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

Presented by:

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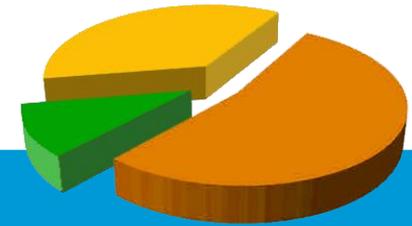Collect more. Stress less.™

Survey Background

- In the first quarter of 2015, 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 similar surveys conducted in April and November 2013.

- The third survey focused on physician practice preparation and whether participants had changed their attitudes, strategies and work plans related to ICD-10. Navicure will sponsor additional surveys in 2015 to monitor changes in attitudes and transition activities as the Oct. 1, 2015, implementation draws near.

- As in years past, the majority of survey participants were practice administrators or billing managers (57%). The number of practice executives who participated in the third survey was 13% which is consistent with the second survey (12%) but slightly higher than the first (7%). Billers and coders made up 14% of the participants.

- Survey respondents represented a broad range of specialties and sizes, with the majority (56%) coming from practices with one to 10 providers.

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Key Findings: Timing, Readiness and Challenges

1. ***The ICD-10 delay impacted practices both positively and negatively.*** Not surprisingly, the majority of practices (58%) "pressed pause" on their ICD-10 implementation efforts when the delay was announced.

2. ***Physician practices' state of ICD-10 preparedness varies widely.*** Only 21% think they're on track, yet the overwhelming majority (81%) are still optimistic they'll be ready when the transition takes place.

3. ***Physician practices don't think ICD-10 will be delayed again.*** A large majority (67%) of respondents believe the ICD-10 transition will take place on its current Oct. 1, 2015, transition date.

4. ***Respondents say their greatest concern is impact on revenue and cash flow.*** The overwhelming majority (59%) of survey participants are most concerned about ICD-10's potential impact on revenue and cash flow.

5. ***Respondents feel the biggest challenge will be dealing with unprepared payers .*** Forty-one percent of respondents cite lack of payer readiness as the most challenging aspect of the transition. End-to-end testing, a top method to determine payer readiness, with payers remains a priority, although the number who have "opted out" has increased.
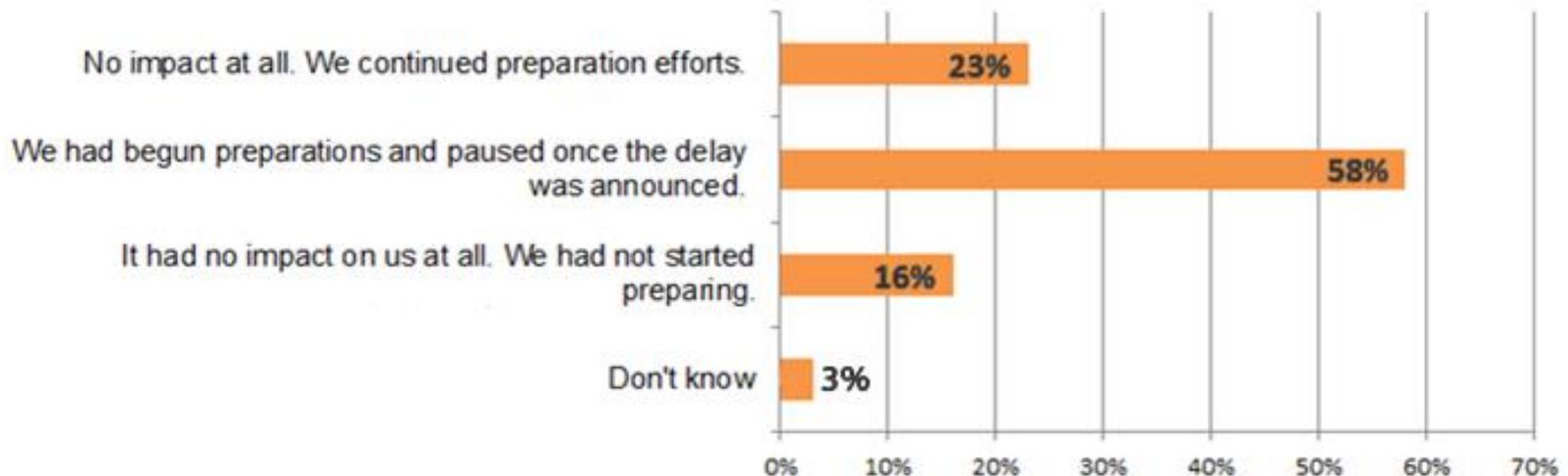
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Survey Finding 1

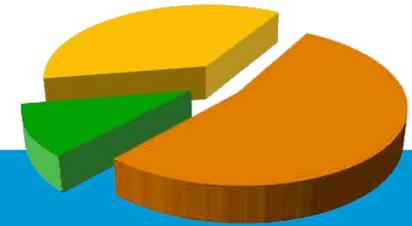*The ICD-10 delay impacted practices both positively and negatively.*

Question 1: Which of the following best reflects the impact the ICD-10 delay until Oct. 1, 2015, had on your organization?

