



HEALTHCARE MANAGEMENT CONSULTANTS



Guiding the Enterprise to ICD-10: A Strategic Approach

Featuring discussions from the Beacon Partners Roundtable, Boston, MA, May 2012.

Among the numerous initiatives affecting healthcare organizations, the transition from ICD-9 to ICD-10 arguably ranks as the most far-reaching to impact their business. The proposed delay of ICD-10 from the original date of October 1, 2013, to the proposed date of October 1, 2014, has created even more confusion for an industry that is still trying to grasp the implications of this massive conversion.

Beacon Partners, one of the largest healthcare management consulting firms in North America, convened a roundtable in May 2012 comprising leaders from respected health systems across the country and moderated by Dan Head, Healthcare Consulting Principal at McGladrey, the fifth largest accounting firm in the U.S. The four panelists discussed the challenges and opportunities they face in implementing ICD-10. As healthcare providers either begin their initiatives or assess their progress to date, learning what their peers are doing in terms of planning and implementation strategies and models can help shape their critical next steps.

HIMSS, WEDI ICD-10 Survey Results

According to the Health Information and Management Systems Society's (HIMSS) 2012 Leadership Survey, which was conducted in December 2011 and January 2012, nearly 90 percent of the 302 respondents indicated they expect to complete their ICD-10 conversion by the previously designated October 2013 deadline.

Nearly half of the 2,118 provider respondents to the February 2012 Workgroup for Electronic Data Interchange (WEDI) ICD-10 readiness survey indicated they did not know when they would complete their impact assessment. Although a third of providers expected to begin external testing in 2013, another half responded that they did not know when testing would occur.

electronic medical record (EMR) system putting the ICD-10 project on the backburner, according to Christina Turner, Vice President of Quality for Kettering Medical Center and Chief Quality Officer for Kettering Health Network. The IT department limited the scope of the project to an IT upgrade and coder training. Turner was pulled in to be the executive sponsor when the senior vice president of operations realized how far reaching the conversion would be. "We needed somebody who reached across the entire organization because we didn't want it to be seen as an isolated HIM [health information management], IT or finance project, but a project that, if we don't do this correctly, impacts our ability to capture our case mix, identify our complications, understand how it affects our mortality and all of the publicly reported data," she said. Kettering contracted out project management to Beacon Partners, which conducted a gap analysis that identified, among other things, key stakeholders for its ICD-10 steering committee.

Memorial Hermann Healthcare System: Governance from the start

Memorial Hermann, the largest not-for-profit healthcare system in Texas serving greater Houston through 12 hospitals, a network of doctors and numerous specialties, approached ICD-10 in a more structured fashion with the existence of its Project Management Office staffed by project management professionals. "Anything coming down the pike will always be put around a project," said Stacey McIntosh, Manager of HIM Technology. The healthcare system reached out to physicians and presented a global overview of the project's scope in June 2010 and formed a steering committee in the fall. During its assessment, Memorial Hermann realized that various directors did not believe their departments would

Understanding the Scope and Taking Ownership

A number of surveys released earlier in the year shed light on the state of ICD-10 readiness. The surveys reflect the various stages of planning and implementation among healthcare organizations, and the roundtable panelists' experiences validate that distinction. One theme was universal among all four, and no doubt, across the industry: Establishing momentum was a challenge. If organizations aren't overwhelmed by the size and scope of the conversion, it's because they don't fully understand the impact. "People didn't have the proper context of just how broad it was going to be throughout the organization. Now we realize it's going to touch every piece of operations and it's going to really affect the organization," said Craig Williams, COO of Tufts Medical Center Physicians Organization, a world-class academic medical center based in Boston.

Tufts Medical Center: Assessing the revenue risk

Originally begun in its case management area, the project is currently being led out of finance. "We were trying to do an internal assessment, but we weren't getting all the information we needed from that project," Williams said. Tufts recently hired an internal consultant who had ICD-10 experience to manage it, and he in turn put together a multi-disciplinary group and partnered with a small IT vendor and coding firm. The medical center hired an outside firm to conduct gap assessment.

Kettering Health Network: Planning an enterprise-wide project

Kettering, a comprehensive non-profit healthcare network in Dayton, Ohio, also started out slowly, with the implementation of Epic's



"We didn't want [ICD-10] to be seen as an isolated HIM, IT or finance project..."

Christina Turner
Vice President of Quality
Kettering Medical Center;
Chief Quality Officer
Kettering Health Network



“We do think ICD-10 at some level will start to help us better describe the kind of care we provide and align outcomes and prove our quality.”

Craig Williams
COO
Tufts Medical Center
Physicians Organization

be impacted, which informed the steering committee’s next steps. “After talking to potential consultants who indicated implementing ICD-10 for a system of our size would cost \$14 million up to \$40 million, Memorial Hermann chose a hybrid approach - doing the project internally and using the AHIMA assessment checklist to start, and bringing in Beacon Partners to provide oversight and outsourcing the financial analytics,” McIntosh said.

ICD-10 as a Strategy: Transformative Opportunities

It’s difficult for healthcare organizations to see ICD-10 as anything but a mandated exercise. Forward-thinking healthcare organizations, however, are looking at this project not as a conversion but as a transformation. Furthermore, they are building a strategy that approaches ICD-10 not just as a coding project but as a foundation that will enable them to participate in other critical national healthcare initiatives such as meaningful use, value-based purchasing, payment reform, quality reporting and accountable care organizations.

