HFMA's Revenue Cycle ICD-10 Readiness Survey Summary of Results & Findings

Sponsored by 3M HIS

April 2014

hfma
healthcare financial management association

Intro

As hospitals and health systems address additional time for the ICD-10 transition, it will be key to recognize where efforts stand compared with others and top challenges they are likely to face moving forward.

With this in mind, HFMA researchers, with sponsorship from 3M HIS, provide this overview of industry readiness prior to the delay.*

* Survey in field 2/14; Delay signed into law 3/31.

Key Findings

1 Revenue Cycle Perspective of Current State

2 Top Challenges Facing Revenue Cycle

3 Readiness Progress to Date

Key Findings

1 Revenue Cycle Perspective of Current State

- Most hospital and health system revenue cycle leaders were confident they would have been ready for ICD-10 by fall 2014, with those at larger organizations having greatest confidence

- However, work lists are still long

- Revenue cycle leaders largely believed payers and physicians wouldn't have been ready

Key Findings

2 | Top Challenges Facing Revenue Cycle

- The biggest hurdles hospitals and health system revenue cycle leaders expect to face in their transition to ICD-10 are the readiness of physicians and payers, as opposed to internal—and more controllable—challenges around having the right HIM coding staff resources or staff training

Key Findings

3 Readiness Progress to Date

- Most hospitals have had the majority of their financial/billing IT systems updated to support ICD-10 codes

- But when it comes to payer testing, more than 40% do not have a testing plan in place with their top 3-5 commercial payers

- Also, the majority of hospitals and health systems have had less than half of their contracts analyzed to determine financial impact of ICD-10

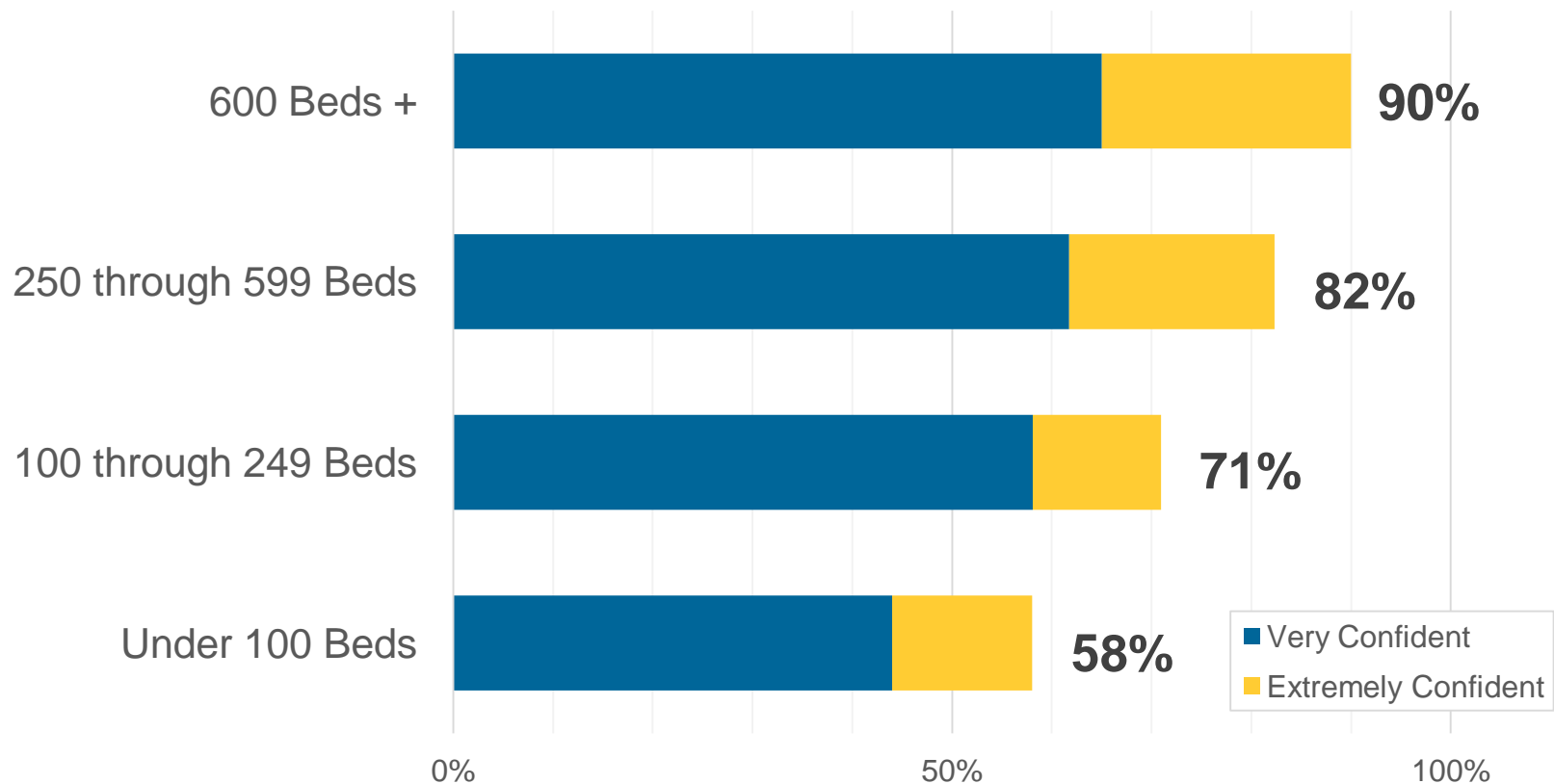- Most do not feel confident in ability to predict impact on cash flow, payment, and DNFB

Key Findings

3 Readiness Progress to Date, cont.

- Larger organizations are better positioned to understand the financial impact of ICD-10, with many of them already having established monitoring metrics in place

- They also are more likely than peers to have contingency plans

- When it comes to looking at the strategic benefits of the ICD-10 transition, revenue cycle directors are far more likely than VPs of Revenue Cycle or CFOs to explore opportunities associated with improved granularity

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Perspective: Organizational Readiness

How confident are you in your organization's readiness for ICD-10 by fall of 2014?*

Bed size	Confidence
600 Beds +	90%
250 through 599 Beds	82%
100 through 249 Beds	71%
Under 100 Beds	58%

Legend:
- Very Confident
- Extremely Confident

5 point scale used.
Chart shows top 2 points.

*Surveying conducted prior to announcement of delay

Perspective: Long Worklists Still Ahead

By October 1, your organization intends to have completed the following…*

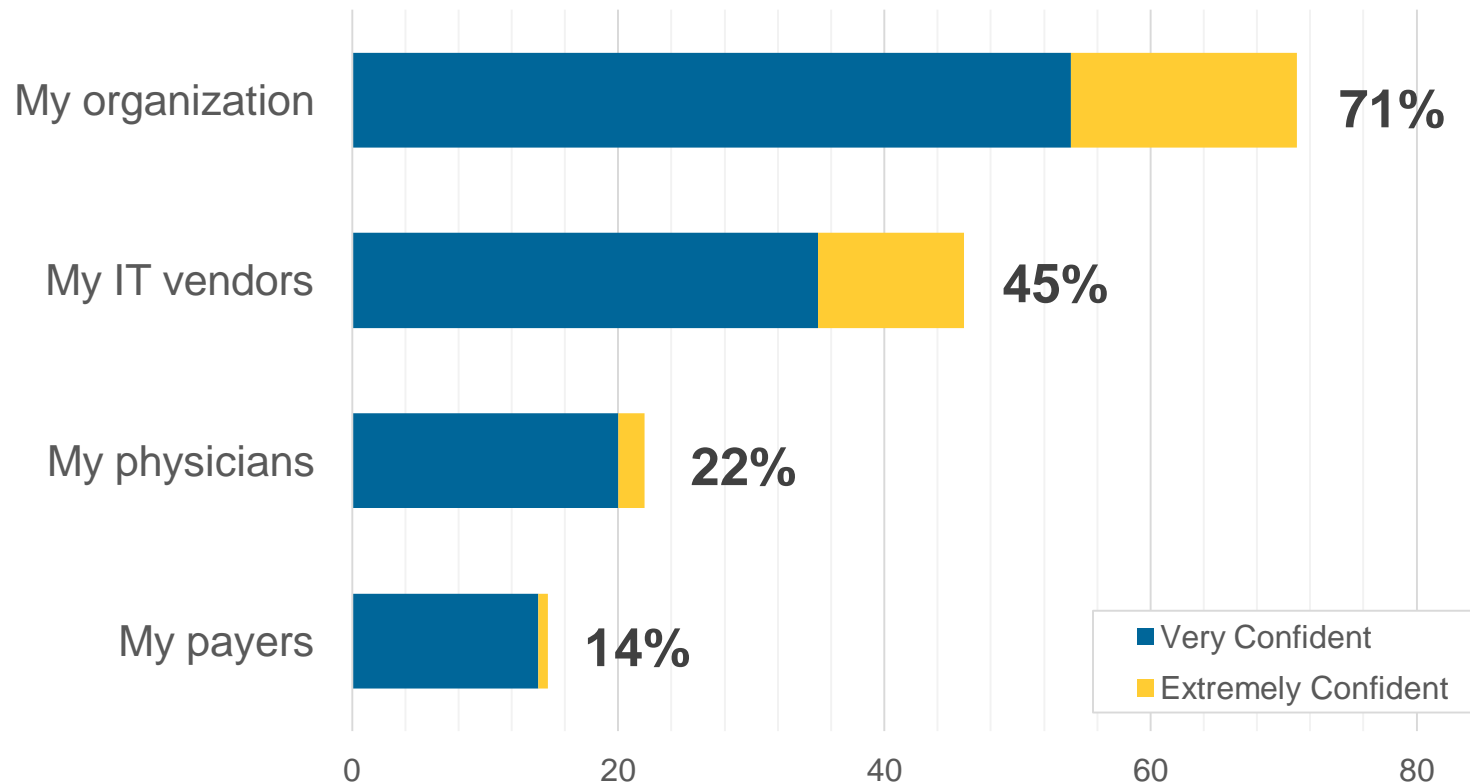| Category	Percentage
Established metrics to monitor the impact to revenue cycle	73%
Developed contingency plans to mitigate financial risk	68%
Begun dual coding in ICD-9 and ICD-10	67%
Begun querying physicians for additional specificity	62%
Modified EHR templates	60%
Begun exploring opportunities to strategically leverage the additional granularity	59%
Delivered training to impacted staff at owned entities	55%
Developed workflow redesign/corrective actions	54%

