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ICD-10 Codes That MatterSM

Presented to: **BECKER'S Hospital Review**
BUSINESS & LEGAL ISSUES FOR HEALTH SYSTEM LEADERSHIP

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Agenda

Codes That MatterSM Overview

Codes That MatterSM Applications

Summary and Questions

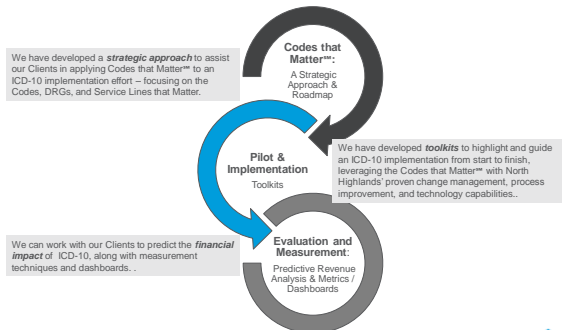
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Codes that MatterSM: Proprietary Approach and Toolkit

Codes that MatterSM is North Highland's proprietary method and toolkit to approach ICD-10 implementations in a strategic and systematic way.



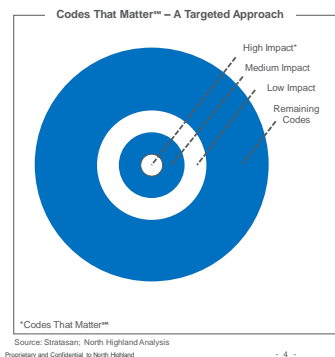
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Codes That Matter™ - Key Considerations & Assumptions

Key considerations should be taken into account when applying North Highland's proprietary approach for Codes That Matter™.

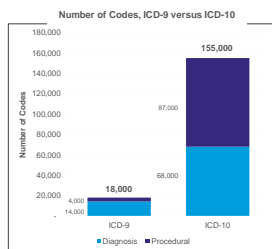


- All of the ICD-10 codes are important. The Codes That Matter™ approach simply identifies the subset that has the highest impact to help effectively prioritize implementation efforts.
- This prioritized, targeted approach to implementing ICD-10 will **optimize** ICD-10 related investments and resource allocation.
- As North Highland engages with clients, the analysis will be **customized** according to client data to include actual revenues, reimbursement rates, and physician data.



Specificity Drives Complexity

While ICD-10 offers an increased degree of specificity for patient diagnoses and procedures, complexity and implementation implications must not be underestimated.



Key ICD-10 Facts

- ICD-10 will represent 8.5 times as many codes as ICD-9
- Digits will expand from a 3-4 numeric to 7 alphanumeric
- The new codes will provide sufficient detail to describe complex medical procedures
- Better specificity gives better quality healthcare and outcomes
- Each substantially different procedure will have a new code

Source: American Medical Association (2012)
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ICD-10 Impact Areas

Measuring and modeling the effects of ICD-10 on a health system requires a targeted analysis of data across three impact areas.

Areas of Impact	Potential Impacts
Revenue	<ul style="list-style-type: none"> • Patient Throughput (increased time required to document cases may lead to a decline in patient throughput) • Risk of shifting DRGs
Cost	<ul style="list-style-type: none"> • Delayed Claims (underpaid, overpaid, denied) • Productivity / Staffing – coders, billers, CDI specialists, clinicians • Technology / Tools – where to invest and minimize costs • Coder Retention – bonus programs • Ongoing Compliance Penalty (specifically for commercial health plans) • Patient Customer Service (higher call volume due to reduced patient throughput)
Quality	<ul style="list-style-type: none"> • More sophisticated and detailed tracking of clinical diagnoses and procedures for data analysis • Better tracing of detailed clinical procedures/diagnoses to cost

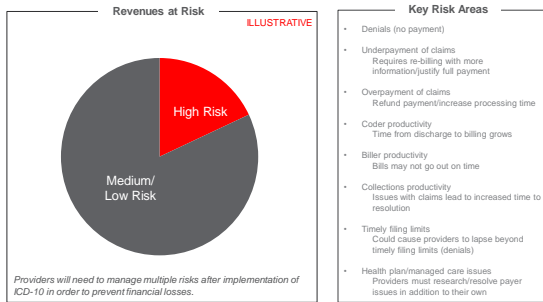
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Ensuring Revenue Neutrality Requires a Focused Approach

Inadequate preparation for an ICD-10 world will not only increase overall cost initially, but may also present downside financial risk.



Note: Revenue calculations are based on an assumed reimbursement rate applied to charges.

Source: Stratasean; North Highland Analysis

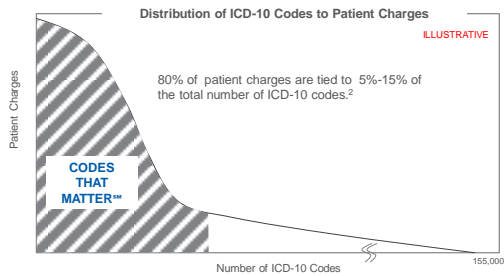
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Strategic Approach – Focus on the Codes That MatterSM

This risk can be managed effectively by organizations who focus implementation efforts on the Codes That MatterSM.



Note: 1) Analysis includes principle ICD-10 codes only. 2) Analysis assumes correlation based on GEMs mapping of ICD9 to ICD10.