- The majority (58%) of respondents had begun preparations but paused when the transition date was delayed.
- Nearly one-fourth (23%) continued with their preparation efforts despite the delay.


No impact at all. We continued preparation efforts. — 23%

We had begun preparations and paused once the delay was announced. — 58%

It had no impact on us at all. We had not started preparing. — 16%

Don't know — 3%

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Survey Finding 1

*The ICD-10 delay impacted practices both positively and negatively.*

Question 2: How did the ICD-10 delay until Oct. 1, 2015, impact your practice financially?

- The delay had no financial impact on the majority (55%) of respondents.
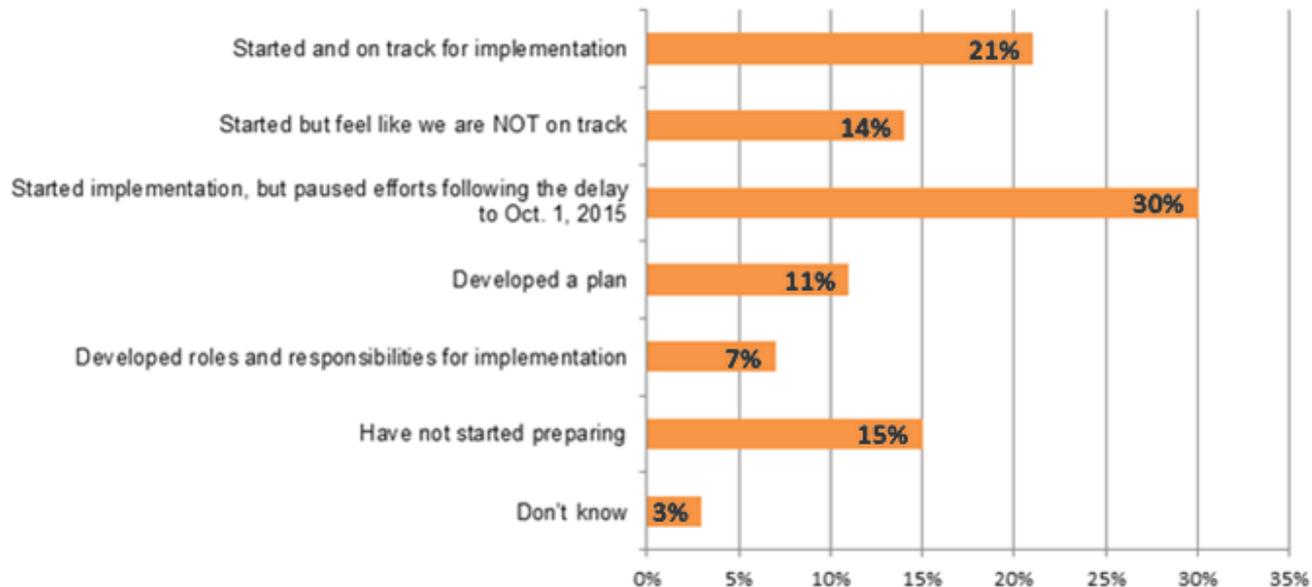- Twenty percent stated the delay had a positive effect on them and 13% said it impacted them negatively.
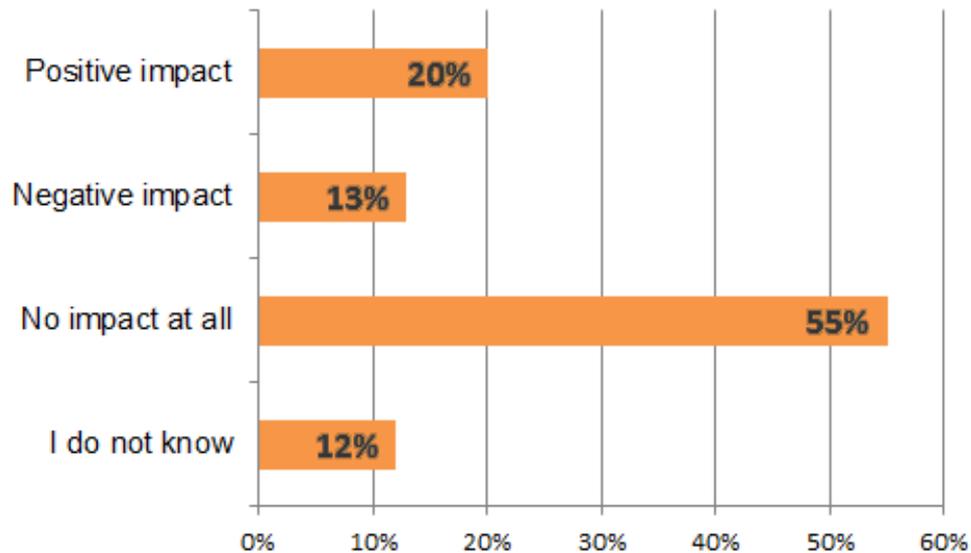
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Survey Finding 2

*Physician practices' state of ICD-10 preparedness varies widely.*
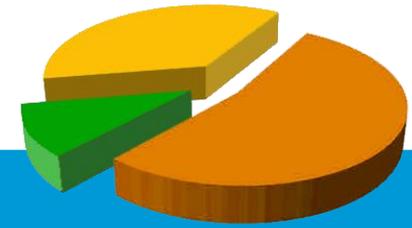
Question 1: How far along is your practice in the ICD-10 preparation process?