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

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Perspective: Industry Readiness

How confident are you in the following entities' readiness for ICD-10 by fall 2014?*

My organization — 71%
My IT vendors — 45%
My physicians — 22%
My payers — 14%
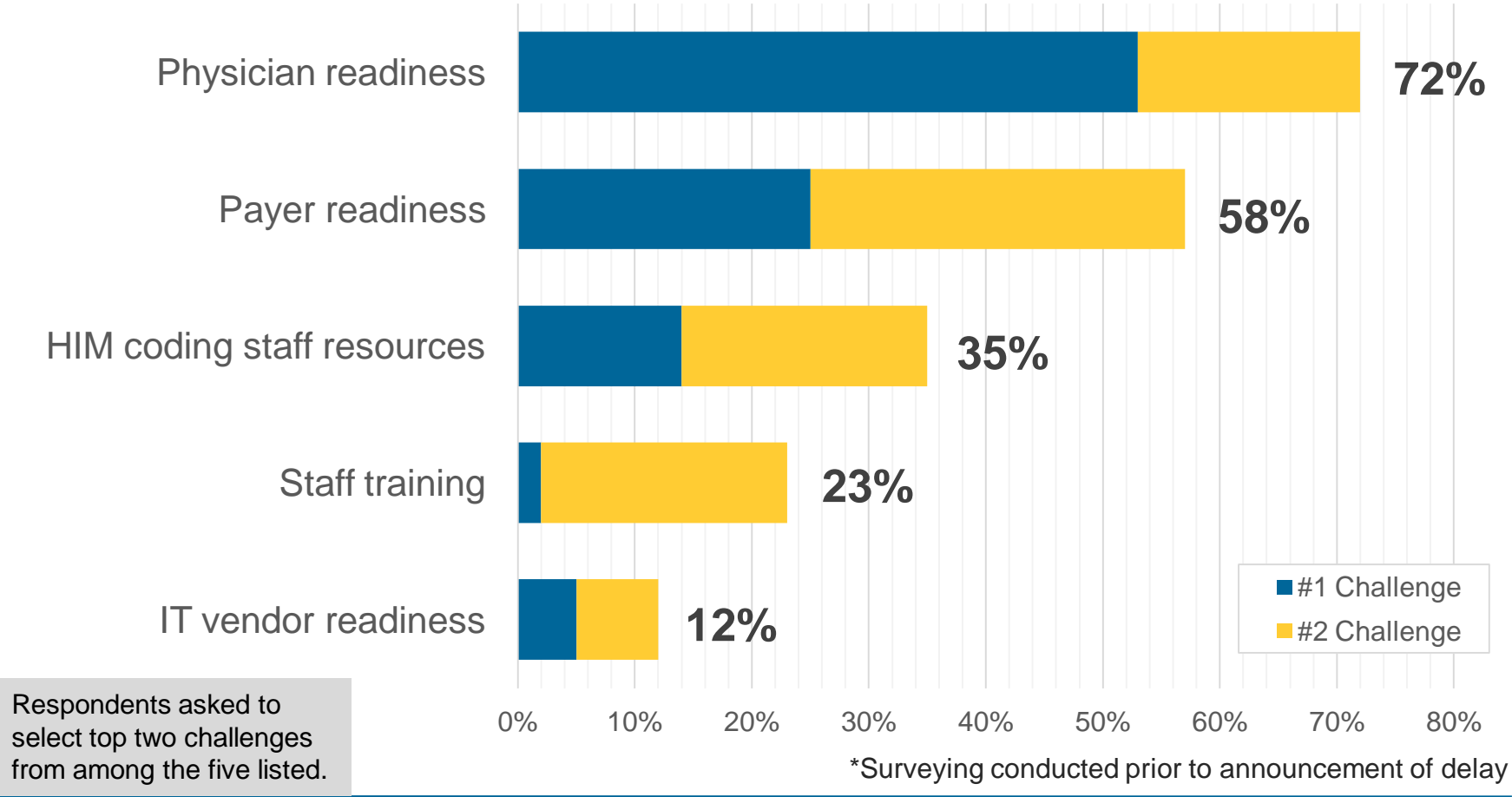
Legend:
- Very Confident
- Extremely Confident

5 point scale used.
Chart shows top 2 points.
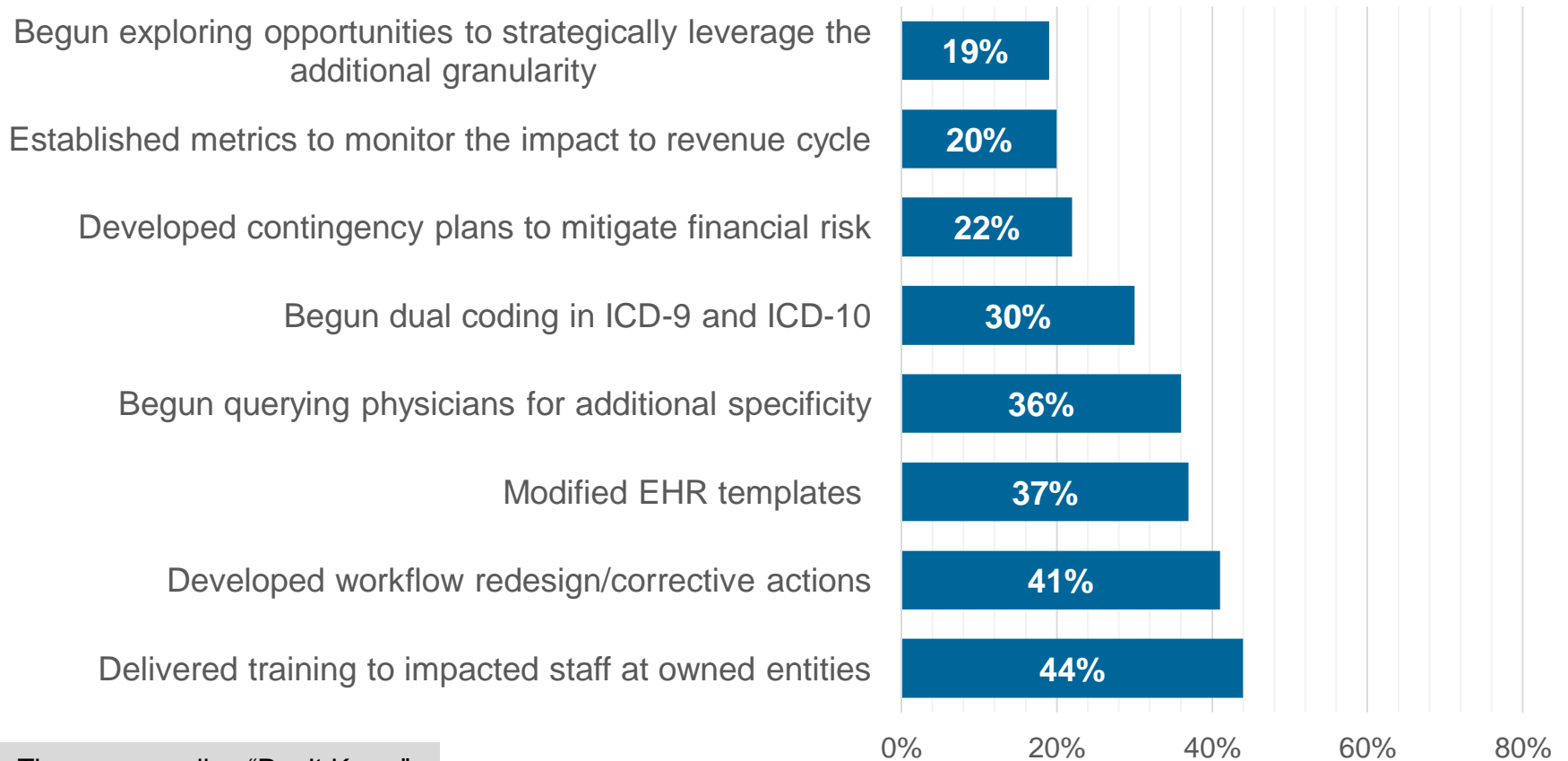
*Surveying conducted prior to announcement of delay

Top Challenges Facing Revenue Cycle

What do you foresee as your biggest challenge in achieving ICD-10 readiness?*

Physician readiness — 72%
Payer readiness — 58%
HIM coding staff resources — 35%
Staff training — 23%
IT vendor readiness — 12%

Legend:
■ #1 Challenge
■ #2 Challenge

X-axis: 0% 10% 20% 30% 40% 50% 60% 70% 80%

Respondents asked to select top two challenges from among the five listed.

