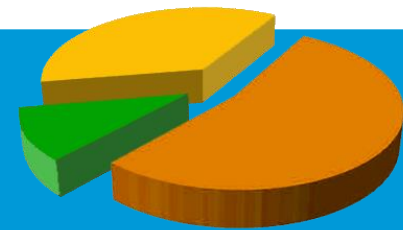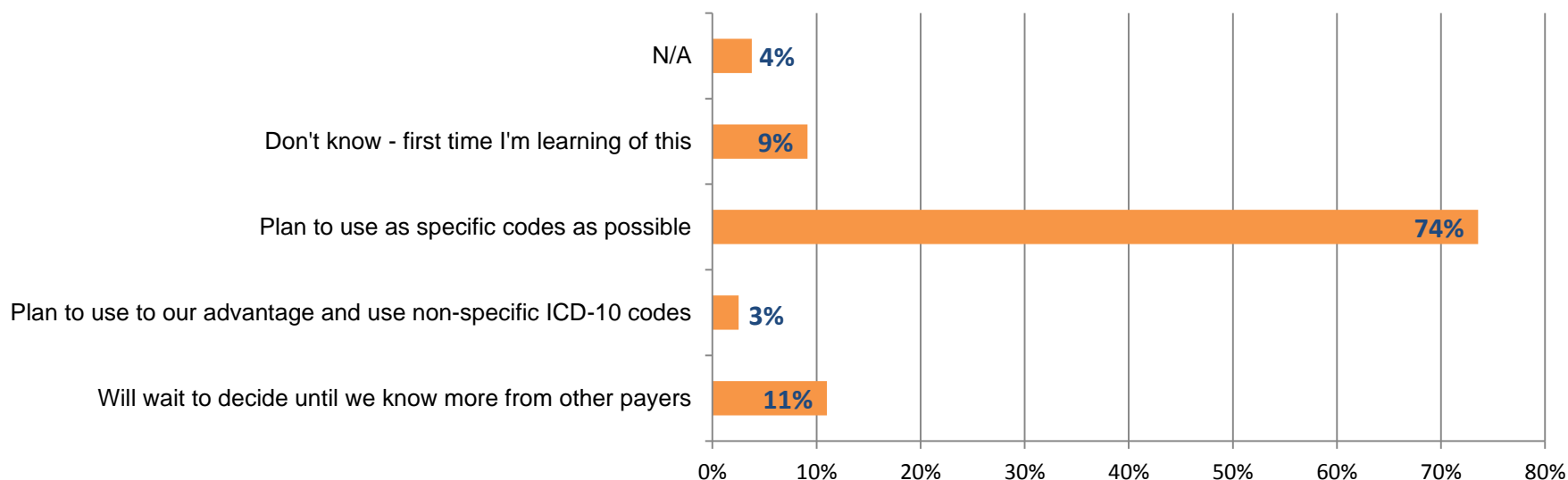
- Participants feel ICD-10 will negatively or very negatively impact:
  - Finances: 63 percent, Operations: 55 percent, Staff Morale: 53 percent
- However, the majority of respondents do not believe that ICD-10 will negatively impact patients.
  - Sixty-five percent believe the transition will have a neutral impact on clients and 10 percent believe it will have a positive/very positive effect.

Personal Morale
- Very negative: 8%
- Negative: 32%
- Neutral: 51%
- Positive: 8%
- Very positive: 1%

Staff Morale
- Very negative: 10%
- Negative: 43%
- Neutral: 40%
- Positive: 6%
- Very positive: 1%

Patient Experience
- Very negative: 4%
- Negative: 21%
- Neutral: 65%
- Positive: 8%
- Very positive: 2%

Operations
- Very negative: 8%
- Negative: 47%
- Neutral: 36%
- Positive: 8%
- Very positive: 0%

Finances
- Very negative: 14%
- Negative: 49%
- Neutral: 33%
- Positive: 4%
- Very positive: 0%