- Almost one-third of respondents (30%) have started implementation but paused efforts following the delay from Oct. 2014 to Oct. 2015.

- Only 21% feel they are on track for implementation. Even though they've started preparing, another 14% do not believe they are on track, while 15% have not started preparing at all.

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

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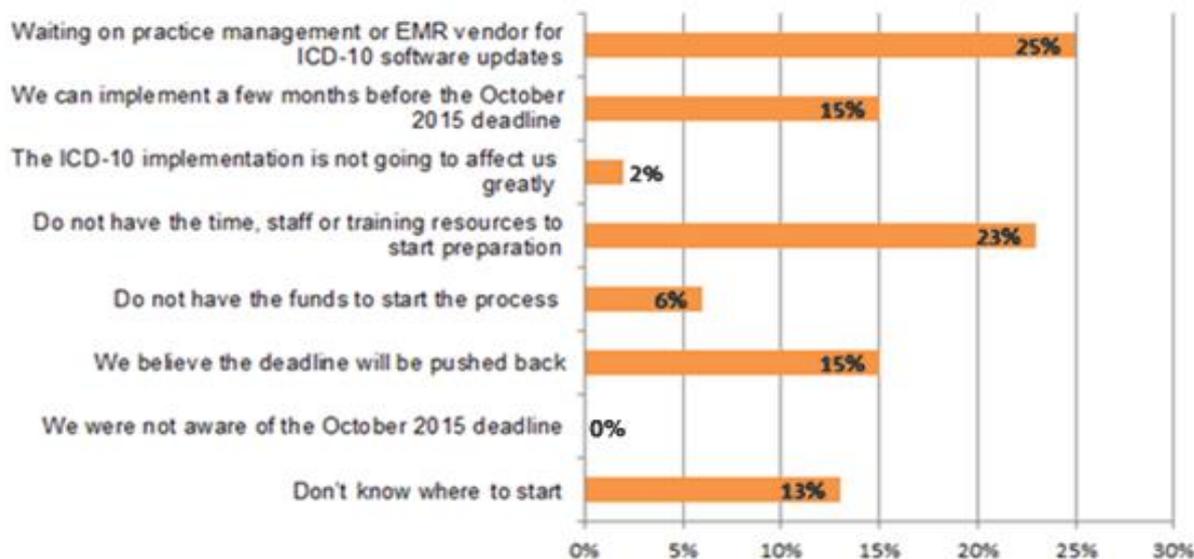**navicure**®
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Survey Finding 2

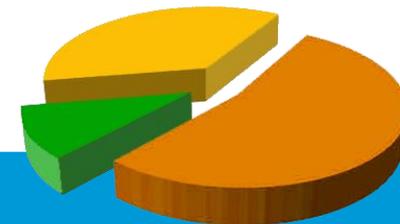*Physician practices' state of ICD-10 preparedness varies widely.*
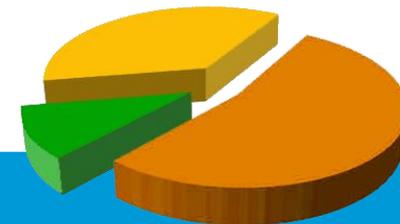
Question 2: Which reason best describes why your practice has not started preparing for ICD-10?

- Among those practices that have not started preparing, one quarter (25%) are waiting on their practice management or EMR vendor for ICD-10 software updates.

- Roughly one-fourth of respondents (23%) claim they do not have the time, staff or resources to begin preparing.