*Surveying conducted prior to announcement of delay

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Progress: Overview of Readiness to Date

Your organization has completed the following…

Category	Percentage
Begun exploring opportunities to strategically leverage the additional granularity	19%
Established metrics to monitor the impact to revenue cycle	20%
Developed contingency plans to mitigate financial risk	22%
Begun dual coding in ICD-9 and ICD-10	30%
Begun querying physicians for additional specificity	36%
Modified EHR templates	37%
Developed workflow redesign/corrective actions	41%
Delivered training to impacted staff at owned entities	44%

Those responding "Don't Know" excluded from the analysis.

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Progress: Payer Testing

Which of the following activities have you completed in preparation for ICD-10?

Activity	Percentage
Our CMS ICD-10 testing will include hospital-owned entities (e.g. practices)	77%
We plan to participate in CMS's ICD-10 testing week (March 3 to March 7, 2014) with our Medicare Administrative Contractor	71%
We have a testing plan in place with our top 3-5 commercial payers	59%
We have a testing plan in place with our top 3-5 commercial payers that includes hospital-owned entities (e.g. practices)	50%

Those responding "Don't Know" excluded from the analysis..
All organizations surveyed include owned entities.

Progress: Completion of Analyzing Financial/Billing Systems

To what degree have you analyzed your financial/billing systems for the ability to support ICD-10 codes?

Less Than Half of Systems Analyzed 29%

Over Half of Systems Analyzed 71%
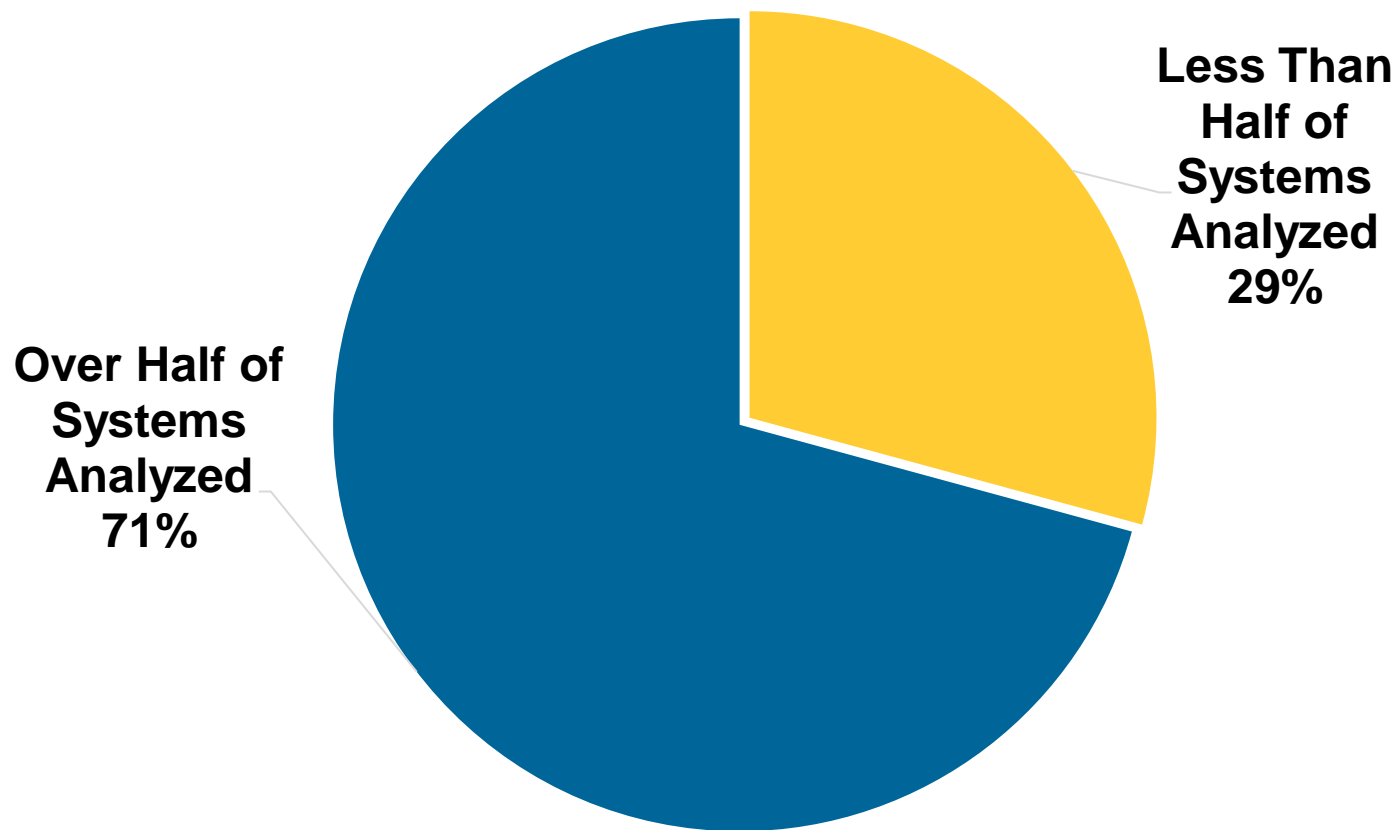
Progress: Completion of Contract Analysis by Bed Size

Percentage responding "Over half of contracts analyzed"

250 Beds +	55%
Under 250 Beds	30%

0% 20% 40% 60% 80%
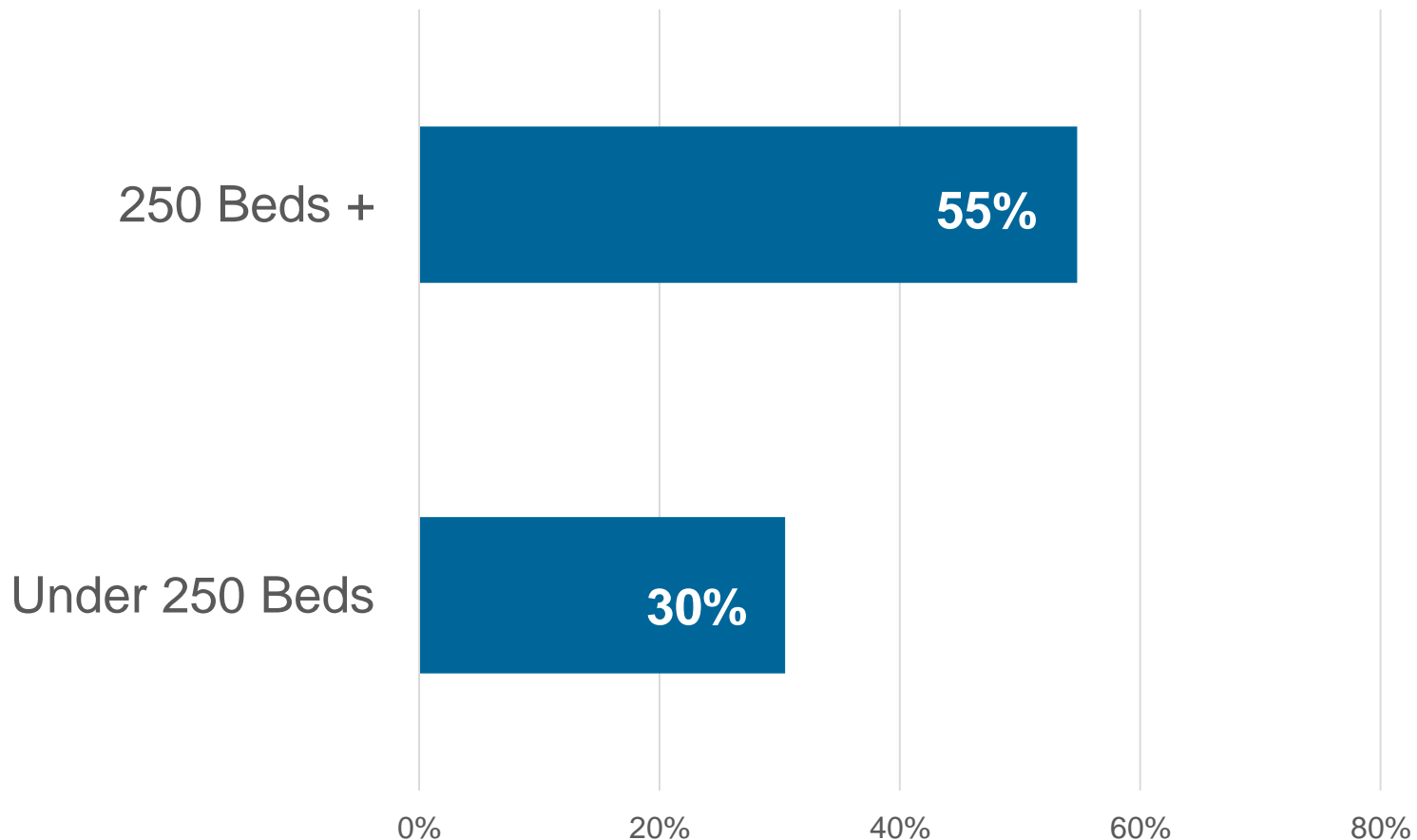
Positive correlation between size and percentage of contracts analyzed

Progress: Estimating Financial Impacts of ICD-10

How confident are you that you can estimate the financial impact of ICD-10 on the following?