Legend:
- Very negative
- Negative
- Neutral
- Positive
- Very positive

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CMS has indicated they will not deny claims during the first year following the transition for non-specific ICD-10 codes. Which of the following best describes how this will affect your coding?
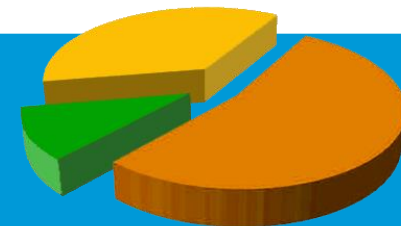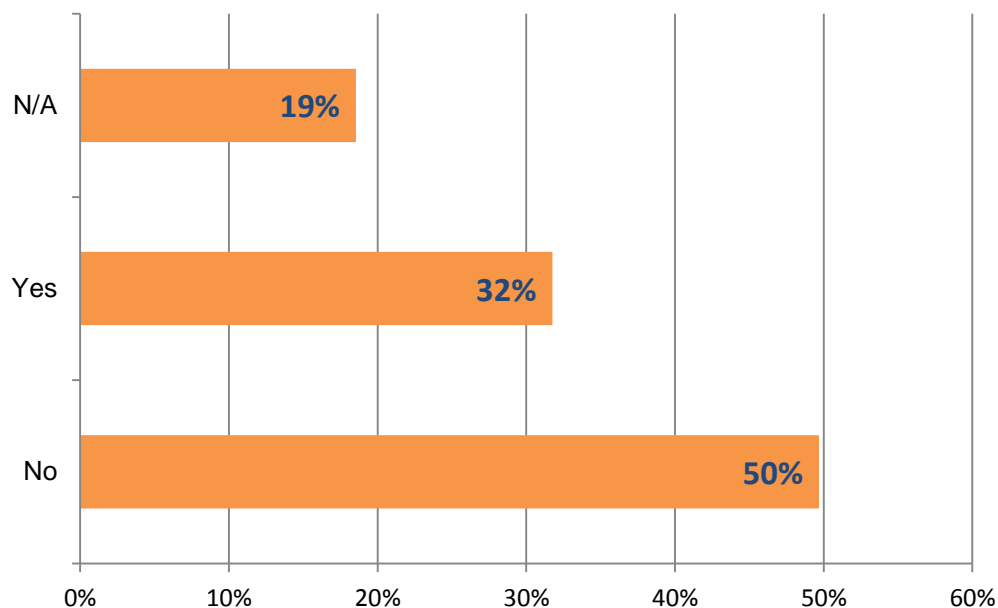
- Almost 75 percent of organizations plan to use as specific codes as possible, even following CMS' announcement.
- Only three percent plan to use this announcement to their advantage by using non-specific ICD-10 codes.

Category	Percentage
N/A	4%
Don't know - first time I'm learning of this	9%
Plan to use as specific codes as possible	74%
Plan to use to our advantage and use non-specific ICD-10 codes	3%
Will wait to decide until we know more from other payers	11%

CMS has indicated they will authorize advance payments to physicians should a Medicare contractor be unable to process claims due to problems with ICD-10. Does this make you less concerned about the impact on revenue?
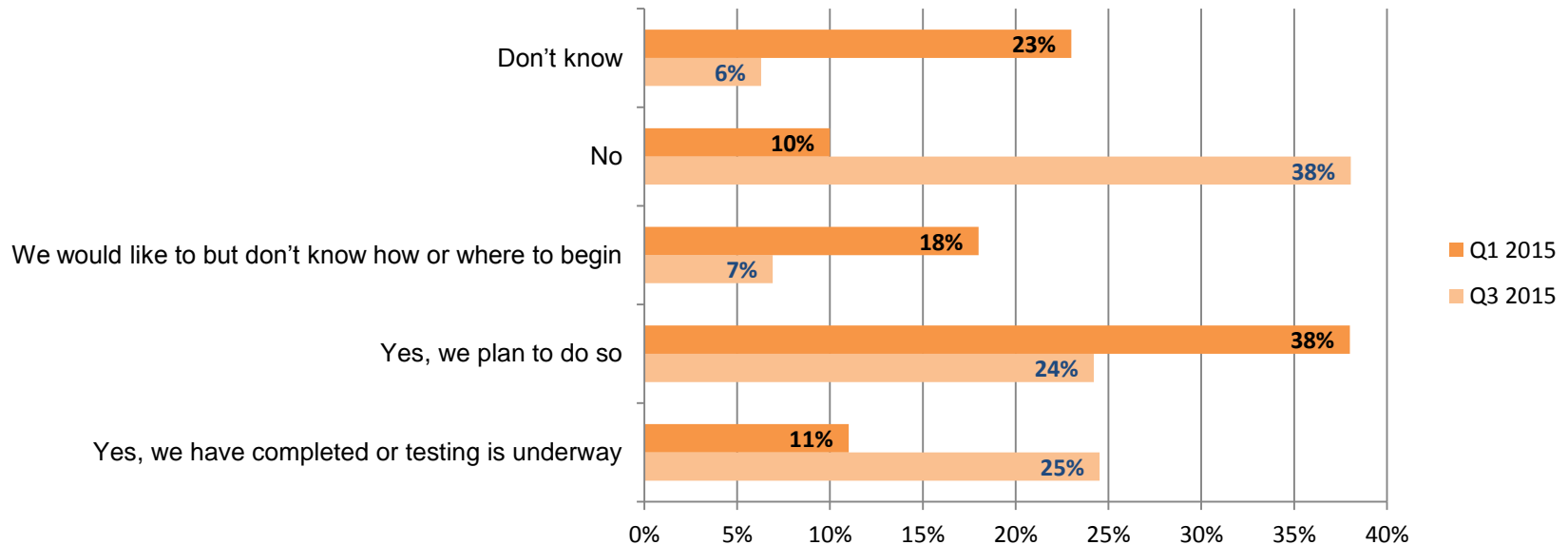
- Half of participants do not feel less concerned about revenue impact despite this announcement.

