



University of Texas Health System OIG & ICD-10 Update

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OIG Update

“Health care fraud, waste, and abuse cost taxpayers billions of dollars every year and require focused attention and commitment to solutions.”

- Testimony of Daniel Levinson, Inspector General, to the United States Senate Committee on Finance, March 2, 2011

OIG Multi-purpose Audits

Overview

- OIG has begun simultaneously auditing as many as **16** “high risk” areas, shifting away from usual style of auditing of one risk area at a time
- New audit approach attributed to OIG’s improved ability to access and process more recent data leading to more productive audits of claims
- 16 “High Risk” Areas:
 1. Outpatient Claims Billed during DRG Payment Window
 2. Inpatient Manufacturer Credits for Replacement of Medical Devices
 3. Outpatient Manufacturer Credits for Replacement of Medical Devices
 4. Post-Acute Transfers to SNF/HHA/Another Acute Care/Non-Acute Inpatient
 5. SNF/HHA Consolidated Billing – Outpatient Services
 6. Outpatient Claims Billed with Modifier 59
 7. Inpatient Claims Paid Greater Than Charges
 8. Outpatient Claims Paid Greater Than Charges
 9. Inpatient Payments Greater Than \$150,000
 10. Outpatient Payments Greater Than \$25,000
 11. Payments for Hemophilia Services
 12. One-day Stays at Acute Care
 13. Major Complication/Comorbidity and Complication/Comorbidity
 14. Payments for Septicemia Services
 15. Payments for Inpatient same-day discharges and readmissions
 16. Payments for Outpatient surgeries billed with units greater than one

OIG Multi-purpose Audits

Approach

- Changes in the breadth and scope of the OIG’s “Medicare Compliance Review”
- Inquiry into a provider’s utilization of **internal controls**
- OIG Questionnaire addresses:
 - *General controls* related to structure and process
 - *Specific internal controls* for each identified risk area
- Providers being asked to disclose any current or previous audits occurring internally or conducted by outside agencies
 - Determine existence of internal self-monitoring?
 - Identify and avoid potential overlapping audits with RAC?

Internal Controls – Typical Questions

Questions

- Imbedded in the area of General Controls is a question asking provider's to “describe any current or previous audits performed, by the hospital or outside agencies, over the areas identified in the audit”
- Providers should think about how their organization would:
 - Describe the roles and responsibilities of departments/employees involved in claims billing and processing.
 - Describe any contracts the hospital has for processing payments and any billing related services provided by outside consultants.
 - Describe any current or previous audits performed, by the hospital or outside agencies, over the areas identified in the audit.
 - Describe the billing process, internal controls, and quality controls for inpatient claims.
 - Describe the billing process, internal controls, and quality controls for outpatient claims.

OIG Multi-purpose Audits

Initial Findings

- Some OIG multi-purpose audits have already occurred with concerning findings
- Hospital #1
 - 389 claims reviewed; 243 claims identified with errors; **64%** error rate
 - Overpayments totaling **\$341,033**
 - Source: OIG report number A-01-10-00521
- Hospital #2
 - 202 claims reviewed; 40 claims identified with errors; **20%** error rate
 - Overpayments totaling **\$234,022**
 - Source: OIG report number A-01-10-00527

OIG reviews MACs

Background

- Noridian Administrative Services, LLC, is the Medicare Administrative Contractor (MAC) for Jurisdiction 3 in six States: Arizona, Montana, North Dakota, South Dakota, Utah, and Wyoming.
- In 2011, the OIG reviewed Medicare outpatient payments exceeding charges
 - Dates covered: January 1, 2006 through June 30, 2009
- 74.5 million line items for outpatient services that Noridian processed during the period January 2006 through June 2009
- 1,913 line items had
 1. A Medicare line payment amount that exceeded the line billed charge amount by at least \$1,000, and
 2. Three or more units of service