Discharged Not Final Billed (DNFB) — **15%**

Reimbursement — **12%**

Cash Flow — **8%**

Legend:
- Very Confident
- Extremely Confident

Axis: 0, 10, 20, 30, 40
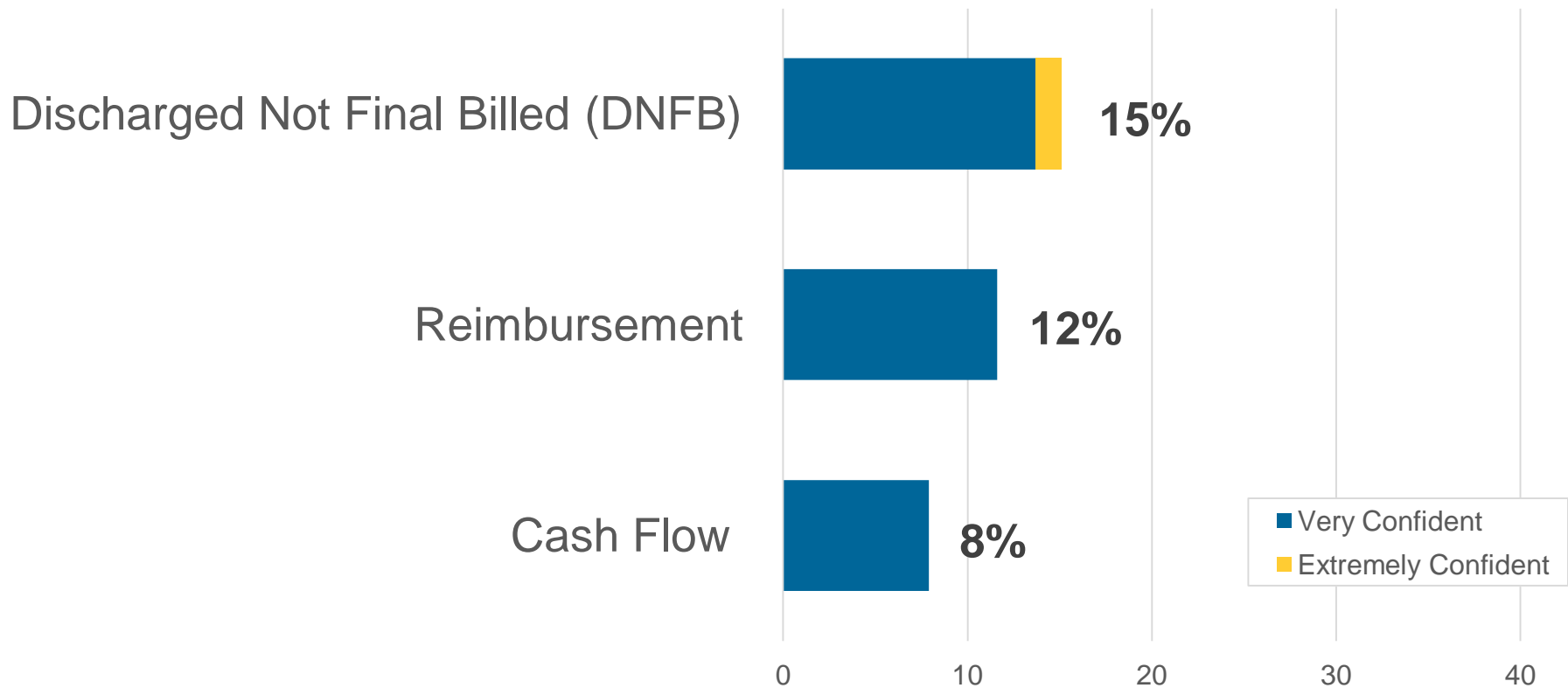
5 point scale used. Chart shows the top 2 points Very Confident and Extremely Confident.

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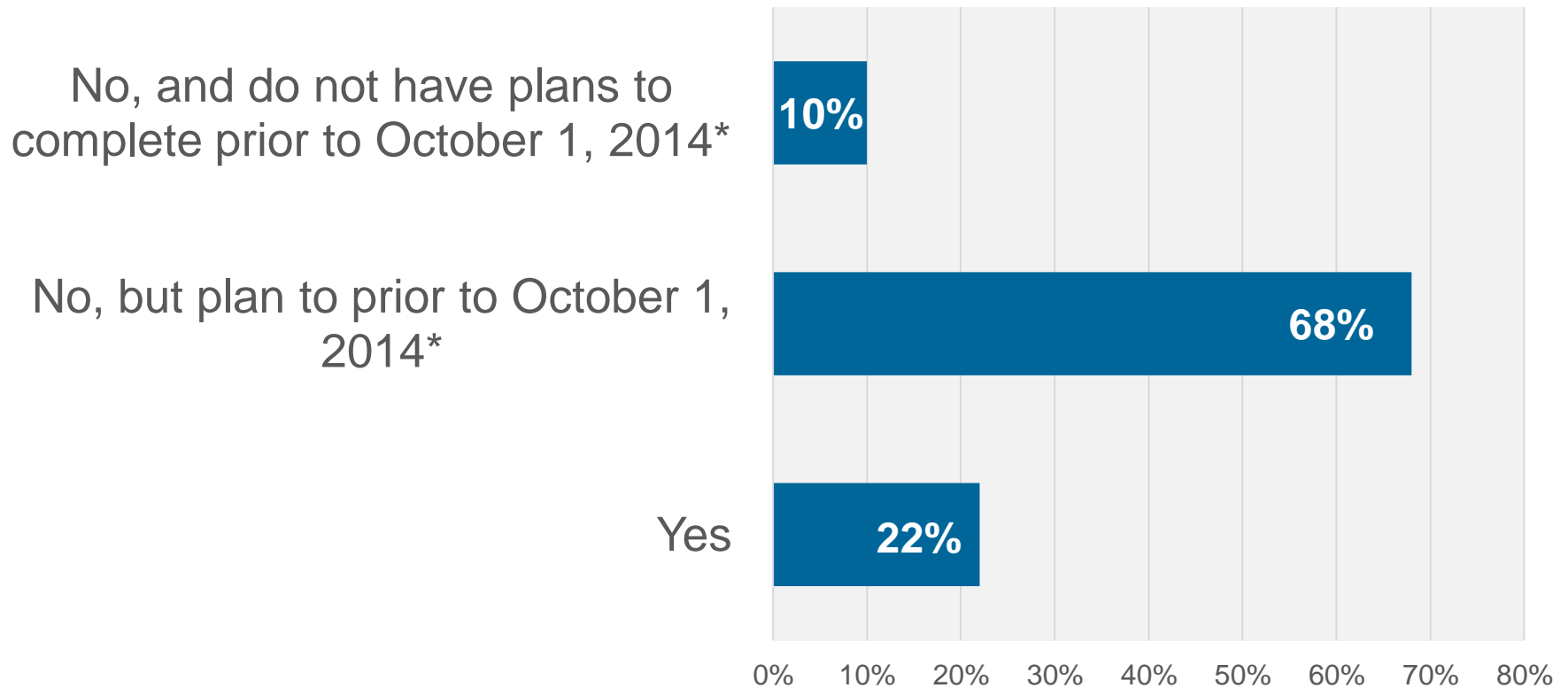# Progress: Establishing Metrics to Monitor Financial Impact Post-ICD-10