Response	Percentage
N/A	19%
Yes	32%
No	50%

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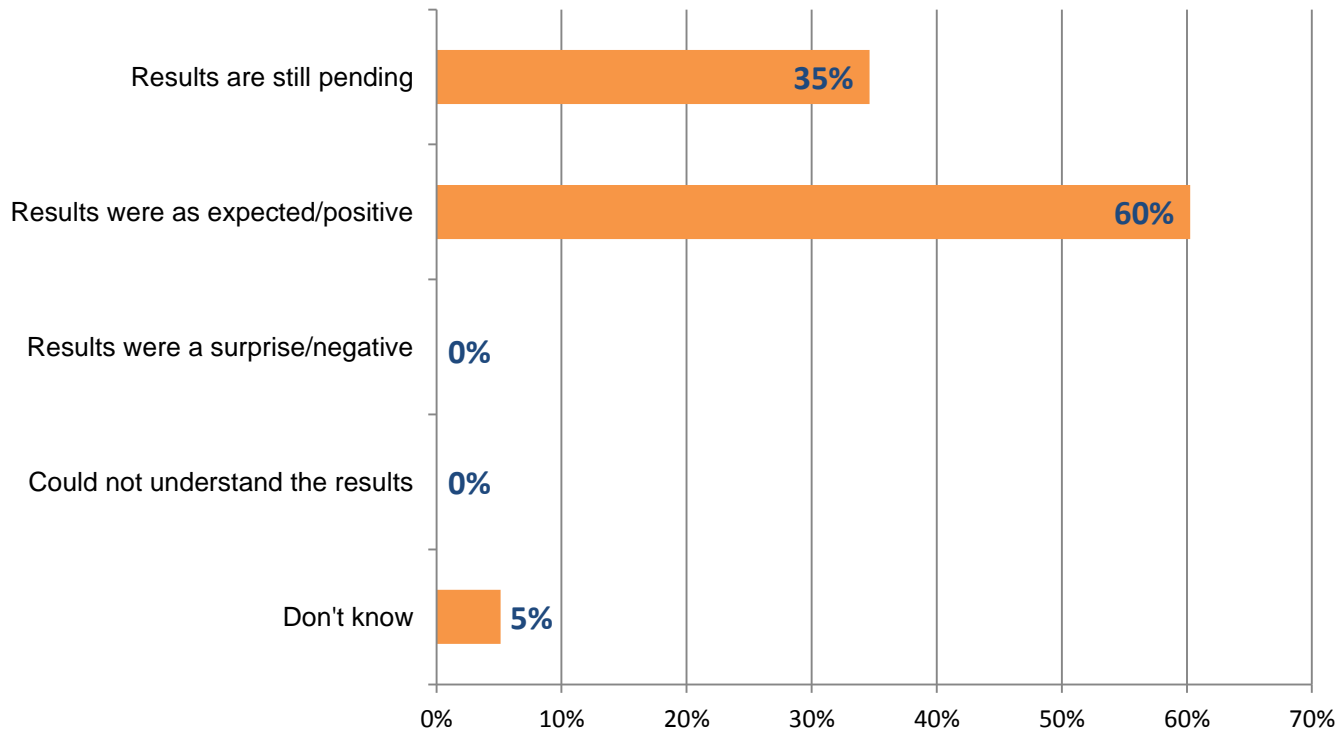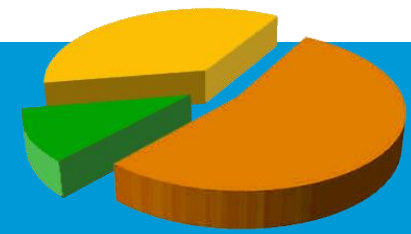navicure®
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Will your organization participate in end-to-end testing for ICD-10?

