Physician Practice ICD-10 Readiness Survey Part Two: Survey Findings and Action Items
Survey Background

• In the fourth quarter of 2013, Navicure commissioned Porter Research to conduct a national survey of physician practices to gauge their preparation for the ICD-10 transition. This was a follow up to a similar survey conducted in April 2013.

• The purpose of the second survey was to understand whether physician practices had changed their attitudes or actions related to ICD-10 since the first survey. Navicure will sponsor two more surveys in 2014 to monitor changes in attitudes and transition activities as the October 1, 2014 implementation draws near.

• Two-thirds of survey participants were practice administrators or billing managers, a slight increase from the first survey (61%). The number of practice executives who participated in the second survey was also slightly higher, up to 12% from 7%. These increases were offset by a lower share of billers and coders that participated (11% vs. 21%).

• Survey respondents represented a broad range of specialties and sizes, with the majority (60%) coming from practices with one to 10 providers.
Survey Highlights

• Results from the second survey revealed a high degree of optimism towards being prepared for ICD-10. This is ironic given providers’ general lack of preparation thus far. For instance, 74% of respondents have not begun implementing their transition plan, yet most are confident they will be prepared by the October 1, 2014, deadline. The overwhelming majority (87%) is “somewhat confident”, “confident”, or “very confident” they will be prepared. Only 9% are not confident they will be prepared.

• Another seeming contradiction is related to respondents’ faith in their technology vendors. Most respondents do not anticipate any disruptions due to their electronic health record (EHR), practice management (PM) system or clearinghouse vendors’ performance, yet many say they have not received substantive communication from vendors regarding upgrades and timing.

• Despite the lack of vendor communication about the transition, only a minority of respondents plan to switch vendors prior to the implementation date. This would be a departure in approach given the amount of vendor change that took place with the HIPAA 5010 transition.

• Even though industry experts advise practices to anticipate a decline in productivity based on ICD-10 complexity, dissimilarity and divergence from ICD-9, along with analysis of rollouts in other developed countries, respondents are relatively optimistic about the impact of ICD-10 on practice operations. While almost two-thirds expect interruptions to cash flow, far fewer anticipate that productivity losses will have a similar impact on revenue.
Key Survey Findings

1. Physician practices’ state of ICD-10 preparedness varies widely.
2. Practices believe technology vendors will play a critical role in the transition, and practices are confident in their vendors’ abilities despite a lack of communication on updates and/or timing.
3. Training is seen as the most challenging area of the transition.
4. Revenue and cash flow losses are overwhelmingly the greatest concerns associated with the ICD-10 transition.
5. While only 4% of practices have started end-to-end testing, more than 50% plan to do so before the deadline.
6. More practices have started budgeting for ICD-10 training and technology upgrades in the past six months.
7. Expected productivity losses as a result of ICD-10 stayed the same from the first survey, with most respondents anticipating losses of 40% or less.
Question 1: Which of the following best reflects how far along your practice is in the ICD-10 preparation process?

- Almost one-quarter of respondents (22%) have still not begun preparing, down from 33% in spring of 2013. Only 23% have begun implementing their transition plan.

[Bar chart showing preparedness levels in Fall 2013 and Spring 2013]

- Don’t know: 3% (Fall 2013), 6% (Spring 2013)
- Started implementation and are on track: 17% (Fall 2013), 12% (Spring 2013)
- Started implementation but feel like we are not on track: 21% (Fall 2013), 10% (Spring 2013)
- Briefed the team and developed roles and responsibilities for implementation: 23% (Fall 2013), 29% (Spring 2013)
- Developed a plan: 19% (Fall 2013), 10% (Spring 2013)
- Have not started preparing: 22% (Fall 2013), 33% (Spring 2013)
Survey Finding 1

Physician practice’s state of ICD-10 preparedness varies widely.

Question 2: Which reason best describes why your practice has not started preparing for ICD-10?

- Among those practices that have not started preparing, almost one-third (32%) continue to believe they have more time to prepare. This is down slightly from the spring survey (36%).
- More than one-fourth of respondents (27%) still do not know where to start, an increase since the spring (22%). Another quarter claims they do not have the time, staff or resources to begin preparing.
Survey Finding 1
Physician practice’s state of ICD-10 preparedness varies widely.

Question 3: When does your organization plan to start ICD-10 preparation?