Responding "Yes" to "Established metrics to monitor the financial impact of ICD-10 after the transition"
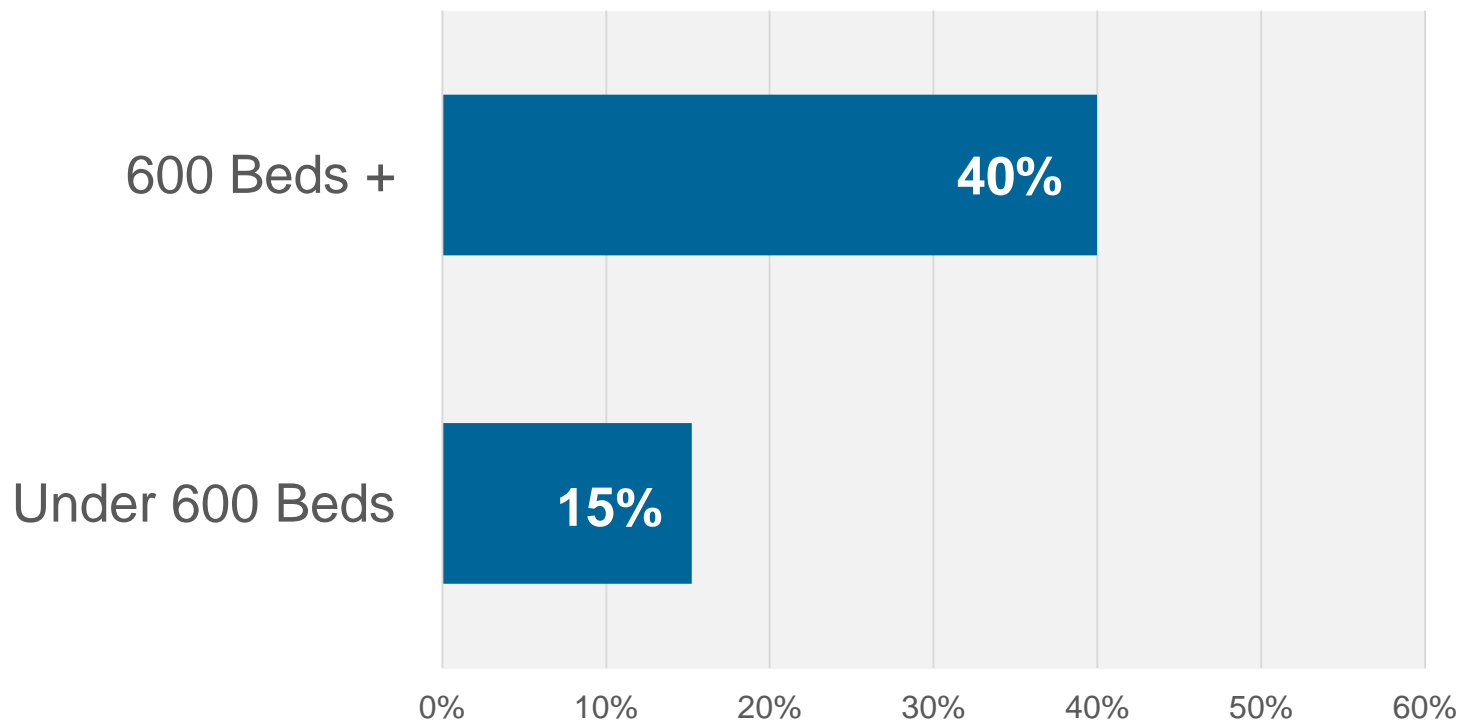
Those responding "Don't Know" excluded from the analysis.

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Progress: Contingency Planning

Responding to "Developed contingency plans for post -ICD-10 transition to mitigate financial risk (e.g. reduced reimbursement)"


No, and do not have plans to complete prior to October 1, 2014* — **10%**

No, but plan to prior to October 1, 2014* — **68%**

Yes — **22%**

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay
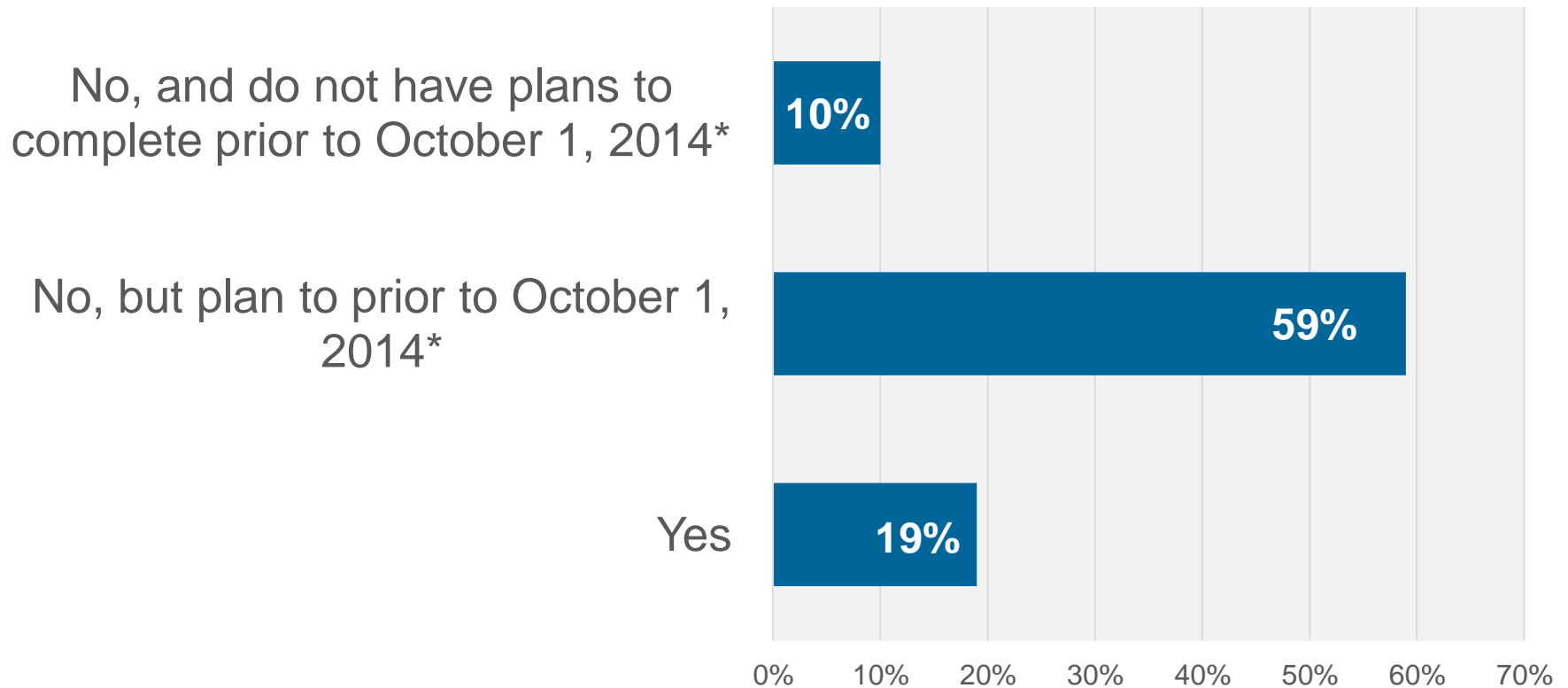
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Progress: Contingency Planning

Responding "Yes" to "Developed contingency plans for post -ICD-10 transition to mitigate financial risk (e.g. reduced reimbursement)"
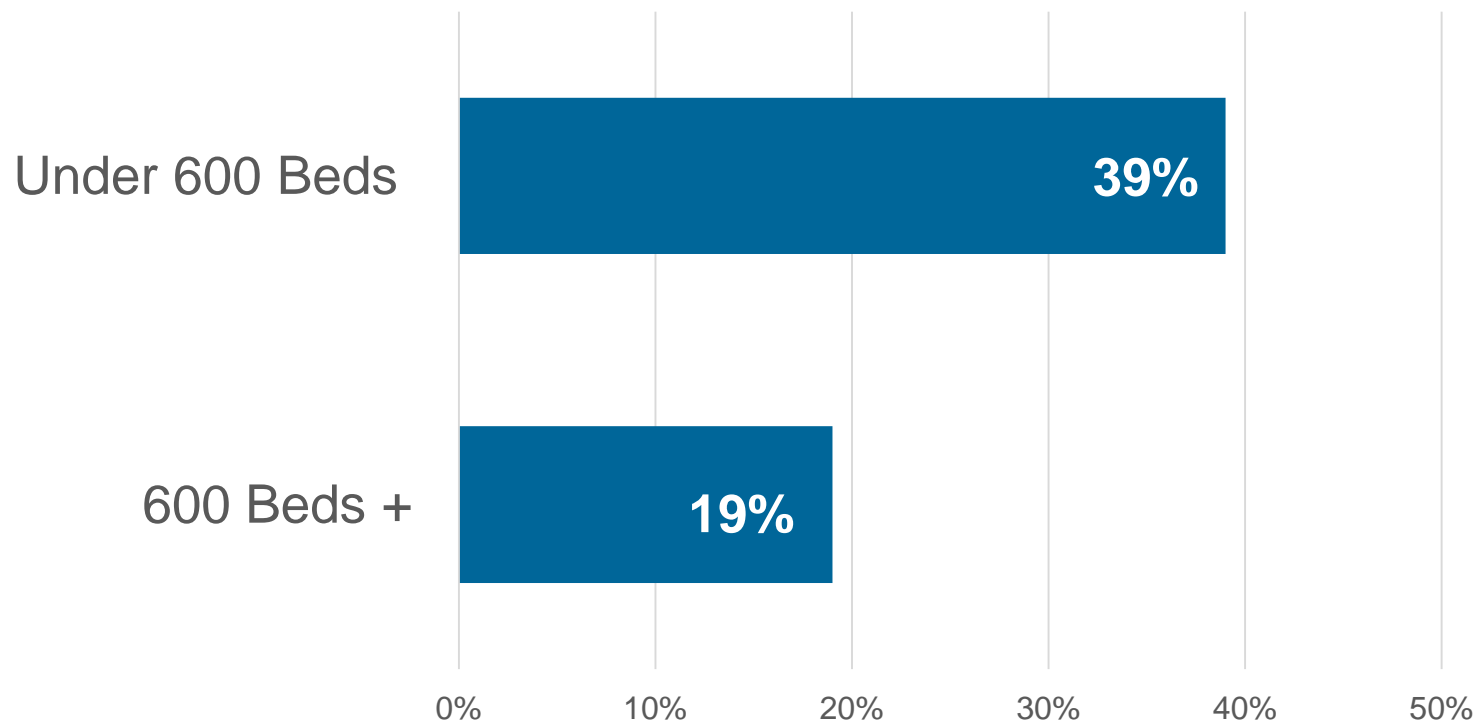
Those responding "Don't Know" excluded from the analysis.