- Thirty percent of respondents believe the deadline will be pushed or they can prepare a few months before the ICD-10 deadline.
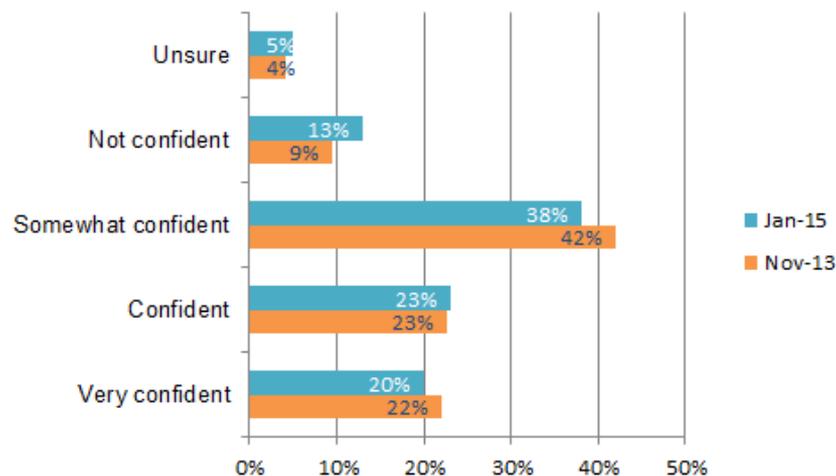
Reason	Percentage
Waiting on practice management or EMR vendor for ICD-10 software updates	25%
We can implement a few months before the October 2015 deadline	15%
The ICD-10 implementation is not going to affect us greatly	2%
Do not have the time, staff or training resources to start preparation	23%
Do not have the funds to start the process	6%
We believe the deadline will be pushed back	15%
We were not aware of the October 2015 deadline	0%
Don't know where to start	13%

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Survey Finding 2
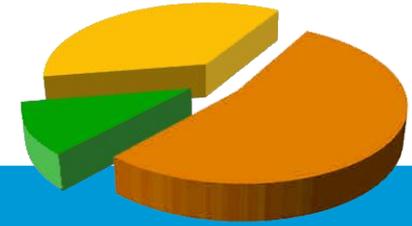*Physician practices' state of ICD-10 preparedness varies widely.*

Question 3: How confident are you that your practice will be prepared for ICD-10 by the transition deadline?

- Only 21% of respondents say they are on track with their ICD-10 implementation efforts, yet 81% have some degree of confidence they will be prepared by the Oct. 1, 2015, deadline.

- Despite the ICD-10 implementation delay to Oct. 2015, respondents' confidence in their readiness is actually dropping, not increasing. In the fall of 2013, 87% of respondents felt confident that they would be ready for what was then to be an Oct. 2014 implementation. In January 2015 that dropped to 82%.

- Thirteen percent do not feel confident that they will be prepared, up from 9% in fall 2013.

Confidence level	Jan-15	Nov-13
Unsure	5%	4%
Not confident	13%	9%
Somewhat confident	38%	42%
Confident	23%	23%
Very confident	20%	22%

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Survey Finding 3

*Physician practices don't think ICD-10 will be delayed again.*

Question 1: Do you think the ICD-10 deadline will shift from Oct. 1, 2015, to a later date?

- About two thirds (67%) of respondents believe that ICD-10 will <u>not</u> be postponed again.
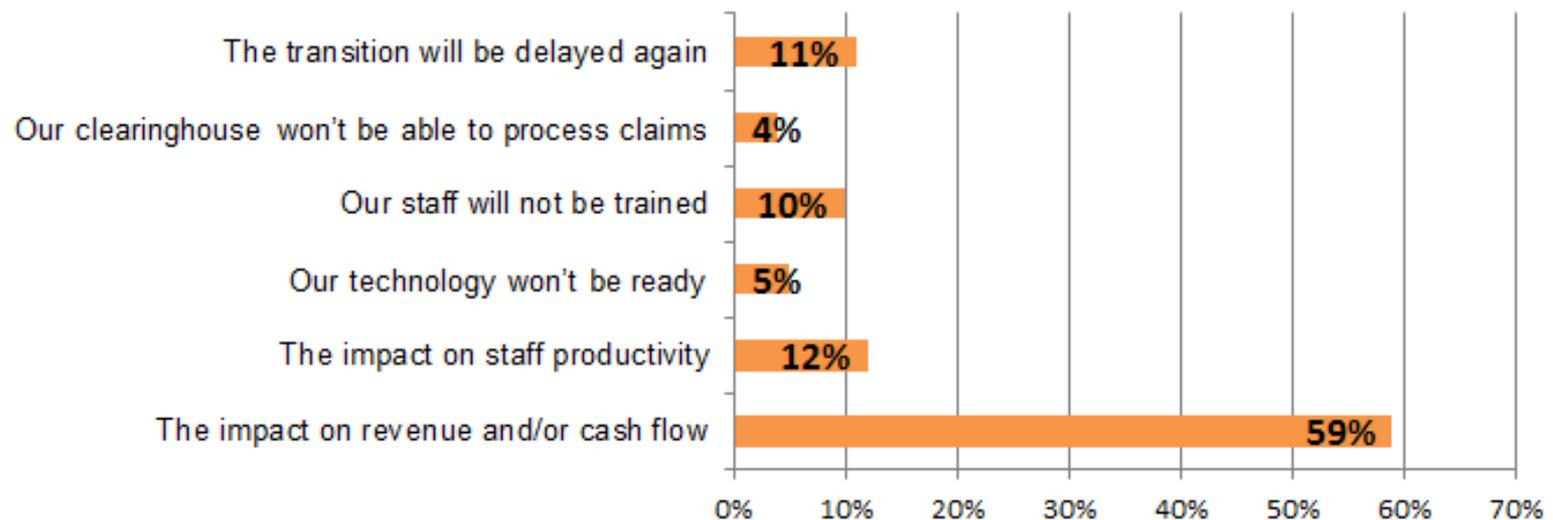- One third of respondents do, however, believe the transition will be delayed again.
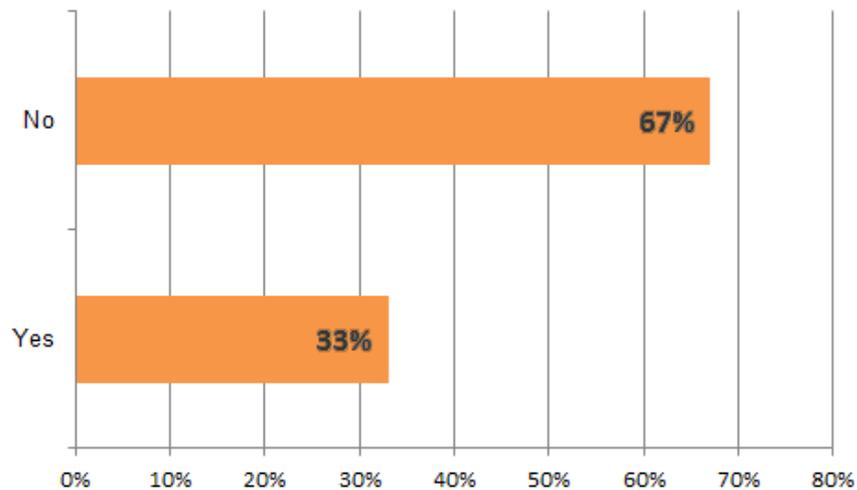
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Survey Finding 4