- Among those practices that have not yet begun to prepare for ICD-10, about one-third (36%) planned to do so by the end of 2013.
- Another 50% anticipate starting by May 2014.
Survey Finding 1

Physician practice’s state of ICD-10 preparedness varies widely.

Question 4: How confident are you that your practice will be prepared for ICD-10 by the transition deadline?

- Even though 74% of respondents have not begun implementing their transition plan, most are confident they will be prepared by the October 1, 2014 deadline.
- The overwhelming majority (87%) is “somewhat confident”, “confident”, or “very confident” they will be prepared.
- Only 9% are not confident they will be prepared.

![Survey Finding 1](image-url)
Key Action Item 1

It’s not too late to catch up, but practices need to begin preparing now. Here are 8 steps for getting started and staying on track throughout the transition:

1. **Build a team and a plan:** Assemble key clinicians and business staff within your practice to create a transition plan and guide the work.

2. **Develop a budget:** Take into account costs associated with training, IT upgrades and establishing a line of credit for cash flow disruption.

3. **Review documentation:** Make sure your providers’ notes accurately reflect what was done to ICD-10’s more detailed specificity requirements and ultimately support the codes billed.

4. **Perform a gap analysis:** Document where, how and who uses ICD-9 codes today in all of your workflows to identify all places where changes will be needed.

5. **Update technology:** Ensure your technology systems, including EHR, practice management system, clearinghouse and other administrative and clinical IT systems, can accommodate ICD-9 and ICD-10.

6. **Generate support and commitment:** Do some internal “marketing” to get practice staff on board with the benefits of ICD-10 and prepared for their part in both getting ready for and implementing ICD-10.

7. **Provide targeted education and training:** Conduct training for coders, physicians and others on ICD-10, keeping in mind that the same level of training may not be necessary for all functional areas.

8. **Test and monitor success:** Before the deadline, see if you can correctly generate and submit claims with ICD-10 codes. Conduct internal and, when possible, external clearinghouse and payer testing, then prepare and implement ongoing audits and monitoring.

**RESOURCE:** [ICD-10 Preparation Timeline](#)
Survey Finding 2

Vendors will play a critical role in the transition.

Question 1: Which vendor do you see as MOST critical for a successful ICD-10 implementation?
• Respondents view their EHR vendor as being most critical for success (34%), followed by their practice management system (27%) and their clearinghouse (14%).

- Electronic Health Record: 34% Fall 2013, 35% Spring 2013
- Document Management: 6% Fall 2013, 4% Spring 2013
- Coding: 13% Fall 2013, 17% Spring 2013
- Clearinghouse: 11% Fall 2013, 14% Spring 2013
- Practice Management System: 27% Fall 2013, 29% Spring 2013
- Other: 6% Fall 2013, 4% Spring 2013
Vendors will play a critical role in the transition, and practices are confident in their abilities despite a lack of communication on updates and/or timing.

Survey Finding 2

Question 2: Of the following IT vendors, how well prepared do you think each one is for ICD-10?

- Respondents feel their vendors are well prepared for ICD-10 (answered either “moderately prepared, not worried about disruptions” or “very prepared”).
  - Practice Management System – 74%
  - Clearinghouse – 72%
  - Electronic Health Record – 62%
Survey Finding 2

Vendors will play a critical role in the transition, and practices are confident in their abilities despite a lack of communication on updates and/or timing.

Question 3: Which vendors have provided you with adequate communication thus far regarding ICD-10 updates and/or their timing for preparation efforts?

• Respondents rated adequate communication as follows:
  o Practice Management System – 61%
  o Electronic Health Record – 48%
  o Clearinghouse – 43%
  o Coding – 32%
  o Document Management – 9%
Vendors will play a critical role in the transition, and practices are confident in their abilities despite a lack of communication on updates and/or timing.

Question 4: Do your ICD-10 preparation plans include adopting for the first time or switching any of the following systems?

- Despite not necessarily receiving adequate communication regarding ICD-10 updates and/or timing for preparation from vendors, respondents remain confident in their vendors and most do not anticipate changing vendors prior to the ICD-10 transition.
Preparing for ICD-10 will require a series of coordinated efforts between your organization and your technology vendors, including EHR, practice management and clearinghouse solutions.