OIG reviews MACs

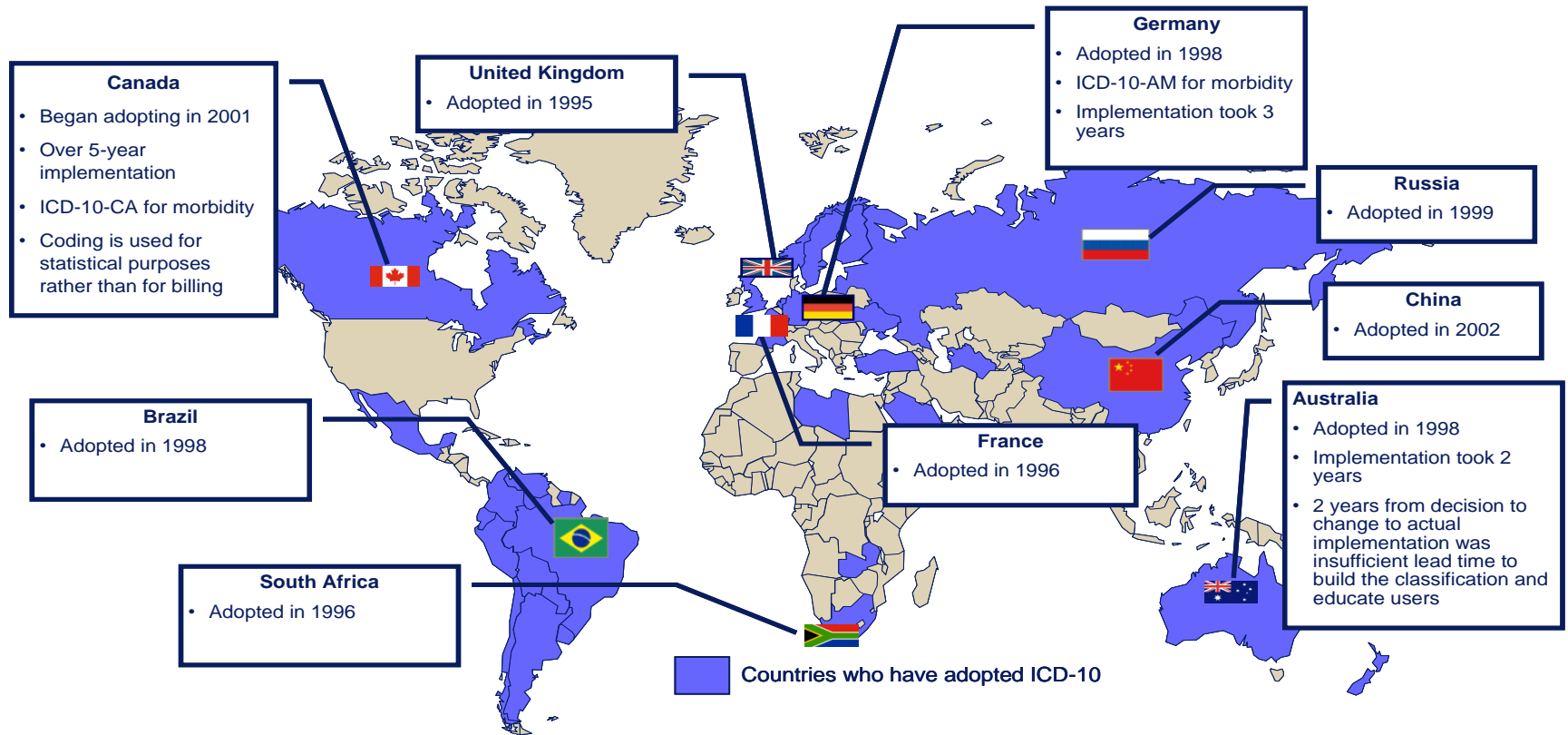
Results

- Of the 1,913 line items reviewed, **1,619 incorrect** line items identified
- Incorrect line items included:
 - Incorrect units of service
 - Combination of incorrect units of service and incorrect HCPCS codes
 - HCPCS codes that did not reflect the procedures performed
 - Unallowable services, and
 - Lack of supporting documentation
- **OIG Recommendations to Noridian:**
 1. Recover the approximately \$5.8 million in identified overpayments
 2. Implement system edits that identify line item payments that exceed billed charges by a prescribed amount
 3. Use the results of this audit in its provider education activities

ICD-10 Overview

What is ICD-10?

When a physician evaluates a patient, the physician collects subjective and objective data (the “history and physical”) to diagnose the patient’s condition and develop a plan for treatment. The most widely used diagnostic taxonomy in health care is the World Health Organization’s International Statistical Classification of Diseases and Related Health Problems (ICD). ICD is a coding system of diseases and signs, symptoms, abnormal findings, complaints, social circumstances and external causes of injury or diseases that is used internationally to classify morbidity and mortality data for vital health statistics tracking and in the U.S. for health insurance claim reimbursement.



SOURCE: <http://www.who.int/classifications/icd/en/>

ICD-10: Advancing Healthcare

Through the Centers for Medicare and Medicaid Services (CMS), the Federal government is driving the healthcare industry to upgrade diagnosis and procedure coding standards (ICD-10) by October 1, 2013.

ICD-10 Changes		Implications
<p>ICD-10 <i>(International Classification of Diseases version 10)</i></p> <p>The ICD is the international standard diagnostic classification for general epidemiological, health management purposes and clinical use</p> <p>ICD-10 CM & PCS is an upgrade of the U.S. developed Clinical modification (ICD-9-CM) of Diagnosis and Procedure Codes, first adopted in 1979</p>	<p><u>Significant Increase in Clinical Granularity</u></p> <div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 20px;"> <div style="background-color: #1a3d54; color: white; padding: 10px; text-align: center; width: 150px;"> <p>ICD-9 CM (Diagnosis) 5 digits numeric >14,000 unique codes</p> </div> <div style="font-size: 2em; margin: 0 10px;">➔</div> <div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; width: 150px;"> <p>ICD-10 CM (Diagnosis) 7 alphanumeric characters > 68,000 unique codes</p> </div> </div> <div style="display: flex; align-items: center;"> <div style="background-color: #1a3d54; color: white; padding: 10px; text-align: center; width: 150px;"> <p>ICD-9 CM (Procedure) 5 digits > 4,000 unique codes</p> </div> <div style="font-size: 2em; margin: 0 10px;">➔</div> <div style="background-color: #4a7ebb; color: white; padding: 10px; text-align: center; width: 150px;"> <p>ICD-10 CM (Procedure) 7 alphanumeric characters > 72,000 unique codes</p> </div> </div> </div>	<p>Pervasive Impacts</p> <ul style="list-style-type: none"> • Diagnosis codes and procedure codes flow through mission critical operational systems and analytical tools • Alignment of technology remediation with business and technology strategies • Business process reengineering, training and change management is essential <p>Comprehensive Benefits</p> <ul style="list-style-type: none"> • Quality Measurement • Public Health Disease Surveillance • Clinical Research • Organizational Monitoring and Performance • Reimbursement