Progress: Leveraging the Additional Granularity of IDC-10

Responding to "Begun exploring opportunities to strategically leverage the additional granularity of ICD-10 codes post-transition"

No, and do not have plans to complete prior to October 1, 2014* **10%**

No, but plan to prior to October 1, 2014* **59%**

Yes **19%**

0% 10% 20% 30% 40% 50% 60% 70%

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

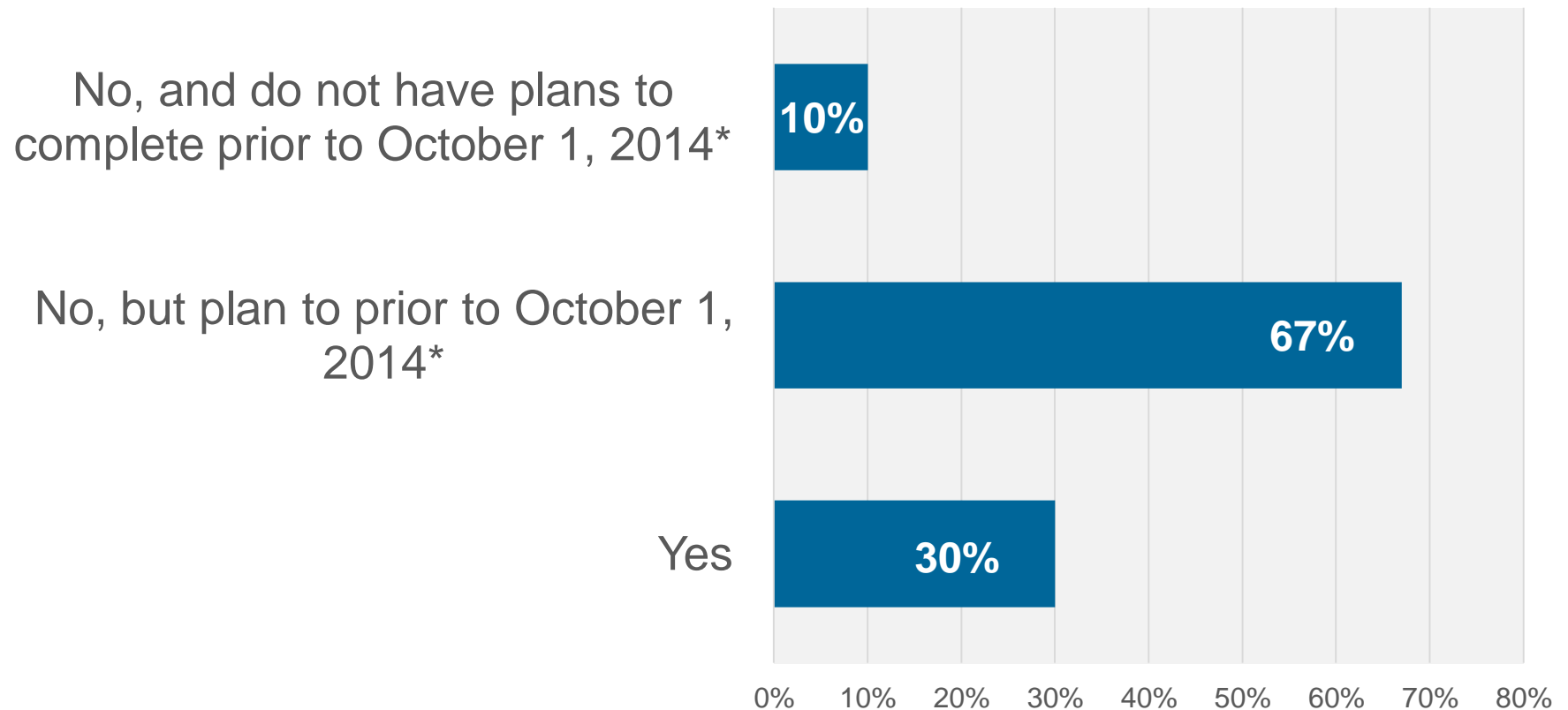# Progress: Leveraging the Additional Granularity of ICD-10

Responding "Yes" to "Begun exploring opportunities to strategically leverage the additional granularity of ICD-10 codes post-transition"

Revenue Cycle Director — **37%**

CFO/VP Revenue Cycle — **9%**

0% 10% 20% 30% 40% 50%
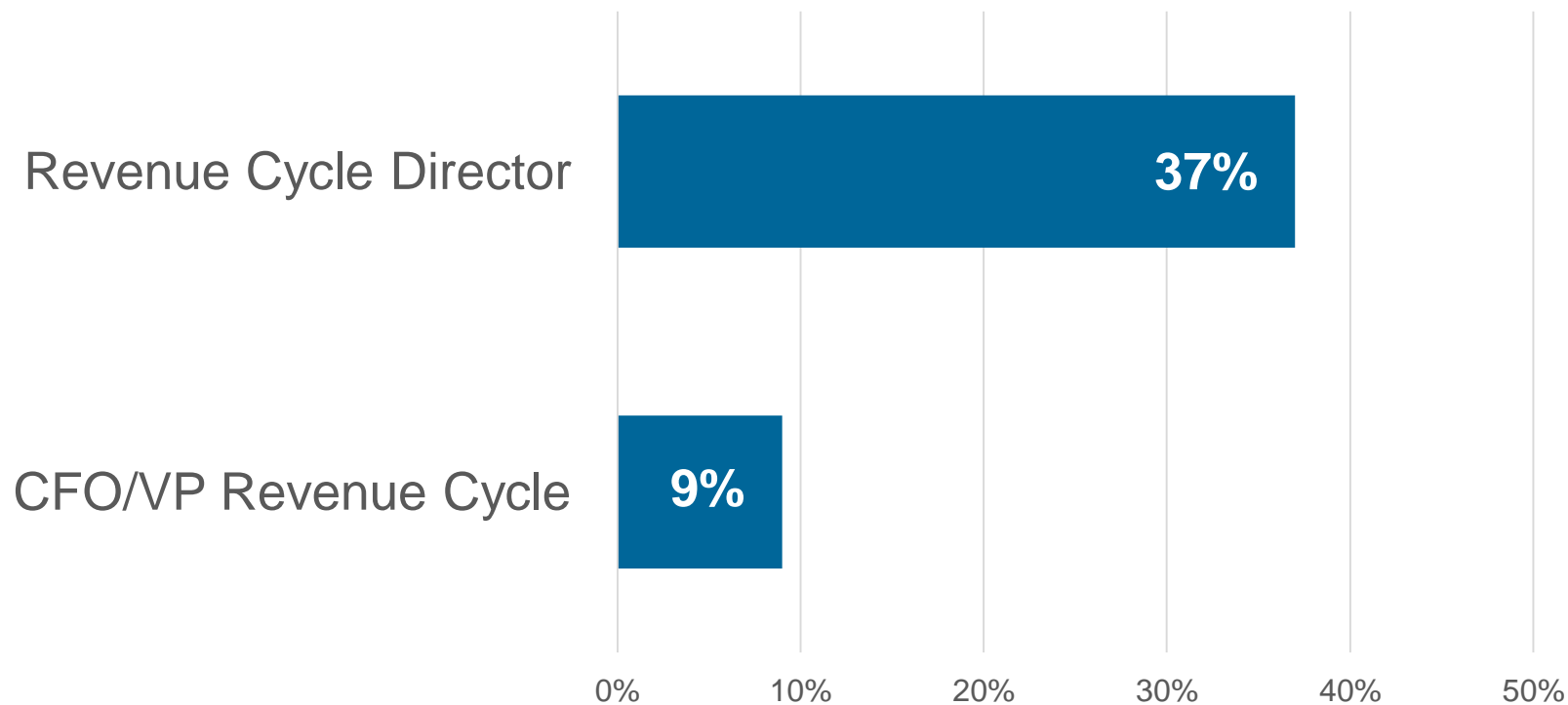
Those responding "Don't Know" excluded from the analysis.