- Twenty-five percent of respondents have participated in end-to-end testing with another 24 percent planning to do so.
- Surprisingly compared to previous survey results, the number of participants who have no plans to do end-to-end testing increased from 10 percent (Q1 2015) up to 38 percent (Q3 2015).

Chart data (Q1 2015 / Q3 2015):

Response	Q1 2015	Q3 2015
Don't know	23%	6%
No	10%	38%
We would like to but don't know how or where to begin	18%	7%
Yes, we plan to do so	38%	24%
Yes, we have completed or testing is underway	11%	25%

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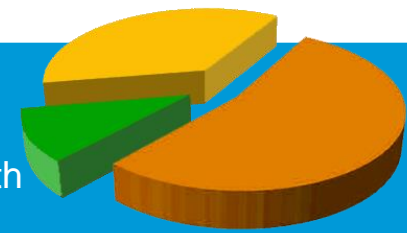
How would you best describe the results of your end-to-end testing?

- For those respondents that did participate in end-to-end testing, 60 percent reported results as being as expected/positive.
- No results were reported as being a surprise/negative.
- Thirty-five percent said results were still pending.

Response	Percentage
Results are still pending	35%
Results were as expected/positive	60%
Results were a surprise/negative	0%
Could not understand the results	0%
Don't know	5%

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Key Action Items

Accelerate ICD-10 implementation to be ready for the October 1, 2015, deadline.

- ICD-10 is more than just an annual coding or technology update.
- Even if waiting on software updates, healthcare organizations should forge ahead with their plan and make progress in areas such as staff training and clinical documentation updates.

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Key Action Items

Test, test, test.

- **It is important to test all changes you make to ensure that things work as expected.** Always test changes internally, and where payers are capable and available, participate in end-to-end testing. Testing helps identify and address potential problems before they occur and helps to ensure transactions and workflow processes that include ICD-10 will function properly.

- **A good clearinghouse can assist** with the testing process by serving as a liaison for healthcare organizations and payers. Look for a clearinghouse with the readiness, resources and expertise to assist with end-to-end testing.

- **Focus on the transactions and work processes that have the biggest impact** on your organization, such as claims submission, eligibility verification and quality reporting.

- **Take the necessary steps to get your organization ready for ICD-10** so that you can prepare to test changes you make, as well as test with capable payers. Take advantage of checklists and other tools to remain on track with preparation efforts.

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Key Action Items

Ensure you have a plan in place to mitigate any disruptions to cash flow.

- ❖ **Historically, there has been a lack of payer preparedness with other industry transitions** such as 5010. Make sure you are able to submit ICD-10 to payers ready for ICD-10 and ICD-9 to payers that are not ready and new and old claims requiring re-work having dates of service prior to October 1, 2015.

- ❖ **Help offset the costs of ICD-10** by taking steps to improve your revenue cycle now, such as:

  - • **Putting processes and technologies in place now to help you collect patient balances.** Unfortunately, what happens with payers is largely out of your organization's control. However, that is not the case when it comes to patient payments. Ensure that you have a financial policy in place that allows you to collect from patients at or near the time of service. Consider implementing a technology solution that enables you to securely store patients' credit/debit cards online and charge them in full or as part of an automated payment plan once patient responsibility is determined. Do not let your patients leave your office without a commitment to pay their portion of their healthcare bill.

  - • **Automating eligibility verification, patient collections and denial management processes.**

  - • **Electronically submitting both primary and secondary claims.**

  - • **Taking advantage of electronic remittance advice (ERA) and automatic payment posting.**

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Key Action Items

While technology can help mitigate cash flow disruptions, remember that personal help is also necessary for a smooth transition.

Look for technology solutions with a good track record for customer service. For example, having a well-prepared clearinghouse that promptly answers calls and, when necessary, coordinates solutions with both vendors and payers, will be a key factor in your ability to resolve issues with payers and vendors quickly and easily following the ICD-10 transition.

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Key Action Items

Be proactive: Prepare for a decrease in staff productivity.

- ❖ **Even with a well-trained staff, industry experts anticipated that staff productivity may decline by over 50 percent** for the first 3-6 months following the transition. Consider if you will need additional staffing resources and/or overtime to compensate for productivity losses.

- ❖ **Computer-assisted coding technology may help** to further reduce errors and delays in coding claims.

