14-204 ICD-10 Risk Management Strategy Assessment

Strategic Area: ICD-10
Risk Type: Compliance, Financial and Operational
Audit Manager: Sagar Kamdar

Overview:
International Statistical Classification of Disease and Related Health Problem Version 10 (ICD-10) is used to analyze and track population health statistics including mortality and morbidity. Additionally, ICD-10 includes the compilation of codes published by the World Health Organization and the Centers for Medicare and Medicaid Services (CMS), used to verify medical necessity and authorize medical services, determine reimbursement for services, and report quality metrics.

MD Anderson is currently preparing for the federally mandated conversion to ICD-10, which was scheduled for October 2014. Due to recently passed legislation, the mandate was delayed and the conversion is not scheduled to take place until October 2015. Even though ICD-10 is meant to improve reporting, reimbursement, and diagnosis monitoring, it presents a great deal of challenges for the healthcare industry and more specifically provider organizations concerning planning and implementation efforts.

Internal Audit performed a point-in-time assessment to evaluate MD Anderson's ICD-10 project activities to date.

Results Summary:
The MDA ICD-10 Team currently indicates they are on target for a successful implementation and the audit confirmed the planning efforts to be in line with leading practice concerning timing and considerations across people, process and technology functional areas. It should also be noted that MDA is considered an industry leader regarding their progress and accomplishments to-date across ICD-10 preparedness and implementation. However, we noted particular risks that will need to be considered as the project progresses:

1. Management should consider the implications the second delay will have on:
   a. The timeline for EHR and ICD-10 implementations;
   b. The scoping of enterprise testing and process redesign; and
   c. Provider buy-in and commitment.
2. Management should consider instituting a formal feedback program, outlining formal disciplinary policy, or establishing an incentive/rewards program to govern provider documentation, at least initially after ICD-10 go-live.

Management is currently in the process of addressing these considerations, and Internal Audit will follow up prior to next year’s go-live to reassess implementation progress.

**Number of Priority Findings to be monitored by UT System: None**

A Priority Finding is defined as “an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

The courtesy and cooperation extended by the ICD-10 Project team members were sincerely appreciated.

---

Sherri Magnus, CPA, CIA, CFE, CRMA  
Vice President & Chief Audit Officer  
June 18, 2014
Observation 1

**Conversion Delay:**

A. **Implementation Collaboration**

With recent legislation delaying ICD-10 implementation for a second time, the new timeline maps ICD-10 implementation very close to EHR implementation. Formal planning and procedures of how to effectively manage the changes associated with both implementations has not been established and disseminated throughout the institution. The ICD-10 implementation team is aware of this collaboration need and is currently discussing the best plan of action on how to best mitigate the risk.

**Recommendation:**

Management should consider the overlap and shared synergies across implementation timelines for the EHR and ICD-10. The current timeline maps these implementations very close to one another, thus amplifying the importance of collaboration between the two initiatives to save both time and resources. Management is aware there will be overlap across project scope and that there are risks associated with ICD-10 process changes resulting from the EHR deployment. In response to this risk, management has actively decided to pause implementing process changes in relation to ICD-10 until EHR dependent processes are determined. In light of the second delay, Management should continue to identify any areas where ICD-10 and EHR implementation preparation can be merged. This will reduce duplication of work, prevent exhaustion of resources, and minimize post implementation issues. Below is a high-level conceptual organizational structure illustrating how the EHR deployment team can be integrated within the MDA ICD-10 project assembly.*

*Due to the delay and new ICD-10 go-live date of October 2015, MDA has collectively a larger number of initiatives which overlap with both ICD-10 and EHR deployment creating a potential need to re-evaluate the proposed program management infrastructure at the enterprise level.

---

Please note that this document contains information that may be confidential and/or exempt from public disclosure under the Texas Public Information Act. Before responding to requests for information or providing copies of these documents to external requestors pursuant to a Public Information Act or similar request, please contact the University of Texas MD Anderson Cancer Center Internal Audit Department.
Management's Response:

The ICD-10 programs go-live will be determined by the compliance date issued by the U.S. Department of Health and Human Services. The ICD-10 program has assumed an implementation date of October 1, 2015 for planning purposes. The sponsors for each of the respective programs, ICD-10 and EHR, have been in discussions to determine the most appropriate approach to address the timing of the go-live for the EHR system. In addition, the ICD-10 program has reached-out to the EHR program to share tools and lessons learned and to better understand the scope and schedule for the EHR’s development and deployment activities. Where possible, we will seek synergies on key activities to minimize impact on stakeholders, improve coordination between the programs, and minimize risk. Potential activities that could benefit from a more coordinated effort between the two programs include organizational change management, testing, cutover and post-go live stabilization processes.