Practices need to make sure they have the right technology in place now before the ICD-10 storm hits. Every technology that plays a part in the revenue cycle needs to be evaluated and potentially updated.

Look to vendors with a proven track record for handling previous industry transitions. Medical practice management organizations like KLAS and MGMA may be able to provide evidence of preparation during 5010 and NPI.

Be sure to answer several key ICD-10 questions prior to the transition to ensure your vendors have not missed anything. These include:

- What is your timeline for providing software updates to comply with ICD-10 changes?
- Will it be necessary to purchase additional hardware or other IT services to accommodate the update?
- Are there any additional costs associated with obtaining necessary software updates?
- Will you be facilitating a testing period for electronic transactions using the new ICD-10 codes? When will the testing period be?
- Will the software be able to accommodate both ICD-9 and ICD-10 in all electronic transactions? If not, which ones will not support ICD-10?

Resource: ICD-10 Questions to Ask Your Vendor compiles these and other questions in an easy-to-reference guide.
Training is seen as the most challenging area of the transition.

**Question:** Which area do you anticipate will be MOST challenging during the ICD-10 transition?

- Similar to the spring survey, practices consider training to be most challenging (43%) part of the transition, followed by payers’ lack of preparedness, resulting in delayed payment (35%).
Key Action Item 3: Training

- **A well-trained staff** is the best way to ensure a smooth transition, and both clinical and administrative staff will require training.

- **Customize training activities** based on the specific needs and functions of your staff:
  - Physicians and clinical staff will need to know how to properly document for ICD-10.
  - Coders may need a better understanding of anatomy and physiology in order to code to ICD-10’s higher level of clinical specificity.
  - Administrative staff must learn the right codes to use for processes like precertification and referrals.

- **Focus training efforts** on those codes that are used the most frequently and that will have the biggest impact on reimbursement. Free online tools, like the ICD-10 Analyzer, allow practices and providers to map their most frequently used ICD-9 codes to their corresponding ICD-10 codes so they can gauge the impact of ICD-10 on critical facets of the transition, such as provider education and documentation, coding and claims reimbursement.

- **Set aside several full days for training.** This could be broken into smaller meetings or a weekend-long retreat. Determine the learning style that works best for your practice.

- **Take advantage of resources** from AAPC, MGMA, Practice Management Institute (PMI) and other industry associations.

**Resources:** ICD-10 Analyzer, ICD-10 Hub, AAPC, MGMA, PMI
Survey Finding 4
Revenue and cash flow losses are overwhelmingly the greatest concerns from the ICD-10 transition.

Question 1: What concerns you MOST about the ICD-10 transition?

- Respondents indicated that revenue and cash flow losses were their greatest concerns (64%) on the ICD-10 transition up from spring (52%).
Survey Finding 4
Revenue and cash flow losses are overwhelmingly the greatest concerns from the ICD-10 transition.

Question 2: What percentage of your claims do you expect will be processed by payers ready for ICD-10 on October 1, 2014?

- Practices are confident they and their primary IT vendors will be ready for ICD-10, but their expectations for timely reimbursement after October 1, 2014, is varied.
- While 7% believe that less than 20% of their claims will be reimbursed within “normal” timeframes, expectations among the remaining respondents are split fairly evenly between “41-60%”, “61-80%” and “more than 80%.”
Key Action Item 4: Managing revenue and 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 both ICD-9 and ICD-10 until your payers are ready after the transition date.

- Help offset the costs of ICD-10 by taking steps to improve your revenue cycle now, such as:
  - Automating eligibility verification and denial management processes
  - Electronically submitting both primary and secondary claims
  - Taking advantage of electronic remittance advice (ERA) and automatic payment posting

- 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.

Resources:
- Seven Steps to Improve Your Practice’s Revenue Cycle Management
- Protecting Cash Flow During the ICD-10 Transition
- Clearinghouse Report Card
While only 4% of practices have started end-to-end testing, more than 50% plan to do so before the deadline.

Question: Will your practice participate in end-to-end testing for ICD-10?

- As of November 2013, only 4% of respondents claimed to be doing “end-to-end” testing for ICD-10.
- More than 50% still plan to conduct end-to-end testing prior to October 1, 2014, and 24% do not know if they will participate. Another 16% would like to do end-to-end testing but do not know where to begin.