How to Determine Benefits

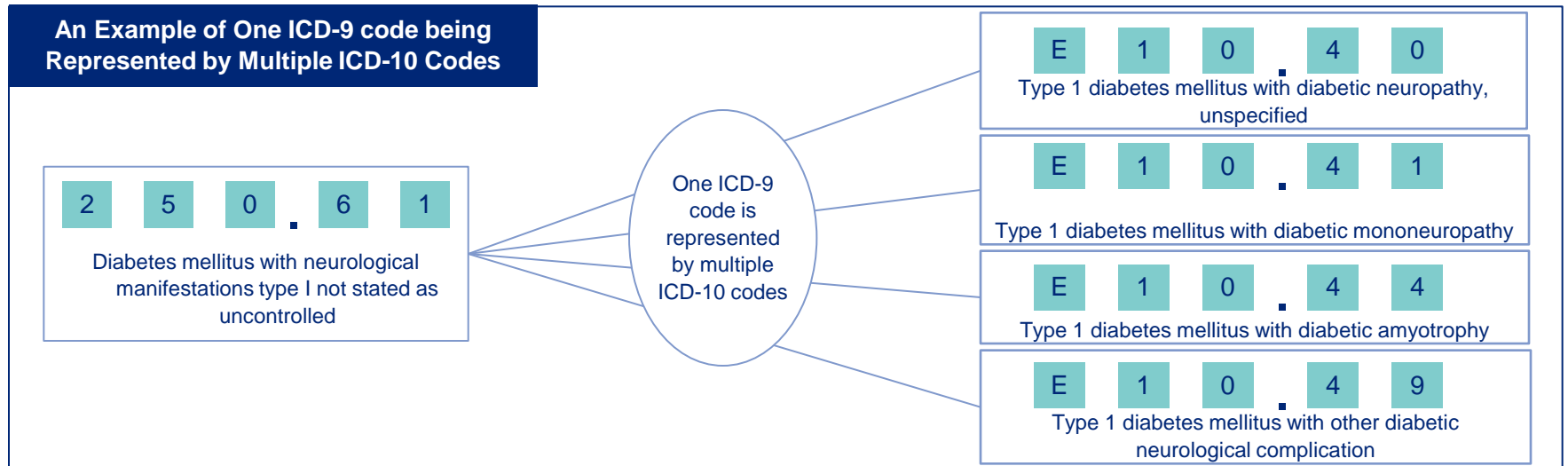
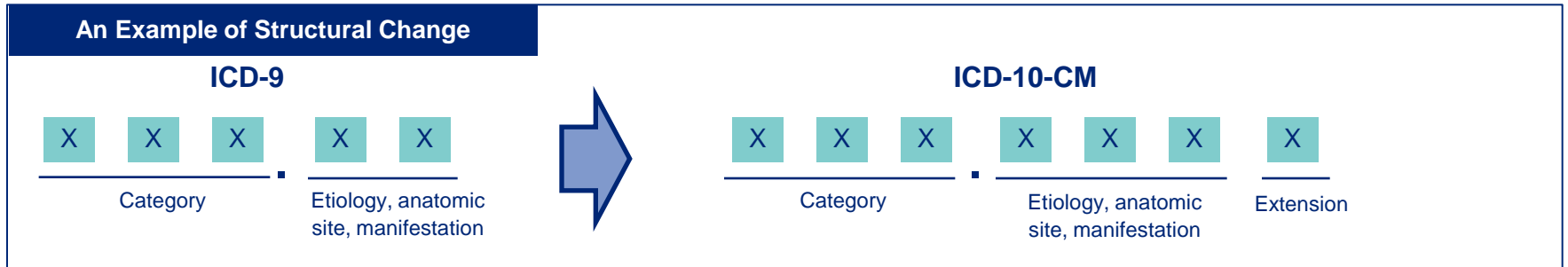
Providers need to consider how the significant business & technology investment in the ICD-10 transition can demonstrate benefits to the organization.

	Current Operations	Technology/Innovations
Clinical	<ul style="list-style-type: none"> Enhanced clinical documentation and coding accuracy to enhance the assessment and monitoring of patient safety and quality indicators, as well as compliance with third-party payor coding and billing rules and regulations. Provision of higher-quality data due to improved medical coding accuracy and granularity Expanded use of data granularity for diagnosis, procedure and case mix groups to profile a patient's condition or track length of stay related to improving utilization management. 	<ul style="list-style-type: none"> Become ICD-10 early adopter using ICD-10 data through mapping tools earlier than the compliance date to enable longer trend timelines Include clinical documentation requirements related to ICD-10 in the EHR build and preparing for meaningful use Enhance clinical documentation programs now to begin having clinical discussions with physicians about documentation elements required for ICD-10 without starting stand and deliver education programs
Financial	<ul style="list-style-type: none"> Improved claims adjudication and provider reimbursement rates between provider and health plans due to appropriate payments for new procedures, and fewer miscoded and rejected claims due to greater specificity in ICD-10 codes. Increased cost savings through effective infrastructure planning. Cost savings can be realized by correctly predicting resource utilization, appropriate use of site of service and improved care delivery team communication. 	<ul style="list-style-type: none"> Conduct financial model analysis to determine impact of mapping on current state reimbursement Use ICD-10 data to assess growth and strategy analysis prior to October 1, 2013 Understand potential payer business rule, eligibility, medical management and product changes Develop models to use ICD-10 to further evaluate costs and potential savings opportunities