- ❖ **Lower productivity means slower claims turnaround and slower reimbursement,** so begin looking for ways to mitigate productivity losses. With the help of the right clearinghouse and patient payments partner, organizations can address revenue cycle inefficiencies and:

  - **Get patients to commit at the time of service** to either pay their financial responsibility in full or as part of a payment plan.

  - **Take advantage of denial management tools** for appealing and researching denied claims.

  - **Trend denials pre- and post-implementation** to benchmark performance and fully monitor revenue cycle efficiency and staff productivity.

  - **Address payment issues** with payers quickly and easily.

Key Action Items

Do not confuse CMS' recent announcements as being "grace periods" for ICD-10. ICD-10 will be required on October 1, 2015.

- ❖ **Both CMS and the AMA stated that use of ICD-10 will be required** on all claims containing a date of service (professional) or date of discharge (institutional) on or after October 1, 2015. In no way is ICD-10 delayed, nor is this a "grace period".

- ❖ **Additionally, the CMS/AMA policy announcement is limited to Medicare only** - not Medicaid, BCBS and Commercial plans. As of now we have not heard of any commercial plan participating in CMS' policy change.

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Summary

- **ICD-10 is both a broad and complex undertaking that impacts every area of healthcare organizations.**

- **Healthcare organizations must move forward with preparation towards implementation.**

- **Mitigate any productivity and cash flow disruptions resulting from ICD-10 by improving revenue cycle process in advance of the transition.**

- **It is not too late to prepare for the transition. Organizations should begin end-to-end testing if they haven't already, especially knowing their major concern is the impact of cash flow from ICD-10. One way to address this concern is to test beforehand.**

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Helpful Resources

Websites

ICD-10 Hub – www.icd10hub.com

AAPC – www.aapc.com

Practice Management Institute (PMI) – www.pmimd.com

MGMA – www.mgma.com

CMS – www.cms.gov/Medicare/Coding/ICD10/Index.html

AMA – www.ama-assn.org

PAHCOM – www.pahcom.com

White papers

Navigating the Road to ICD-10

Managing Your Revenue Cycle: What You Should Expect From Your Clearinghouse

Engaging Physicians in ICD-10: Strategies for Practice Administrators

A Practice Administrator's Guide to ICD-10

Seven Steps to Improve Your Practice's Revenue Cycle Management

Spreadsheets, report cards and more

Protecting Cash Flow During the ICD-10 Transition

Clearinghouse Report Card

ICD-10 Budgeting Sample Spreadsheet

ICD-10 Questions to Ask Your Vendor

ICD-10 Analyzer

Uncovering the Hidden Costs of ICD-10

On demand webinars

ICD-10 Three Months Out – Are You on Target?

Protect Revenue and Be Prepared for ICD-10

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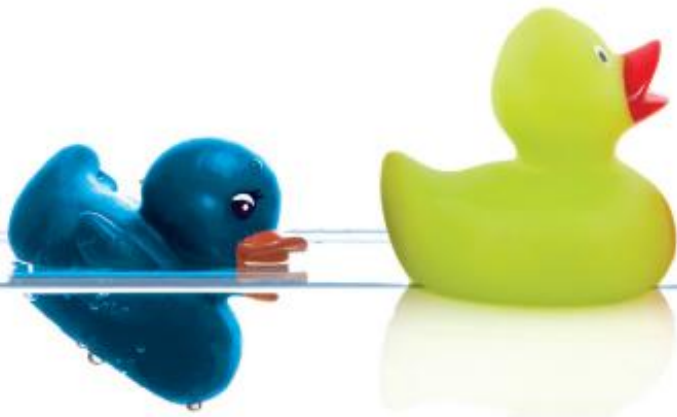Collect more. Stress less.™

About Navicure

Navicure's cloud-based healthcare billing and payment solutions help healthcare organizations of all sizes increase revenue, accelerate cash flow, and reduce costs associated with managing insurance claims and patient payments. Our solutions are supported by the Navicure 3-Ring® Policy — all support calls are answered within three rings, even during times of transition. Guaranteed. Navicure systems are ready for ICD-10 and we have successfully tested the new code set. We are committed to making our clients' move to ICD-10 as smooth as possible — before, during and after the transition.

Navicure is the founding sponsor of www.icd10hub.com, a free educational website devoted to making healthcare organizations' transitions to ICD-10 easier.

Additionally, the ICD-10 Analyzer by Navicure is a complimentary online tool that enables medical billers to identify the ICD-9 codes that will most impact a user's payer reimbursement and suggest corresponding ICD-10 codes.

For more information visit www.navicure.com or call 1-877-NAVICURE.

Sink or Swim? Swim through ICD-10 with Navicure.

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