Progress: Dual Coding

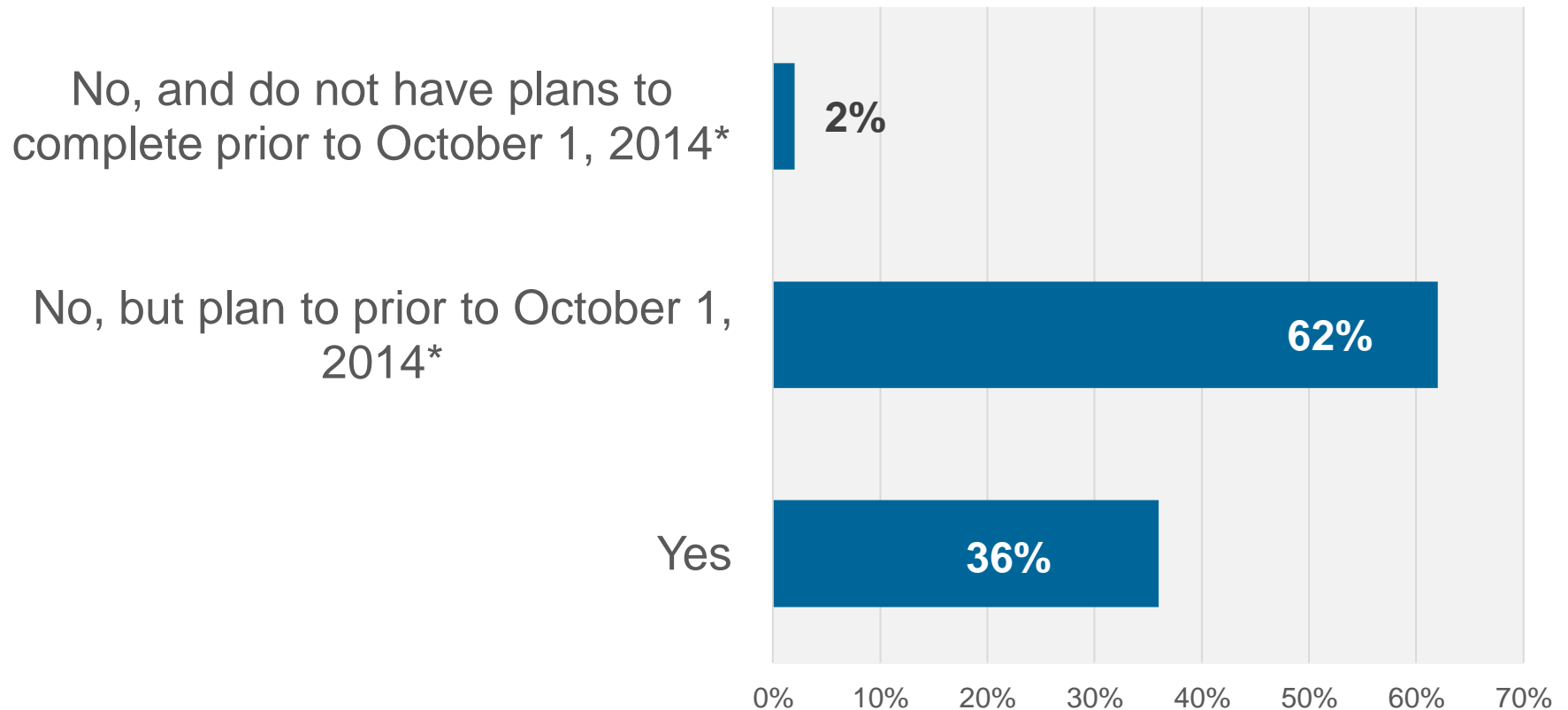**Responding to "Have developed systems for coding in both ICD-9 and ICD-10"**

No, and do not have plans to complete prior to October 1, 2014* — 10%

No, but plan to prior to October 1, 2014* — 67%

Yes — 30%

(x-axis: 0% 10% 20% 30% 40% 50% 60% 70% 80%)

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

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Progress: Querying Physicians to Aid ICD-10 Assignment

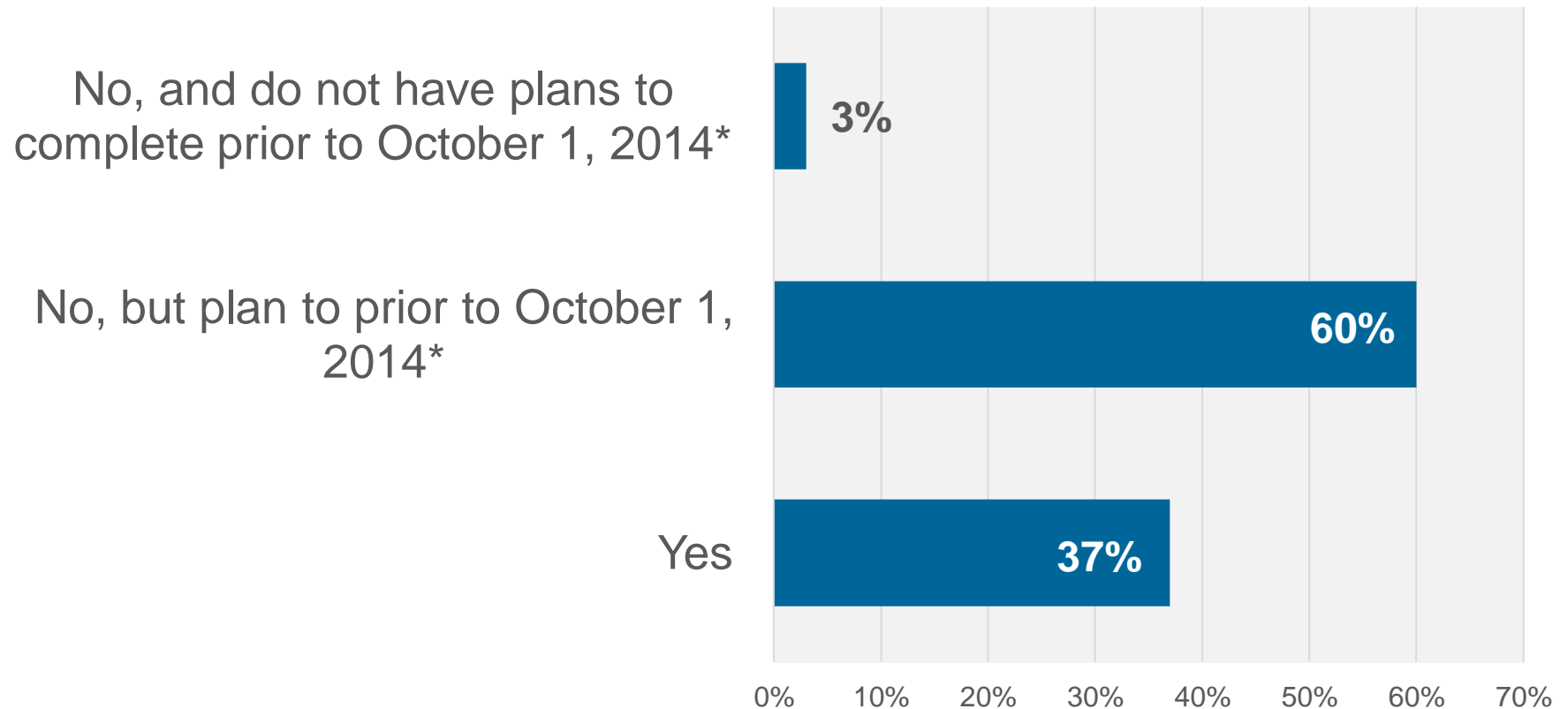**Responding to "Have systems in place to query physicians for the specificity needed to assign ICD-10 codes"**

Chart data:
- No, and do not have plans to complete prior to October 1, 2014*: 2%
- No, but plan to prior to October 1, 2014*: 62%
- Yes: 36%

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

Progress: Modifying EHR Templates

Responding to "Have adapted electronic health record templates for ICD-10"

No, and do not have plans to complete prior to October 1, 2014* — 3%

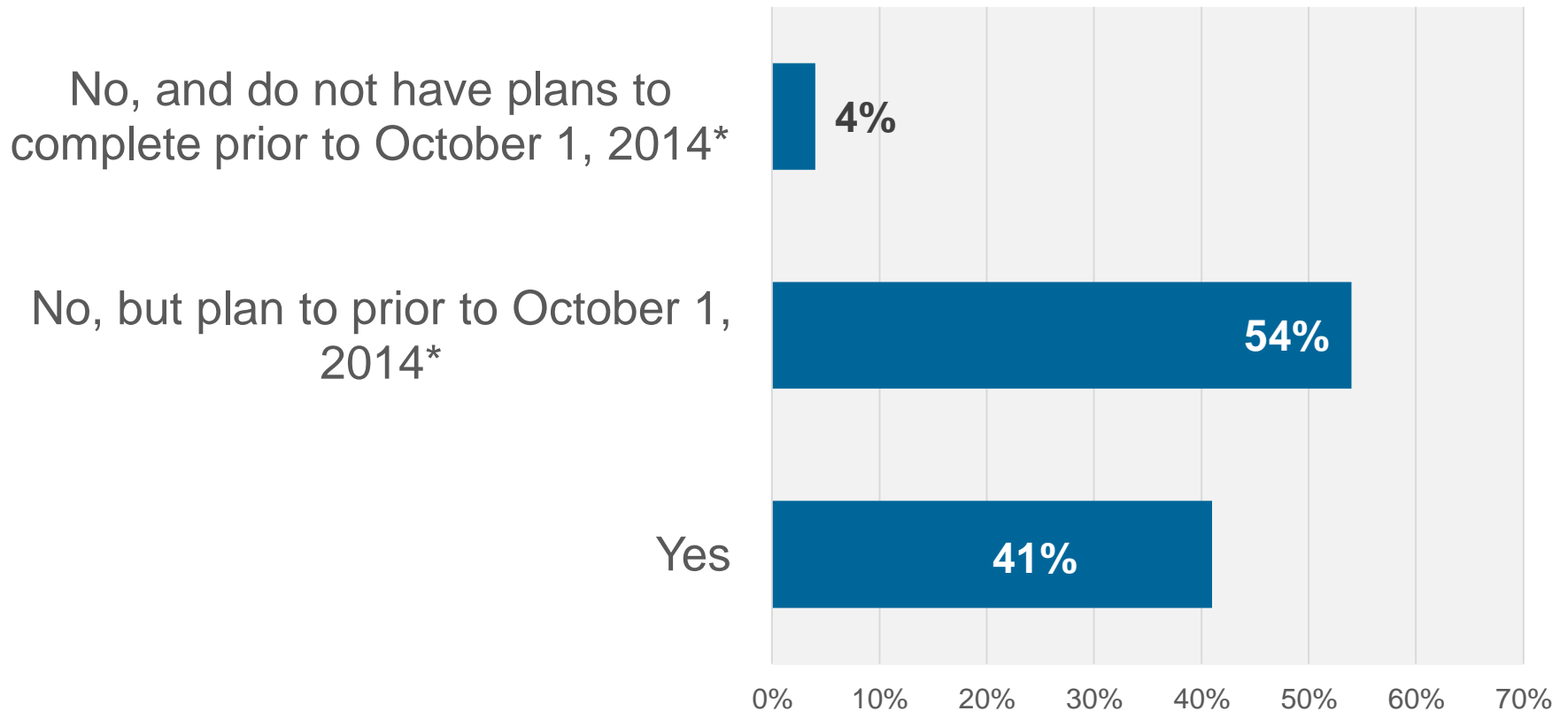No, but plan to prior to October 1, 2014* — 60%