ICD-10 Complexities

The Basics of the ICD-10-CM Change

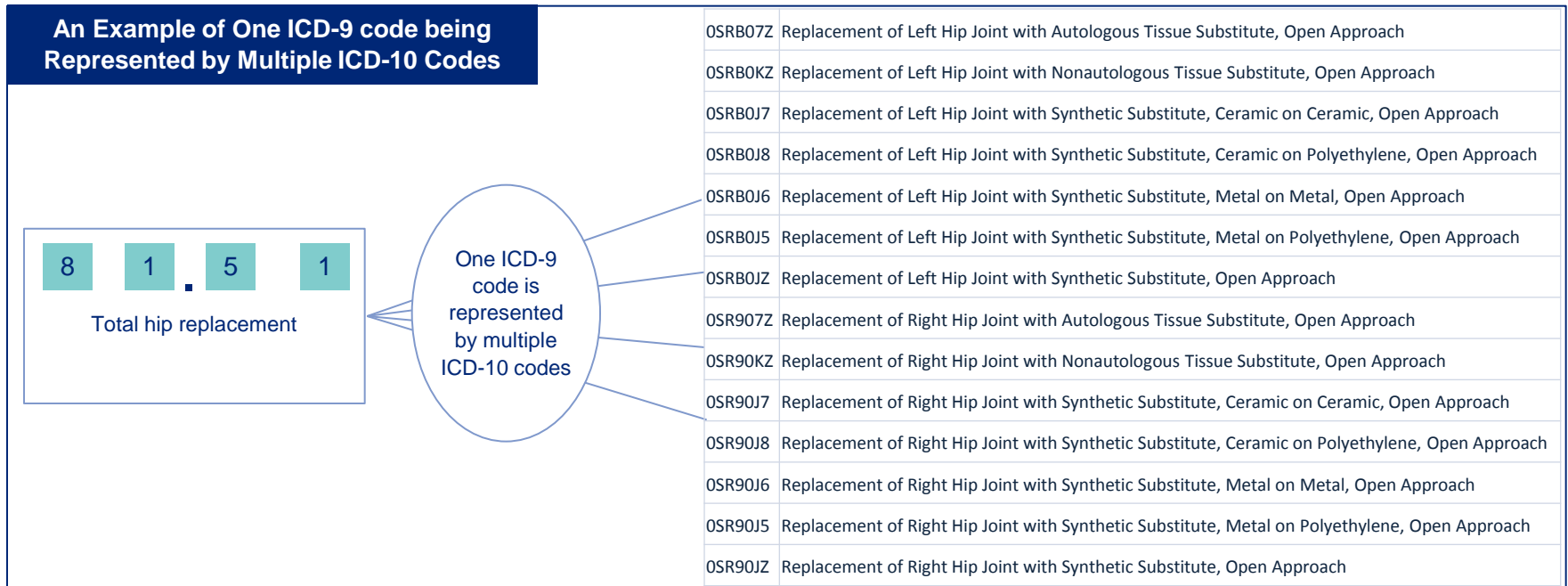
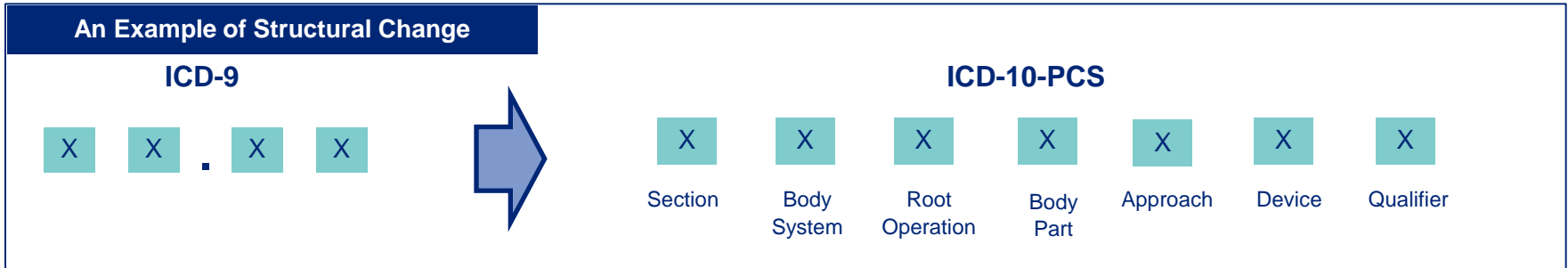
The ICD-10-CM diagnosis code set is a full replacement of the ICD-9 code set and it will provide additional granularity for diagnosis and procedure codes. This additional granularity is the primary driver of value.



The industry is finding that mapping ICD-9 and ICD-10 codes is a complex task

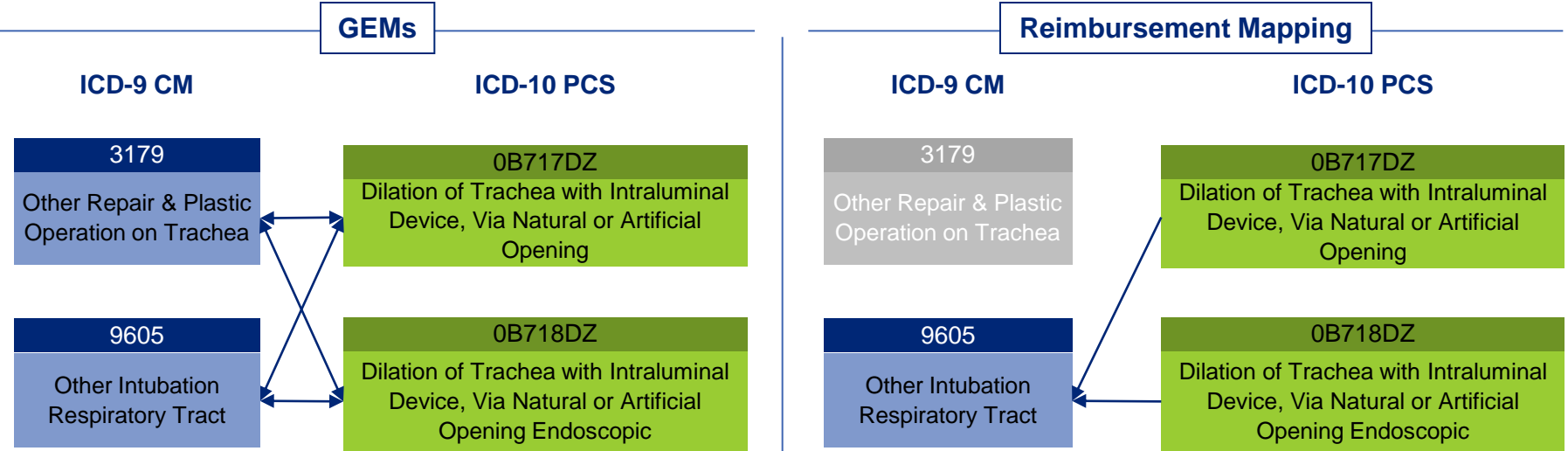
The Basics of the ICD-10-PCS Change

The ICD-10-PCS is an American procedure coding system that represents a significant step toward building a health information infrastructure that functions optimally in the electronic age.



