

MANAGED CARE

OUTLOOK

The Insider's Business Briefing on Managed Healthcare

ASPEN PUBLISHERS

Electronically reprinted from Volume 24, Number 1 • January 1, 2011

Choosing Integration over Compliance: ICD-10 and the Advantages of System Overhaul

David MacLeod

Following a coup-d'état of her husband, Peter III of Russia, Catherine the Great inherited control of a massive empire. But instead of running the country as her husband had, she expanded it even further, improved administration, and modernized it to fit more Western ideas. When asked about the changing times, Catherine said, "A great wind is blowing, and that gives you either imagination, or a headache." This story illustrates the choice payers face today. Although migrating to ICD-10 codes is likely to give most health plans a headache, it also should spur great imagination for realigning business goals, creating enterprise-wide change, and transforming health care in this country.

Payers are at a critical crossroads with their ICD-10 planning and migrations. In an effort to meet the January 1, 2011, testing deadline for implementing the ANSI 5010 Version X12 format, many payers have postponed their ICD-10 planning. Of those who are working on both in parallel, many are utilizing only the General Equivalence Mapping, a tool

that cannot provide one-to-one correlations between today's ICD-9 and tomorrow's ICD-10 codes.

Both strategies are short-sighted, in effect eliminating the ability to leverage ICD-10 codes to drive more robust care management and provider contracting programs. Because ICD-10 will change the entire business model — affecting benefit plans, adjudication rules, care management programs, pharmacy programs, and even provider contracts — payers that make short-term changes today may miss the opportunity to improve dramatically business and operational functions. In the long term, they may face a delayed and more costly second effort to integrate ICD-10 codes into their systems — in effect, doing the work of ICD-10 migration twice.

While integrating the expanded codes sets of ICD-10 brings the challenge of change and adaptation, it is a challenge well worth taking. This process requires nothing less than an enterprise-wide revolution. Health plans can exploit opportunities to turn this change into strategic advantage by increasing efficiency, improving provider relations, and improving the health, wealth, and wellness of the patient/member.

The current economic climate, as well as a look into the near future, dictates that health plans tighten their belts while improving patient care. ICD-10 can help plans do this by increasing efficiency. With ICD-10 migration,

payers will need to adjust their coding rules and processes. Incorrect codes can increase pending volume, increase claims inventory, increase the claims error rate, or even decrease the first pass rate. There are opportunities to re-evaluate and redistribute old business rules, redefine pending rules and reasons, and update product configuration. By using the full breadth of ICD-10 coding sets and the granularity of data therein, plans can maintain their current inventories, decrease service level agreement exposure, and maintain or even improve claims accuracy.

If plans utilize the full depth of knowledge available within the new ICD-10 codes, they can improve their provider relations as well. By sharing more information with health care providers, plans can promote a partnership that will improve patient care and promote wellness. With the rich information available from the clinical setting, and communicated through the granularity of ICD-10 — particularly through use of the external causation, place-of-occurrence, and lifestyle codes — doctors can communicate valuable information that can be shared with other providers of care to promote the patient/member's health, wealth, and wellness.

Consider a patient/member who has developed gestational diabetes. By agreeing to properly use the rich data available through ICD-10, the provider can inform the plan on the trimester in which diabetes was developed and whether or not the condition is insulin-dependent. This type of information helps providers share valuable information with the plan, as well as with other providers and the payer's care management professionals.

In addition, a health plan can improve dramatically its care management programs by leveraging new ICD-10 codes. Perhaps a patient was poisoned by something as ubiquitous as aspirin, or as deadly as carbon monoxide. If the patient suffered from aspirin poisoning due to a previously unknown allergy, the provider can share that valuable clinical information

with the health plan, which in turn can alert other providers of care in their future interactions with the patient/member.

If a health plan has the whole story, it might know that carbon monoxide poisoning occurred in the home due to "partially combusted fuel," perhaps because the family was burning wood to provide heat. As a result, the health plan could suggest that social services assist the patient. In effect, plans that fully leverage ICD-10 codes and integrate the data into care management programs in partnership with the care providers will improve dramatically clinical outcomes, reduce the cost of care, and increase member and provider satisfaction.

On a practical financial note, payers and providers should evaluate jointly their contracts to identify the risks and gaps opened by the migration to ICD-10. Procedures contracted under ICD-9 may have no equivalent with ICD-10, or they potentially could map to several. This could put both the payer and the provider at risk. Payers and providers should evaluate their contracts now and renegotiate them before the October 2013 compliance date.

A payer might ask why it should consider the greater complexity (and likely cost) of integration now, instead of settling for mere compliance. If Czarina Catherine's words of nearly 250 years ago fail to inspire you, consider a different analogy, and think of ICD-10 as a new language. Imagine going to sleep one night with a vocabulary of 17,000 words. Consider your frustration if you awoke the next morning to a world of 155,000 words, new rules of grammar, and complicated sentence structure — and without a complete and accurate translation guide! That is what ICD-10 may seem like to under-prepared health care payers. Presented with this new reality, health plans can learn only the bare minimum of the new language and squeak by, or they can enjoy a new, more descriptive way of communicating and benefit from the riches the expanded language can bring to their business.

The conversion to ICD-10 is more than a coding and claims issue, more than a technology issue, and more than a government mandate. For health insurance payers, it is an opportunity to transform many aspects of their business, from payments and claims to disease management and provider contracting. If planned for properly, transitioning to ICD-10 may be the biggest opportunity in a generation for payers to more effectively manage care and run an efficient health plan.

With the go-live deadline for ICD-10 implementation still three years away, payers have time to decide the best way to change their core administration or care management systems, whether through upgrading to a new system, replacing or consolidating multiple systems, or remediating their existing system. Choosing the best strategy — one that can help payers utilize more sophisticated analytics to drive more interactive care and incentive programs, support new business functionality needed to lever-

age ICD-10 code data, easily integrate with new technologies, and offer value-based benefits and value-based reimbursement programs — will determine the payers' long-term success and help them achieve their strategic goals.

In the words of Winston Churchill, “There is nothing wrong with change, if it is in the right direction.” While migrating to ICD-10 coding rules requires significant change, health plans can be assured that, if thought through strategically and implemented with enterprise-wide adjustments, it is certainly a much-needed change in the right direction. ■

With nearly 30 years experience in health care information technology systems design and development, including appointments to advise the federal HHS and DHS departments on protecting the national health care infrastructure, David MacLeod, PhD, FHIMMS, CISSP, is responsible for ICD-10 migration solutions at The TriZetto Group, Inc. He is the vice president of Research and Development and Technology Architecture at TriZetto, focusing on Integrated Healthcare Management solutions. He is a fellow of the Healthcare Information Systems Society and a Certified Information Systems Security Professional.



Powering Integrated Healthcare Management®

The TriZetto Group, Inc.
Corporate Office
6061 South Willow Drive
Greenwood Village, CO 80111
1-800-569-1222