Bar chart:

- Don’t know: 24%
- No: 4%
- We would like to but don’t know how or where to begin: 16%
- Yes, we plan to do so: 52%
- Yes, we are already doing so: 4%
Key Action Item 5: Testing

- **End-to-end testing is important** to make sure ICD-10 does not severely impact your practice’s cash flow. Identify and address any potential risks by collaborating with payers to ensure the transactions and workflow processes that include ICD-10 codes will function properly.
- **A good clearinghouse can assist** with the testing process by serving as a liaison for practices 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 practice ready for ICD-10** so that you can be prepared to conduct testing as soon as your payers are ready. Take advantage of checklists and other tools to keep your practice on track with preparation efforts.

Resources:
- **Managing Your Revenue Cycle: What You Should Expect From Your Clearinghouse**
- **ICD-10 Hub Blog Post**
- **CMS Administrative Simplification End-to-End Testing Page**
Survey Finding 6
More practices have started budgeting for ICD-10 training and technology upgrades in the past six months.

Question 1: How much have you budgeted for ICD-10 training (not including technology updates)?

- Since the first survey, more practices have begun to budget resources for ICD-10. In the spring of 2013, almost half (44%) of respondents had not budgeted anything for training. By November 2013, that number was down to 36%.
More practices have started budgeting for ICD-10 training and technology upgrades in the past six months.

Survey Finding 6

Question 2: How much have you budgeted for ICD-10 technology upgrades?

- More practices have also budgeted resources for technology upgrades since the spring survey. Almost half of all respondents (47%) had not budgeted anything for technology upgrades in April 2013. That number has dropped to 37% in November 2013.

![Bar chart showing budgeting for ICD-10 technology upgrades]

Fall 2013
- None yet: 37%
- Up to $10,000: 12%
- $10,000-$24,999: 8%
- $25,000-$99,999: 5%
- $100,000+: 4%
- Don’t know: 34%

Spring 2013
- None yet: 47%
- Up to $10,000: 10%
- $10,000-$24,999: 5%
- $25,000-$99,999: 3%
- $100,000+: 2%
- Don’t know: 34%

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Key Action Item 6: Budgeting

- **Query vendors** to determine the costs associated with ICD-10 updates or replacements.
- **If you haven’t already, develop a budget** so you can understand the financial impact the transition will have on your practice. ICD-10 budgets should account for costs associated with:
  - Technology upgrades
  - Training for clinical and administrative staff
  - Testing business and IT system changes
  - Contract re-negotiation with payers and vendors

- **Practices must also consider indirect costs**, such as:
  - Incorrect reimbursement
  - Payment delays
  - Productivity losses
  - Overtime and/or temporary staff

- **Set up lines of credit** well in advance of October 1, 2014, so you can overcome any dips in revenue resulting from the transition.

**Resources:**
- [ICD-10 Budgeting Sample Spreadsheet](#)
- [Hidden Costs Daily Practice Blog Post](#)
Survey Finding 7

Expected productivity losses as a result of ICD-10 continue to stay the same, with most respondents anticipating losses of 40% or less.

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

- Expected productivity loss as a result of ICD-10 has remained about the same since the spring survey. Most respondents (79%) expect to see a productivity loss of somewhere between 1-40%.

![Bar chart showing productivity loss percentages for Fall 2013 and Spring 2013.](image-url)
Key Action Item 7: Productivity

- **Even with a well-trained staff, industry estimates indicate that staff productivity will decline** by 25% 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 partner, practices can address revenue cycle inefficiencies and:
  - 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.
ICD-10 is both a broad and complex undertaking that impacts every area of your practice.

A successful transition will not happen overnight, but with thoughtful planning, it will be easier to manage.

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

Resource Links

*Websites*
ICD-10 Hub – [www.icd10hub.com](http://www.icd10hub.com)
AAPC – [www.aapc.com](http://www.aapc.com)
Practice Management Institute (PMI) – [www.pmimd.com](http://www.pmimd.com)
MGMA – [www.mgma.com](http://www.mgma.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
Keys to ICD-10 Transition Success for Medical Practice's Administrative Staff
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
ICD-10 Preparation Timeline
About Navicure

Navicure’s healthcare payment solutions help provider organizations increase revenue, accelerate cash flow, and reduce cost from 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 are currently testing 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 physician practices’ transitions to ICD-10 easier.

Additionally, 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.