CMS GEMs vs. CMS Reimbursement Mappings

CMS Reimbursement Mappings, which can be thought of as a crosswalk, eliminate alternative paths for ICD-10 to ICD-9 mappings to enable such scenarios as accepting ICD-10 claims but adjudicating internally against ICD-9.



In situations where there are alternative mappings, the CMS Reimbursement Mappings provide the most common conversion based on real world data; plans may need to validate these mappings

Mapping Relationships are Complex and will pose Data Trending Challenges

One ICD-9 code maps to multiple ICD-10 codes

ICD-9-CM Diagnosis Code

5559 Regional enteritis of unspecified site

- Depending on the specific clinical manifestations, ICD9 code 5559 could map to one ICD10 code (zero or one complication) or several ICD10 codes (more than one specific complication); therefore documentation must be referenced to support translation

ICD-10-CM Translation Options

The **7** translation options contain more specific information about **disease complication**.

K5090	Crohn's disease, unspecified, without complications
K50911	Crohn's disease, unspecified, with rectal bleeding
K50912	Crohn's disease, unspecified, with intestinal obstruction
K50913	Crohn's disease, unspecified, with fistula
K50914	Crohn's disease, unspecified, with abscess
K50918	Crohn's disease, unspecified, with other complication
K50919	Crohn's disease, unspecified, with unspecified complications

Multiple ICD-9 codes map to the same ICD-10 code

ICD-9-CM Diagnosis Code

66622 Delayed & secondary postpartum hemorrhage, delivered with postpartum complication

ICD-9-CM Diagnosis Code

66624 Delayed & secondary postpartum hemorrhage, postpartum

- Mapping multiple ICD9s to a single ICD10 can be achieved without additional reference to the documentation; however, reverse mapping (from 10 to 9) will require reference to the documentation

ICD-10-CM Translation Options

The **1** translation option is **similar but not identical** to the ICD-9-CM code.

O722	Delayed and secondary postpartum hemorrhage
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September 15th CMS Update

Partial Code Freeze Finalized

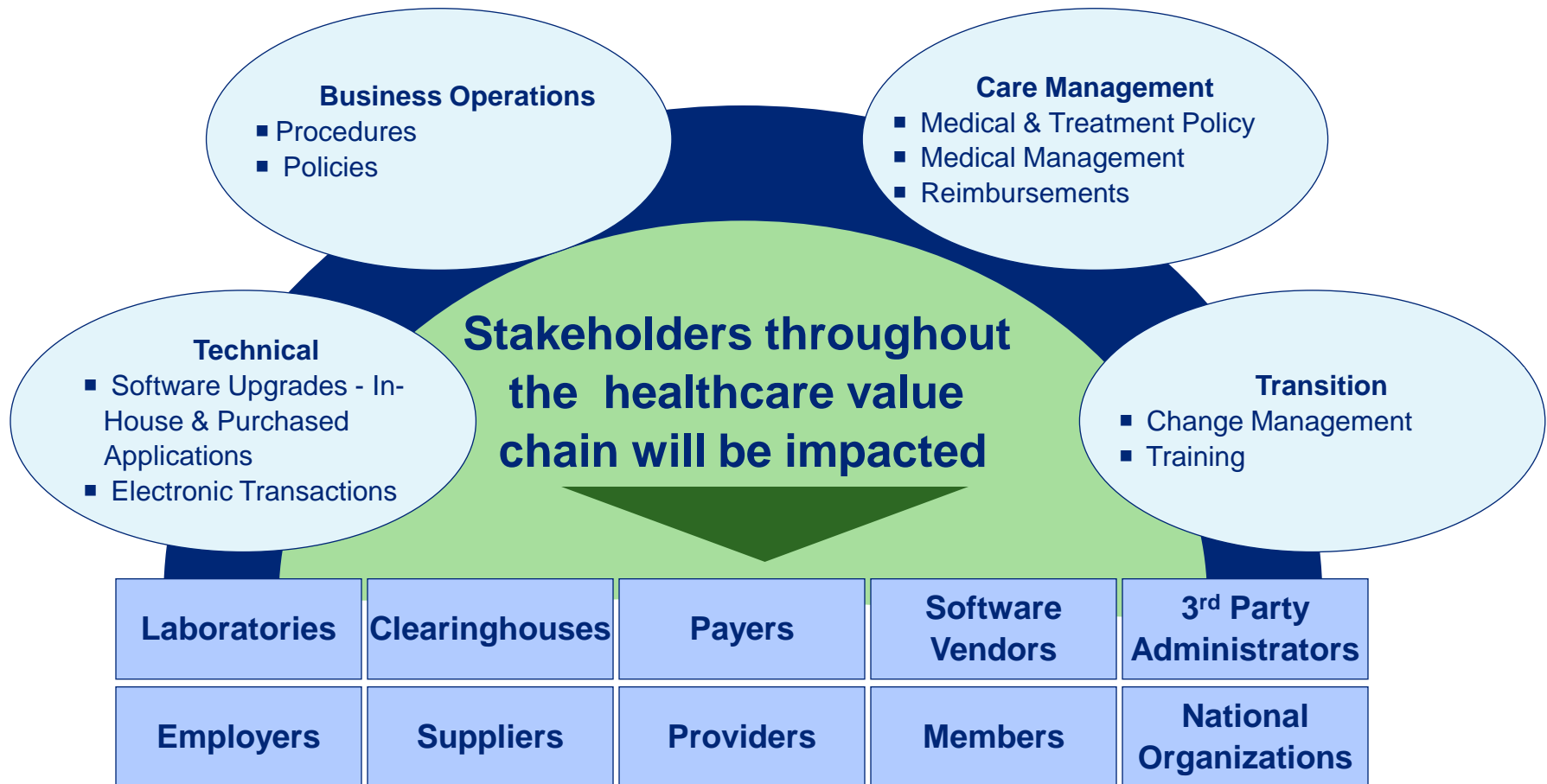
- **October 1, 2011:** Last full updates to both ICD-9-CM and ICD-10 code sets
- **October 1, 2012:** Limited code updates to both the ICD-9-CM and ICD-10 code sets to capture new technologies and diseases as required by section 503(a) of Pub. L. 108-173
- **October 1, 2013:** Limited code updates to ICD-10 code sets to capture new technologies and diagnoses as required by section 503(a) of Pub. L. 108-173
 - No updates to ICD-9-CM, as it will no longer be used for reporting
- **October 1, 2014:** Regular updates to ICD-10 will begin

