

# Kentucky ICD-10 Site Visit

Training segments to assist the State of Kentucky with ICD-10 Implementation

## Segment 6: ICD-10 Policy Remediation & Best Practices

November 15-16, 2012



# Agenda

---

- Policy Overview
- Analysis and planning
- Implementation
- Testing
- Questions and Discussion



# Policy Overview

## Definition of “Medical Policy”

---

**Medical Policy is defined in a broad sense of the term to mean;**

*“A documented statement of the intended actions in response to claims or other data about the delivery of healthcare services for the patient population based on some medical rationale.”*

**From a claims processing point of view, there are three possible actions:**

- Pay ( or allow)
- Pend ( or suspend for review)
- Deny ( or not pay for reimbursement)



# Policy Overview

## Definition of “Policy”

### *Three basic questions of healthcare management.*

1. Is it appropriate to pay for the service?
2. Under what conditions?
3. What is the medical rationale for the decision?



# Policy Overview

Policies as a definition of organizational “intent”

---

- In theory, there is some explicit or implicit rationale or *intent* for decisions on the payment of services.
- Ideally this intent is defined in a policy that documents this intent.
- Processing of claims should be consistent with the intent of the policy.
- Policies and changes in definition should be in synch with processing realities over time.
- Testing scenarios that fall within the realm of the policy should demonstrate expected results that are aligned with the intent of the policy.
- Wherever reasonably possible, claims processing should be automated.



# Policy Overview

Impact of a changing environment



**Financial challenges in health care are forcing a harder look at the value of care delivery**

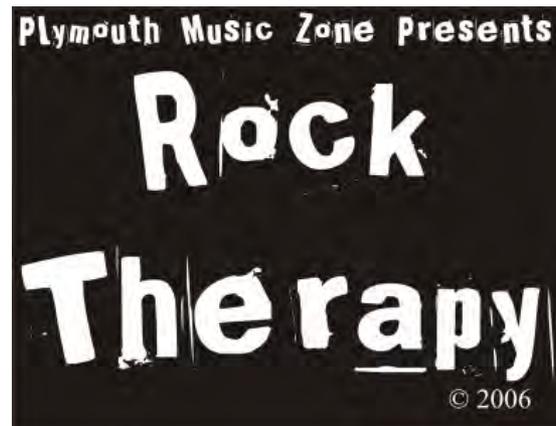


# Policy Overview

## Impact of a changing environment



Some services have more value than others.





# Policy Overview

## Impact of a changing environment

What does “medically necessary” mean?





# Policy Overview

## Impact of a changing environment

Fraud, Waste and Abuse  
Enough money to take care of a lot of  
need.



**\$60,000,000,000/Year**



# Policy Overview

Impact of a changing environment



**Decisions will need to be made.**

**Are we making the right ones?**



# Policy Overview

## ICD-10 Impacts

- Nearly all policies will be directly or indirectly related to ICD-10 codes in the future if they are to be truly “actionable”
- Despite myths to the contrary, policies and rules cannot be remediated by just crosswalking existing ICD-9 codes.
  - Matches are imperfect in over 95% of the cases, meaning that a key medical concept may be lost and/or assumed in translation.
  - GEM does not define all of the appropriate codes in ICD-10 that match the original intent of the policy as define in ICD-9 and may include inappropriate codes considering the original intent



# Policy Overview

## ICD-10 impacts – Mapping Challenges



All concepts and only those concepts represented in in the ICD-9 code are represented exactly in the ICD-10 code

### Example:

- ICD9 code “03642” = Meningococcal Endocarditis
- ICD10 code “A3951” = Meningococcal Endocarditis