Source: Stratasean; North Highland Analysis

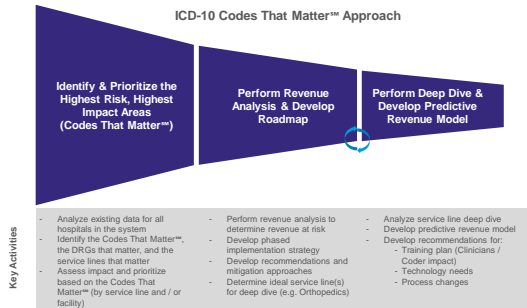
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Minimize Impact, Maximize Results

North Highland's unique approach to identifying Codes That MatterSM will minimize impact and maximize ICD-10 implementation results.



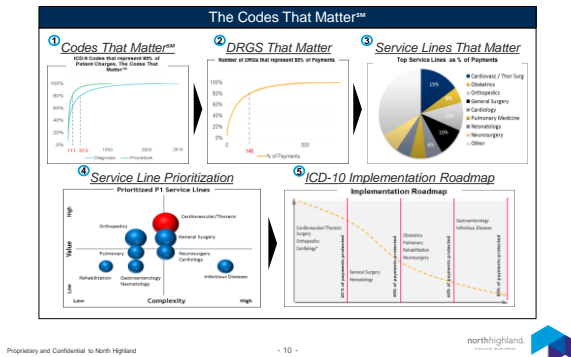
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Codes That MatterSM Results

The Codes That MatterSM identifies the high impact Codes, DRGs, and Service Lines to prioritize and develop the ICD-10 Implementation Roadmap.



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Codes That MatterSM Overview

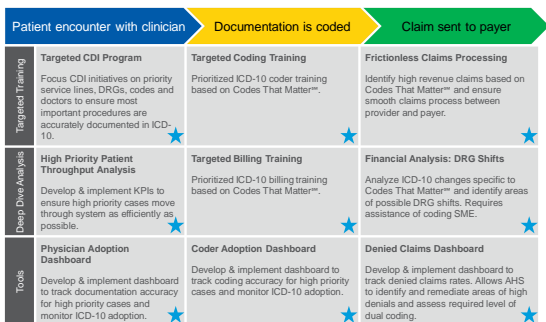
Codes That MatterSM Applications

Summary and Questions

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Codes That MatterSM Impact Areas

The Codes That MatterSM methodology can be applied to impact planning and implementation efforts throughout the revenue cycle.



Application #1 – Clinical Documentation Improvement

The Codes That Matter™ form the foundation for developing a Targeted Clinical Documentation Improvement (CDI) Program.

Codes That Matter Findings	CDI Application
<ul style="list-style-type: none"> Top four (4) Service Lines That Matter <ul style="list-style-type: none"> Cardiology Orthopedics General Surgery OB / GYN 	<ul style="list-style-type: none"> Leverage the Codes That Matter™ analysis to target high impact service lines and physician groups; focus training and intervention efforts to minimize reimbursement loss from ICD-10

Targeted CDI Program Implementation Plan



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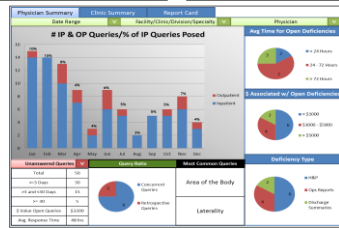


Application #2 –Physician Training & Adoption

The Codes That Matter™ can help to inform physician training efforts and to increase engagement and adoption during the ICD-10 transition.

Codes That Matter Findings	Physician Adoption Application
<ul style="list-style-type: none"> 3%-5% of codes really matter—not all codes are created equal Highest impact Codes, DRGs, and Physicians by service line 	<ul style="list-style-type: none"> Service-line specific education to streamline training for providers Physician dashboards Targeted communications by service line

Physician Training & Adoption



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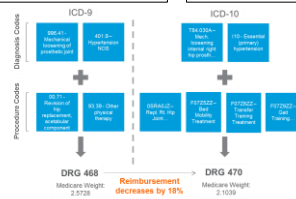


Application #3 – Financial Neutrality Strategy

The prioritized service lines identified by the Codes That Matter™ analysis provides a blueprint for modeling and achieving revenue neutrality.

Codes That Matter Findings	Financial Neutrality Application
<ul style="list-style-type: none"> Highest impact areas affected by ICD-10 <ul style="list-style-type: none"> Codes That Matter™ DRGs That Matter Service Lines That Matter Physicians That Matter 	<ul style="list-style-type: none"> Payers and providers can apply the Codes That Matter™ approach and findings to model DRG shifts and prioritize implementation spend

Financial Neutrality Strategy



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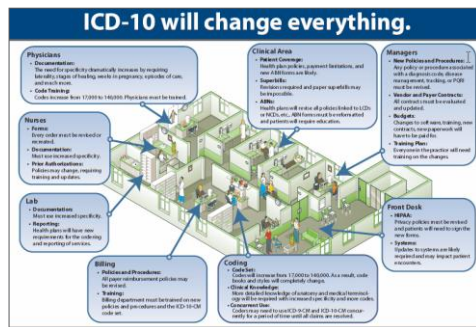
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ICD-10 Seems Impossible...



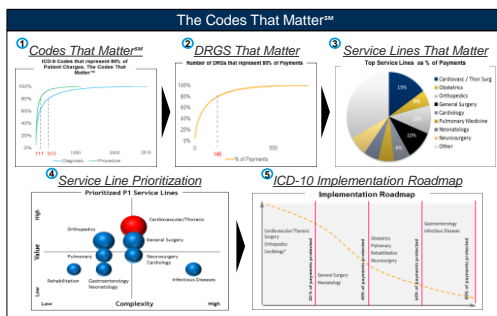
Source: AAPC Website. www.aapc.com. 9 April 2013.

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...But The Codes That MatterSM Can Help



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Questions?

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