Version 28.0 ICD-10 MS-DRG Update Timeline

- **August 2010:** Version 28.0 ICD-9-CM MS-DRGs published in FY 2011 final rule
- **October 2010:** 2011 update of ICD-10-PCS posted
- **January 2011:** 2011 update of ICD-10-CM and diagnosis and procedure GEMs posted
- **February 2011:** Version 28.0 ICD-10 MS-DRGs definitions manual posted
- **March 2011:** V28.0 ICD-10 grouper release

ICD-10 Impact and Preparation

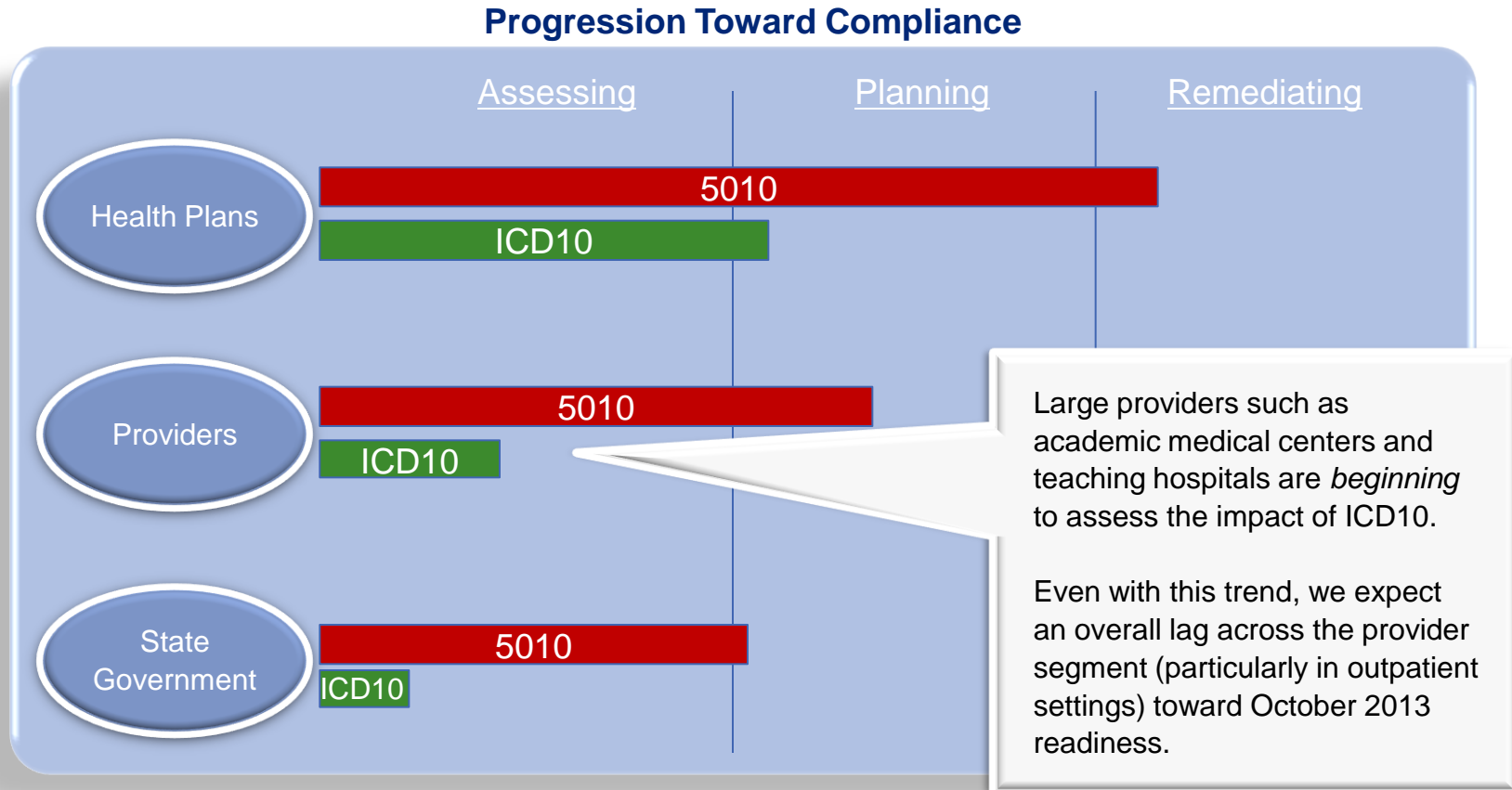
What Are The Impacts and Who Is Impacted?