A. **Enterprise Testing and Process Redesign**

Management has already put a substantial amount of effort into Enterprise Testing. The recent legislation delaying ICD-10 implementation to October 2015 exposes the risk that processes across the organization will most likely change, and new scenarios might need to be added or removed from Enterprise Testing’s baseline to ensure adequate preparation for ICD-10.

Recommendation:

When considering Enterprise Testing and process redesign, Management should place emphasis on the controls and steps taken to ensure the processes that could potentially change are accurately captured. Management is aware of the potential threats associated with continuing with the current scope of Enterprise Testing scenarios given the ICD-10 implementation delay. ICD-10 management has decided to pause testing in the Enterprise Testing work stream and resume at a date reasonably closer to implementation. Upon resuming testing, Management should consider conducting new scoping exercises to ensure realistic scenarios are still currently in practice or if any have changed, resulting in the need to complete additional testing.

Management’s Response:

The ICD-10 program will assess whether the processes identified for testing have been modified and whether new test scenarios should be added when enterprise testing resumes.
B. Provider Buy-in and Commitment

Given the two delays with the conversion to ICD-10, providers are likely to be resistant and hesitant regarding preparations and training for the newly anticipated go-live of October 2015. Management is currently working through contingency planning in response to the second delay of ICD-10, and should keep this risk in mind as they deliberate to adjust project timeline, place certain project steps on hold, and reorganize project steps that overlap with the EHR deployment.

Recommendation:

Management should consider the effect the second delay will have on provider buy-in and commitment. Management should work this factor into their contingency planning, outline a formal means to engage providers and consider conducting additional kick-off or champion meetings when it comes time to ramp back up paused parts of the project. Utilizing the Champion Network Strategy and emphasizing the available support to the providers will be vital to the success of this initiative. Planning and obtaining the proper support will ensure forward momentum toward ICD-10 go-live.

Management’s Response:

The ICD-10 program will continue to use the stakeholder engagement vehicles which the program developed, including the Provider Ambassador Network and the ICD-10 champion network, as well as operational teams such as the clinical documentation improvement specialists, professional and technical coders and department administrators to help engage with providers in order to develop buy-in and commitment. In addition, a large portion of the providers at the institution will already be coding in ICD-10 due to the MedAptus professional charge capture roll-out which completes in November 2014. Already coding in ICD-10 for approximately a year prior to the anticipated go-live should also help increase the provider’s familiarity with the ICD-10 codes and reduce some of the resistance.
Observation 2

Documentation Feedback Program:

A. Documentation Feedback Program

A formal feedback program, disciplinary policy, or an incentive/rewards program to govern provider documentation is not currently planned but has been discussed. These quality control measures would ensure that provider documentation is adequate, appropriate, and consistent upon ICD-10 go-live. Management currently has an informal process of tracking physician response rate, physician query rate, and KPIs (key performance indicators) through the KPI dashboard in order to get real time feedback to providers; however, there is no incentive in place to improve accuracy and enforce compliance. As a result, there is a heightened risk that providers will submit incomplete, inconsistent, or inadequate documentation and coders will have difficulty when assigning codes thus delaying claims. ICD-10 management is aware of this risks but no formal plan has been established to determine the best approach in mitigating this risk.

Recommendation:

Management should consider instituting a feedback program, outlining a formal disciplinary policy, or establishing an incentive/rewards program to govern provider documentation. Tying provider documentation to performance rewards, or disciplinary action will help improve overall provider behavior, provide substance to the informal process already established, and hold providers accountable for their documentation thus resulting in better outcomes within the revenue cycle.

Management’s Action Plan:

The ICD-10 program has raised this as a potential implementation risk to sponsors and is awaiting guidance and direction as to what the ICD-10 program’s role should be in this initiative. This is an ongoing global need for the institution separate of the ICD-10 program and could also be impacted by EHR design and implementation decisions.
Appendix A

Objective, Scope and Methodology:

The focus of the assessment was to provide an objective evaluation of MD Anderson’s efforts to-date as it relates to the upcoming ICD-10 conversion. Leveraging subject matter professionals, the team performed several high-level interviews across each business unit focusing on functional services related to people, process and technology. The primary goal of the assessment was to identify gaps and make recommendations for additional considerations that should be included in the preparedness efforts.

To accomplish these objectives, Internal Audit gained an understanding of MD Anderson’s ICD-10 readiness efforts to date via analysis of the ICD-10 Steering Committee meeting minutes, status reports and outputs, as well as through interviews with the various business unit and functional leaders.