Tufts Medical Center: Better alignment and higher quality outcomes

Williams noted that Tufts started thinking about ICD-10 from a strategic view when the project transitioned to its internal consultant and his team. As a smaller-scale medical center operating in a competitive market in the Boston area, Tufts

is positioning itself to payers as providing unmatched high quality, low-cost care with a breadth of services. “We do think ICD-10 at some level will start to help us better describe the kind of care we provide and align outcomes and prove our quality,” Williams said.

Kettering Health Network: Project synergy to optimize resources

Constrained by limited financial and human resources, Kettering started looking for synergies across all its health IT initiatives – executing well on one deliverable that will benefit three or four different projects. “We’ve been very intentional in trying to map those things where there are intersections or overlaps in the projects to optimize the resources that we have,” Turner explained. Chris Kalish, Executive Consultant and ICD-10 Practice Leader for Beacon Partners who conducted Kettering’s ICD-10 gap analysis, added that communication is especially critical in a large health system to avoid physician practices and hospitals duplicating efforts or creating a different solution for the same problem within the project.

Memorial Hermann Healthcare System: Improvements reinforced by ICD-10

While accuracy and specificity of a healthcare provider’s documentation will be required for ICD-10, documentation timeliness will also be an issue for Memorial Hermann, given that its 12 facilities have separate by-laws, rules and regulations. The health system is going to use its ICD-10 project to develop enterprise-wide documentation standards and timelines for standardization, and transition from paper-based to digital documents. “We have significant things we can do now because of the ICD-10 project to get the impetus behind those projects,” McIntosh said. Given the universal scenario of limited resources spread across multiple health IT initiatives, Dan Head of McGladrey emphasized the importance of finding ways to use the ICD-10 project to a health system’s advantage.

Turning the Delay into an Advantage

While various professional organizations have taken sides in support of or opposition to the proposed compliance date delay, the roundtable panelists agreed that overall the extra year will be beneficial for their organizations.



“Communication is especially critical in a large health system to avoid physician practices and hospitals duplicating efforts or creating a different solution for the same problem within the project.”

Chris Kalish
Executive Consultant
ICD-10 Practice Leader
Beacon Partners

Memorial Hermann Healthcare System: “It hasn’t affected our sense of urgency”

Memorial Hermann’s original intent was to conduct dual coding internally and test with a couple of payers in October 2012, which will enable them to be fully compliant by July 1, 2013. “We’re still working toward that plan,” McIntosh said. “We don’t want to lose that momentum. It hasn’t affected our sense of urgency.” The delay will enable the steering committee to fine-tune its physician engagement piece, documentation training and presentation on the importance of ICD-10. “Being able to test and design collaborative events around the payers and the physicians are the two biggest pieces that we’re going to have some gains,” she said. “It buys us time to do a stellar implementation instead of just a good implementation.”

Kettering Health Network: Refocus education efforts

Being a year behind Memorial Hermann’s ICD-10 implementation schedule, Kettering anticipated just meeting the original compliance date. The delay will enable Turner’s team to build in dual coding and testing, as well as refocus its education efforts – and not “just flip a switch and hope it works,” Turner said.

Tufts Medical Center: “An opportunity to professionalize the project”

By having more time, Tufts has been able to generate greater internal exposure, which has translated into more informed staff, knowledge of what is working well and existing gaps, and a heightened sense of urgency within the organization. “The delay really gives us the opportunity to professionalize the project,” Williams said.

Moving forward, all three panelists point to having more time to continue driving home the value proposition for moving to ICD-10. While there are federal financial incentives for adopting an EMR, there is no immediate or tangible ROI from an ICD-10 conversion project. “We try to take it back to the whole value proposition of our commitment to being a high-quality, low-cost leader: How does it [ICD-10] better define the quality [of care] we give? How does it impact our costs?” Turner said of Kettering’s efforts.

Tufts Medical Center: “The more we can identify that we’re different, the better the results”

Williams anticipates that data derived from ICD-10 will validate Tufts as a provider of high-quality, low-cost services, thereby elevating it above the competition. “The more we can identify that we’re different and that’s why we get these results, [the better],” he said. Ultimately, underlying the value proposition is taking on ICD-10 not as an exercise in conversion and compliance but as a transformation of their business and opportunities to improve processes that enable them to deliver cost-effective and higher quality care.



“We don’t want to lose that momentum. [The proposed delay] hasn’t affected our sense of urgency.”

Stacey McIntosh
HIM Technology Manager
Memorial Hermann
Healthcare System

To access the complete article, “Guiding the Enterprise to ICD-10: A Strategic Approach,” that includes an expanded discussion of these issues and other topics, such as risk mitigation, change management, physician engagement and metrics, please visit <http://www.healthcareitnews.com/ICD10Strategy> to download the complete article.

About Beacon Partners

As one of the largest healthcare management consulting firms, Beacon Partners is chosen by organizations in the healthcare community to provide advisory services to improve overall operational, clinical and financial performance. Our strategic approach and depth of industry expertise positions us to help organizations navigate the challenges in healthcare and optimize their potential to deliver the highest possible level of patient care. For more information, please visit <http://www.beaconpartners.com>.