Significant technology and process changes in addition to industry adoption will be required to achieve the intended benefits of ICD-10

How is the Market Progressing?

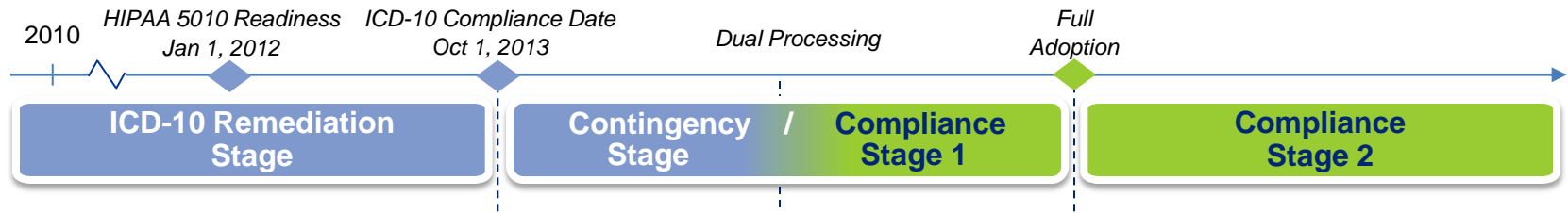
While Health Plans are in front of others, the industry as a whole is behind in preparations for ICD-10 remediation.



Other countries with less complex health care systems have required 5 years to implement ICD10

Our Perspective – The Health Plan Market View

As of January 2011, nearly 75% of the health plans were actively working toward remediation plans and approaches. 2011 is expected to be a focused year of progress toward technology and business process remediation in the payor sector.



Health Plan Expectations

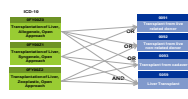
- 1) Extended dual-use period
- 2) Delays in full industry adoption
- 3) Inability to capture value in the near term

What Health Plan are Focused on Today



Provider Reimbursement

- Recontracting strategies
- Revenue-neutral claims approaches
- Medical policy impacts



Mapping and Crosswalks

- “Insulation” approaches toward remediation
- Impact to analytics, underwriting, and product design



Medical Management

- Long-term value plays
- Improved UM, CM, DM
- Improved medical policy



Externalized Testing

- Strategies to “test the company”
- Approaches to extend testing to multitudes of trading partners

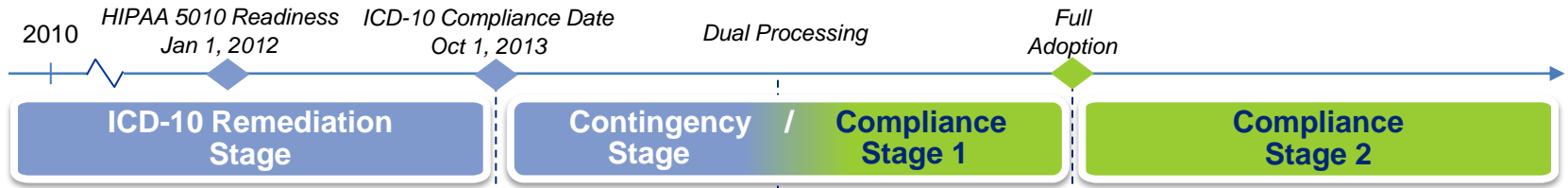


Provider Collaboration

- Strategies to “test the company”
- Approaches to extend testing to multitudes of trading partners

Our Perspective – The Provider Market View

Only 20-30% of the provider market has initiated ICD-10 planning, training, and preparation efforts. 5010 Readiness is further along, but represents a greater change than many providers realize.



Provider Challenges

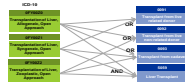
- 1) Limited organizational awareness/understanding
- 2) Compliance dates concurrent with Meaningful Use
- 3) Concerns about payor readiness/reimbursement impact

What Providers Should be Focused on Today



Road Map Development

- Completing Gap Analysis Assessments
- Developing comprehensive action plan, timelines, and budget expectations
- Long-term value plays



Mapping, Crosswalks, and Reporting

- Identifying Reporting challenges and future state crosswalk needs
- Identifying impact to analytics, research, and decision support



Resources, Training, and Education Plans

- Human resource needs current and future state
- Training and education needs throughout timeline for coders, clinicians, other staff
- Awareness sessions



Technology Requirements/Vendor Agreements

- Technology vendor readiness evaluation
- External vendor trade agreements
- System upgrade and replacement needs
- Testing plans



Financial Preparation

- Budget preparation
- Ability to model reimbursement
- Impact on A/R
- Financial reporting

Focus Areas – Operations

Revenue Cycle

Scheduling, financial clearance/counseling, registration, claims processing, and contracting

Clinical Documentation, Coding, and Training

Operational Processes

Case management, marketing, decision support, credentialing, and Research / Clinical Trials

Human Resources: Staffing, employee relations, contingent workforce planning, training, organizational effectiveness/change management

Compliance: Regulatory affairs, coding requirements, and documentation standards

Revenue Cycle

- Identify key revenue cycle functions that are currently using ICD-9 (i.e., scheduling, financial clearance, claims processing, denials management)
 - Outline ICD-10 action steps and implementation approach, including:
 - Staffing/Training
 - Process/Policy and procedure redesign
 - Communications
 - Compliance concerns

Operational Processes

- Identify current clinical use of ICD-9 (i.e., problem lists, EHR documentation)
- Engage leadership in impacted functional areas
 - Identify data users impacted (i.e., case management, marketing, decision support)
 - Document operational gaps, heat map, and identify linkages to technology and finance requirements
 - Determine ownership for readiness activities
- Evaluate current policies and procedures
- Identify relevant management reports