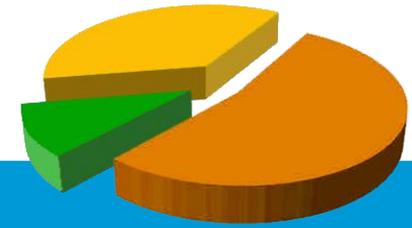*Respondents say their greatest concern is impact on revenue and cash flow.*
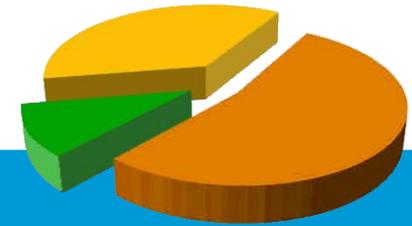
Question 1: What concerns you MOST about the ICD-10 transition?

- Respondents indicated that revenue and cash flow losses were their greatest concerns (59%).
- Twelve percent indicated their greatest concern is staff productivity.
- Eleven percent are most concerned that the transition will be delayed again.

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

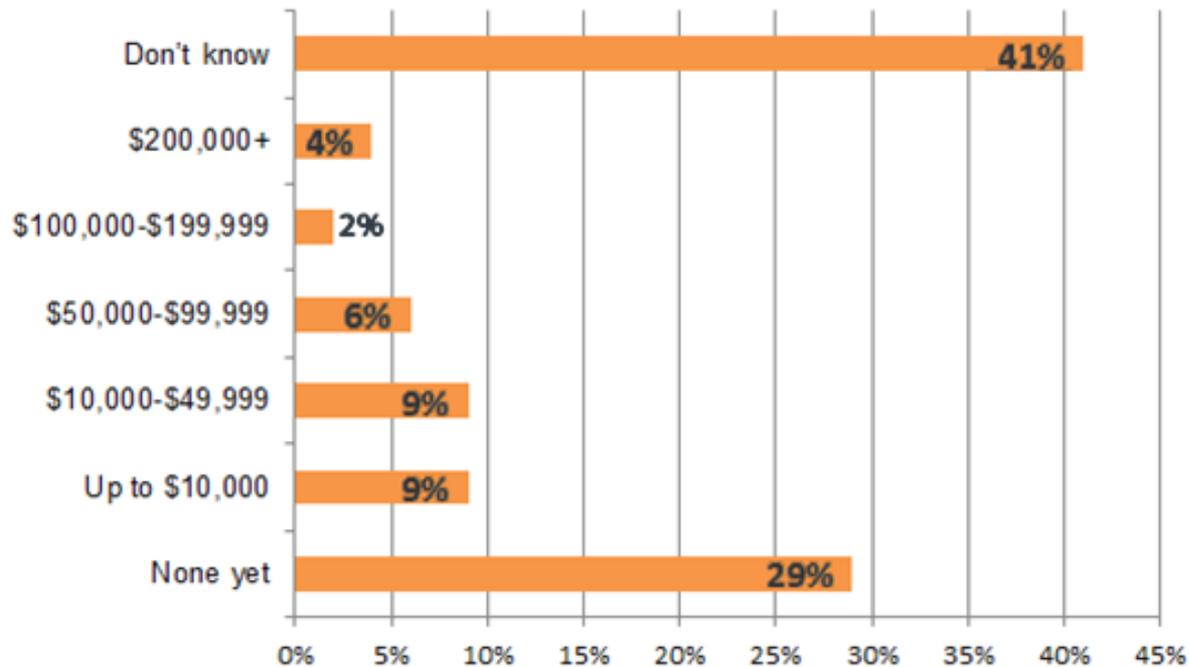navicure®
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Survey Finding 4