Yes — 37%

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

Progress: Improving Revenue Cycle Workflow/Corrective Action

Responding to "Have systems in place to improve revenue cycle workflow and/or implement corrective action for the ICD-10 transition"
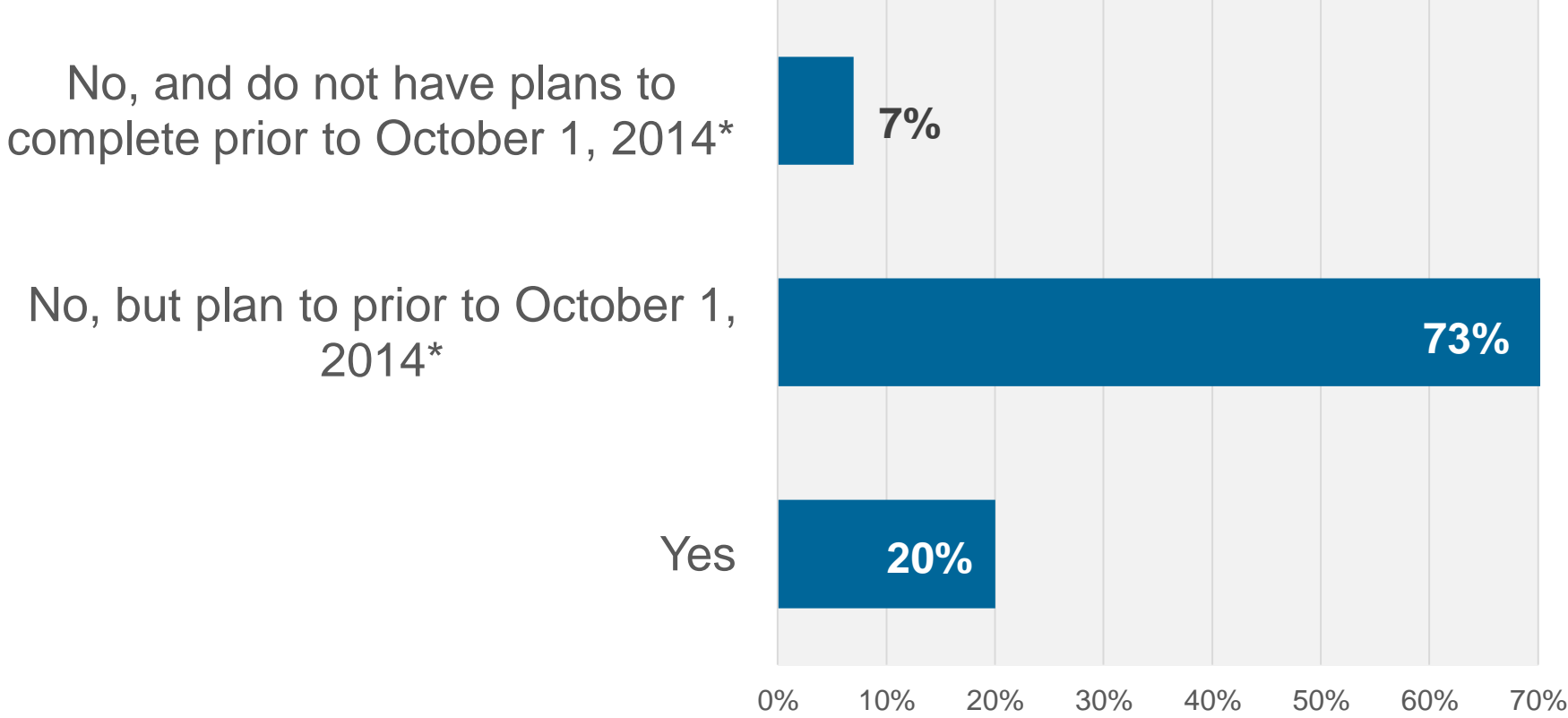

Those responding "Don't Know" excluded from the analysis.

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Progress: Establishing Metrics to Monitor the Impact of ICD-10 Post-Transition

Responding to "Established metrics to monitor the revenue cycle impact of ICD post-transition"
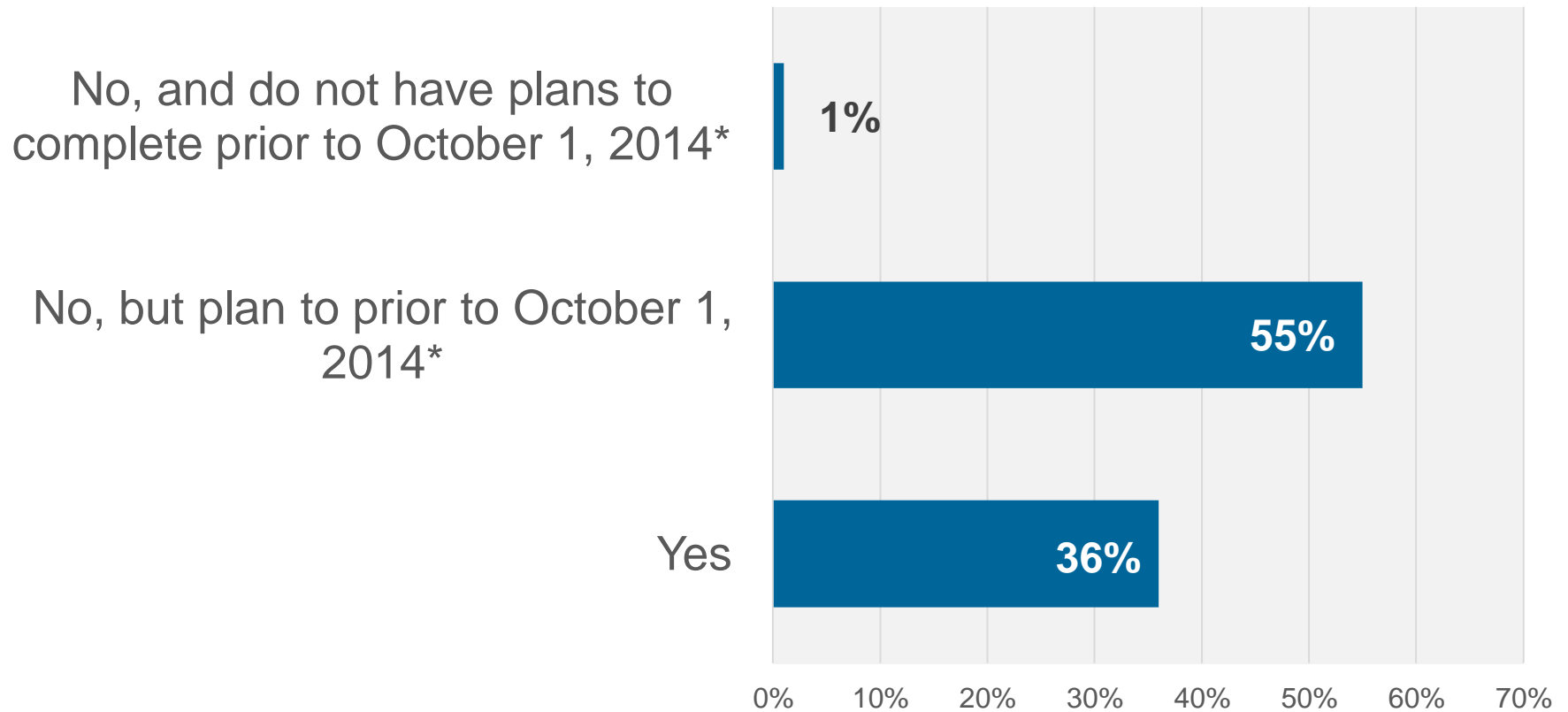

Those responding "Don't Know" excluded from the analysis.

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Progress: Training at Owned Entities

Responding to "Delivered training to impacted staff at owned entities in support of ICD-10 readiness."

No, and do not have plans to complete prior to October 1, 2014* — 1%

No, but plan to prior to October 1, 2014* — 55%

Yes — 36%

Those responding "Don't Know" excluded from the analysis.

*Surveying conducted prior to announcement of delay

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Respondent Demographics: Level and Organizational Size

Count of Responses → **139**

Level	Percentage
CFO/VP Revenue Cycle	57%
Revenue Cycle Director	43%

Size	Percentage
Under 100 Beds	37%
100 through 249 Beds	23%
250 through 299 Beds	25%
600 Beds +	15%

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