Clinical Documentation, Coding, and Training

- Determine workforce training required for ICD-10 preparation
 - Estimate capacity of current workforce to support transition
 - Review current clinical documentation and coding practices
 - Identify alternative training programs and internal/external training resources required
 - Review HR and training support infrastructure
 - Develop program timeline and budget
 - Determine who would need be trained based on assessment
 - Determine the method of training
 - Determine the training resources
- Develop list of external service providers (i.e., physician groups, coders/abstractors, billing)
- Develop practice session approaches
- Develop training awareness material and a quick reference guide to be deployed across the health system
- Identify necessary updates to clinical documentation practices such as templates for EHRs, paper medical records and public health reporting documents

ICD-10 Impact to Staff Education

Potential Issue	Example
High potential for data entry errors	<p>ICD-10-CM Diagnosis Codes:</p> <ul style="list-style-type: none"> • Can begin with an I or O (but not 1 or 0) • Other characters can be 1 or 0 (but not I or O) <p>ICD-10-PCS Procedure Codes:</p> <ul style="list-style-type: none"> • Include 1's and 0's (but not I or O)
Need for additional Anatomy & Physiology education	<p>A physician documents 'a Billroth II procedure performed'</p> <ul style="list-style-type: none"> • In ICD-9, the coder codes 'Billroth II procedure' • In ICD-10, the coder codes an 'Excision of stomach' AND 'Bypass stomach to jejunum'
Common procedure names not used in ICD-10 PCS	<ul style="list-style-type: none"> • ICD-9: 45.23 – <i>Colonoscopy</i> • ICD-10: 0DJJ8ZZ - <i>Inspection of Lower Intestinal Tract, Via Natural or Artificial Opening Endoscopic</i>
One ICD-9 translates to multiple ICD-10 codes	<ul style="list-style-type: none"> • ICD-9: 81.08 <i>Lumbar and lumbosacral fusion, posterior technique</i> • ICD-10: 144 different codes for this procedure in ICD-10
Preparation should begin early	<p>There are 32 root procedures in ICD-10 PCS</p> <ul style="list-style-type: none"> • Need to understand definitions • Need to identify root procedure(s) from documentation

Such issues will have an impact on clinical documentation improvement programs and query processes and coding productivity

Focus Areas – Finance



Payor Contracting

- Understand payor approach to code mapping and impact to reimbursement
 - Evaluate potential changes to reimbursement formulas, contracts, etc.
 - Understand change in net reimbursement based on changes in acuity and new codes
 - Identify tools to enable payment modeling with new codes
 - Understand current payment monitoring and compliance tools and practices
 - Define future state under payment monitoring approaches and tools
 - Develop contracting/negotiation plan
 - Develop and prioritize list of payors (contracted and non-contracted)
 - Confirm payors ability for reimbursement under ICD-9 and ICD-10
 - Confirm payor assumptions regarding cash flow during transition and long term

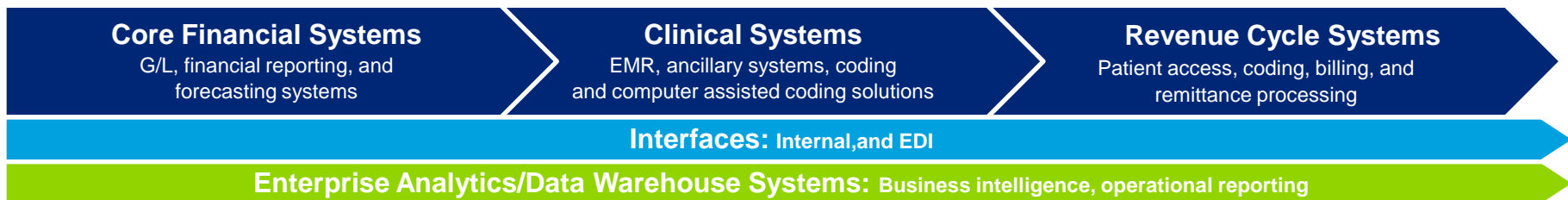
A/R Management

- Determine potential impact to coding productivity and DNFB/billing/payment changes
- Estimate potential impact to cash flow during transition and long term
- Identify dual processes and related reporting
 - Receiving payable claims during the transition period from CD-9 and ICD-10 codes
 - Matching referrals that contain ICD-9 and ICD-10 codes

Financial Management

- Determine impact to Cash Flow and Working Capital
 - Establishing additional reserves (if applicable)
 - Managing working capital
 - Capital and Operations Budgeting for next three years
- Identify dual processes and related reporting
 - Determine financial reporting and forecasting requirements during transition period from ICD-9 and ICD-10 codes
 - Determine opportunities to improve cost accounting
- Determine financial impact to Research and/or Intellectual Property

Focus Areas – Information Technology



Where is ICD-9 Data In Use Currently?

- Identify impacted applications
- Determine affected data repositories
- Determine data sources and flow (source, target, interfacing transformations, etc.)
- Identify reporting implications

What is the Technology Remediation Situation?

- Initiate communication with vendors to assess remediation plans and technical/vendor risks
- Identify trading partners and status/risks
- Evaluate vendor readiness/contracting implications
- Determine ability/effort to update in-house (non vendor maintained) systems
- Define systems at risk for ICD-10/dual ICD-9 capabilities
- Determine replace vs. remediate strategies

What Will It Take to Transition to ICD-10?

- Estimate level of effort for in-house programmed systems, standalone databases, and reports
- Estimate level of effort for upgrading vendor systems
- Estimate level of effort for interface updates
- Develop workplan and timeline for IT components
- Develop estimated budget

Contact Information

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