Respondents say their greatest concern is impact on revenue and cash flow.
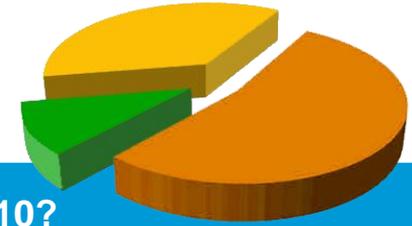
Question 2: How much have you budgeted for ICD-10?

- The majority of respondents (41%) don't know if they've budgeted for ICD-10.
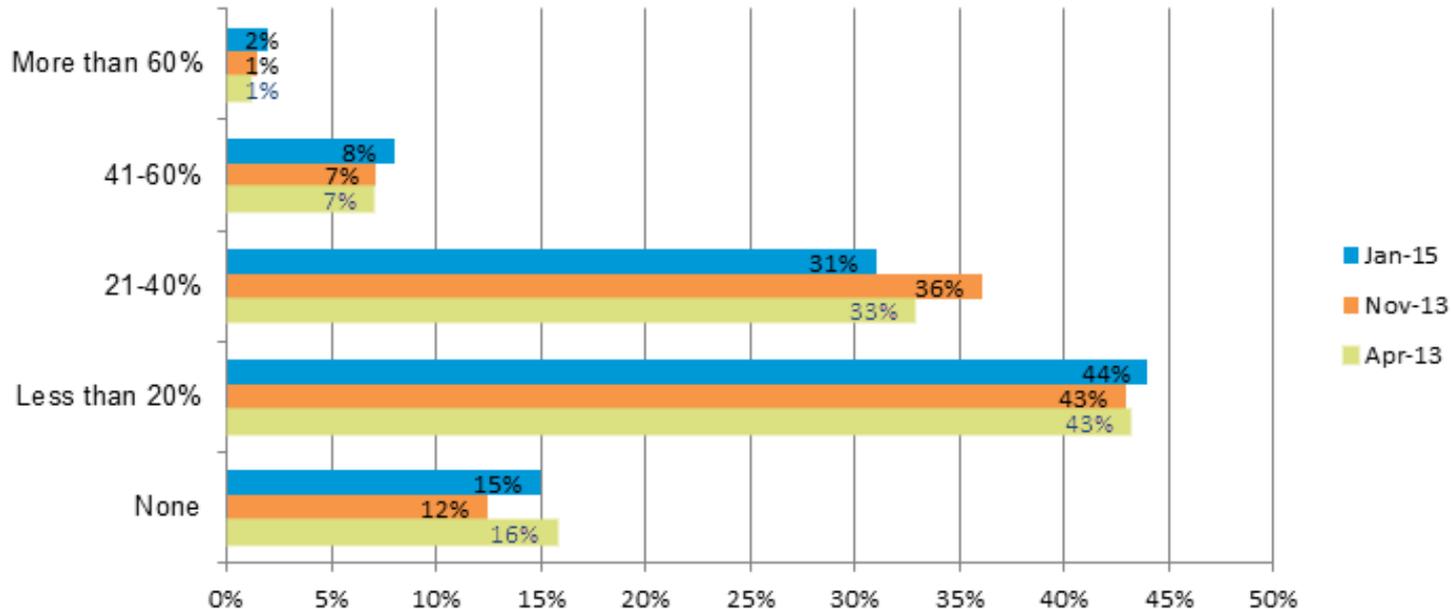- Another 29% haven't budgeted yet.

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Survey Finding 4

*Respondents say their greatest concern is impact on revenue and cash flow.*

Question 3: How much staff productivity do you anticipate losing due to ICD-10?

- Similar to 2013 surveys, most respondents (75%) expect a productivity loss of 1-40%.
- Ten percent expect to see productivity losses of 41% or more.

Chart legend:
- Jan-15
- Nov-13
- Apr-13

Category	Jan-15	Nov-13	Apr-13
More than 60%	2%	1%	1%
41-60%	8%	7%	7%
21-40%	31%	36%	33%
Less than 20%	44%	43%	43%
None	15%	12%	16%

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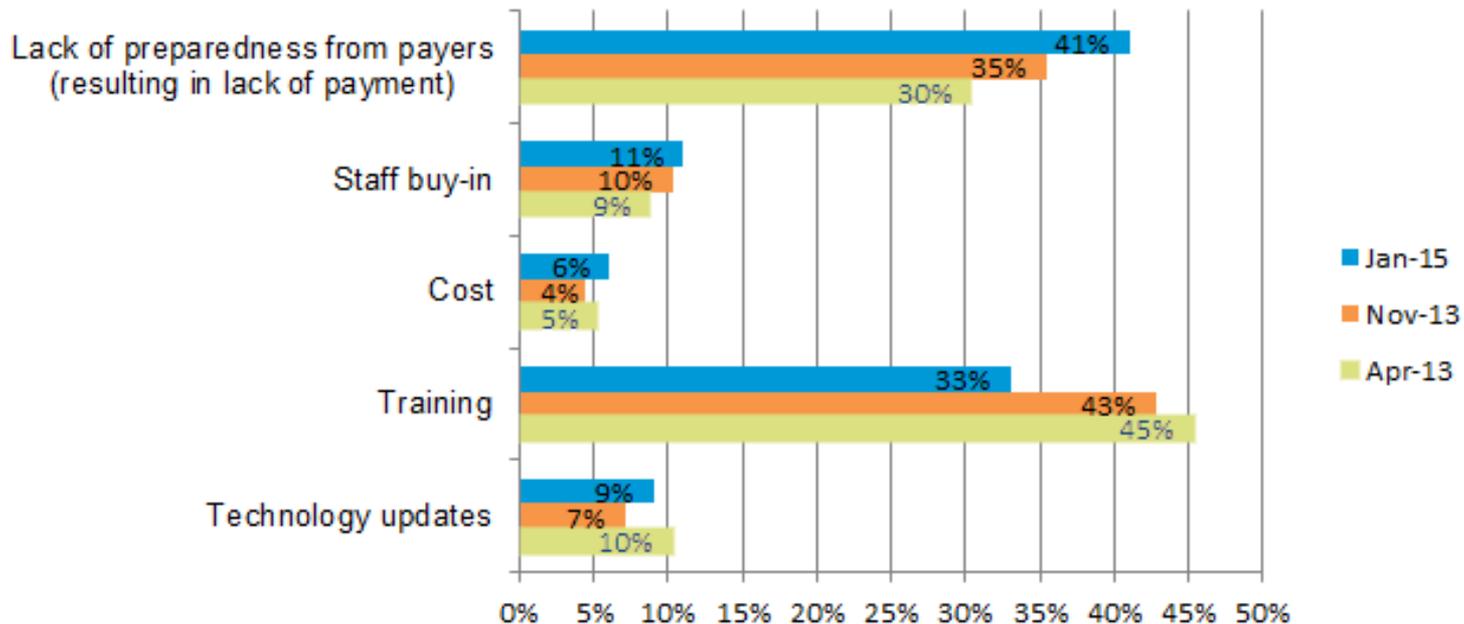*navicure®*
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Survey Finding 5

Respondents feel the biggest challenge will be dealing with unprepared payers .
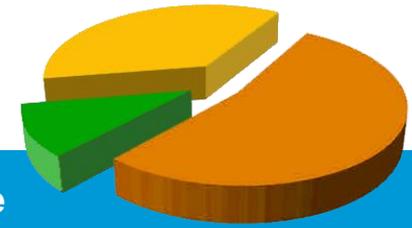
Question 1: Which area do you anticipate will be <u>most</u> challenging during the ICD-10 transition?

- Respondents' foremost concern about payer readiness has grown steadily since Navicure first started surveying in the spring of 2013, increasing from 30% to 41% during that time.

- Payer readiness is now the most significant concern replacing staff training for the first time.

Category	Jan-15	Nov-13	Apr-13
Lack of preparedness from payers (resulting in lack of payment)	41%	35%	30%
Staff buy-in	11%	10%	9%
Cost	6%	4%	5%
Training	33%	43%	45%
Technology updates	9%	7%	10%

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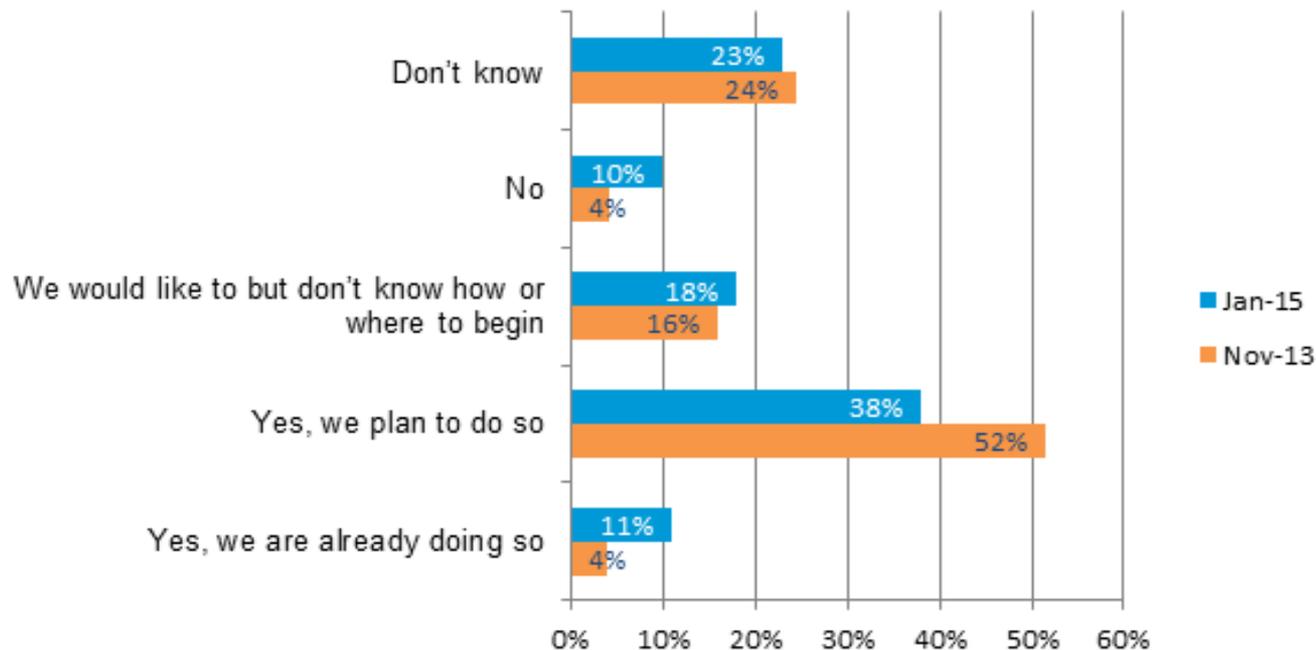**navicure**®
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Survey Finding 5

Respondents feel the biggest challenge will be dealing with unprepared payers.
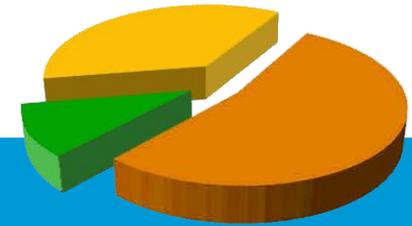
Question 2: Will your practice participate in end-to-end testing for ICD-10?

- It is encouraging that 49% of respondents are doing end-to-end testing or have plans to do so.

- Discouraging is that plans to complete end-to-end testing and practices already doing so have decreased by 7% since fall of 2013. Further, 10% of respondents reported that they will definitely "not participate in end-to-end testing", up from 4% in fall 2013.

	Jan-15	Nov-13
Don't know	23%	24%
No	10%	4%
We would like to but don't know how or where to begin	18%	16%
Yes, we plan to do so	38%	52%
Yes, we are already doing so	11%	4%

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Key Action Items

Begin preparations now, even if your vendor doesn't have ICD-10 updates completed.

- ICD-10 is more than just an annual coding or a technology update.
- Even if waiting on software updates, practices 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

Budgets need to be identified and take priority to better plan for revenue cycle changes following the transition. AMA estimates implementation costs for practices to range between $56K for small practices and up to $8 million for large practices*.

- **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

Source: American Medical Association (AMA) 2014 ICD-10 Cost Study conducted by Nachimson Advisors: http://www.ama-assn.org/ama/pub/news/news/2014/2014-02-12-icd10-cost-estimates-increased-for-most-physicians.page

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Key Action Items

Test, test, test.

❖ **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.

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Key Action Items

Be proactive: Prepare for a decrease in staff productivity.

- **Even with a well-trained staff, industry estimates indicate that staff productivity will decline by 52%** 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.

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 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.

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Summary

- **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.**

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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

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

Uncovering the Hidden Costs of ICD-10

On demand webinars

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

Protect Revenue and Be Prepared for ICD-10

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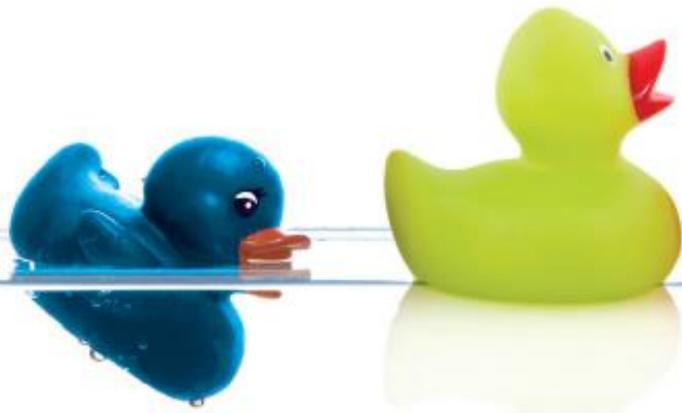
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About Navicure

Navicure's healthcare billing and payment solutions help provider organizations increase revenue, accelerate cash flow, and reduce the cost of 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, 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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