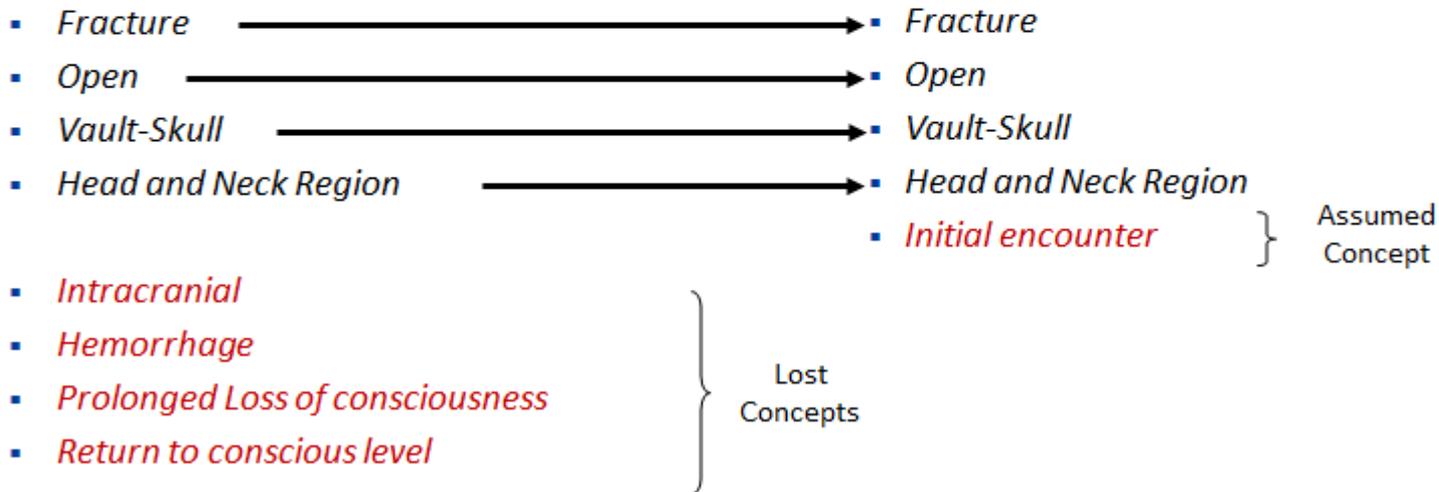
# Policy Overview

## ICD-10 impacts – Mapping Challenges



- The best match between an ICD-9 and ICD-10 code results in the loss of some concepts in translation and the assumption of some concepts that may or may not be true.

**ICD9 (80084):** \_\_\_\_\_ → **ICD10 (S020xxB):**  
*OPEN FRACTURE OF VAULT OF SKULL WITH OTHER AND UNSPECIFIED INTRACRANIAL HEMORRHAGE WITH PROLONGED (MORE THAN 24 HOURS) LOSS OF CONSCIOUSNESS AND RETURN TO PRE-EXISTING CONSCIOUS LEVEL*      *Fracture of vault of skull, initial encounter for open fracture*



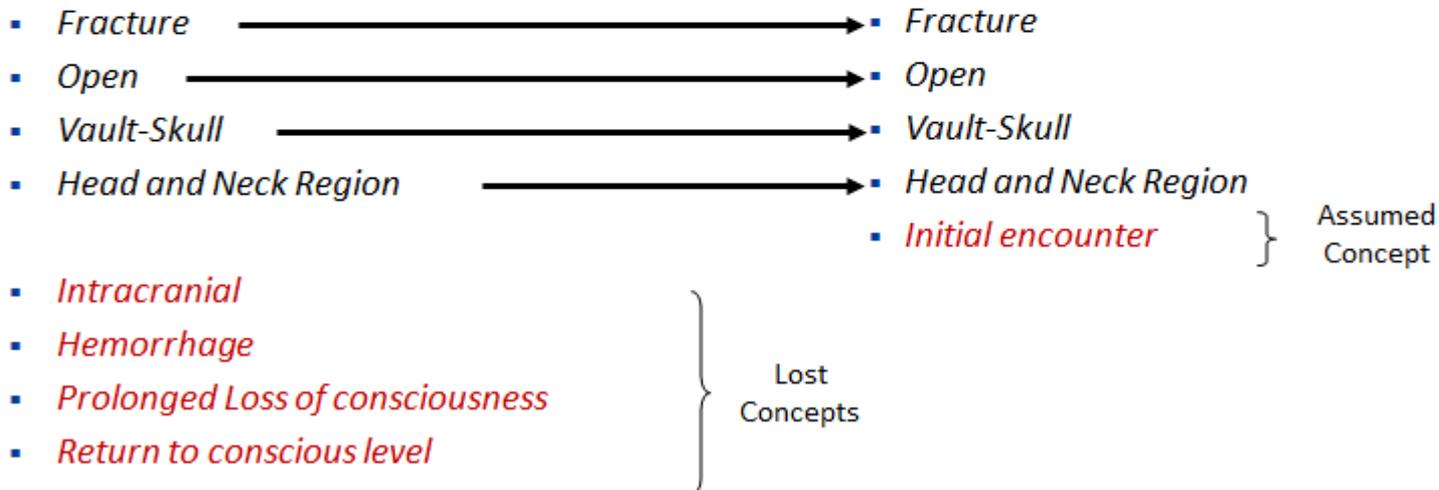
# Policy Overview

## ICD-10 impacts – Mapping Challenges



- The best match between an ICD-9 and ICD-10 code results in the loss of some concepts in translation and the assumption of some concepts that may or may not be true.

**ICD9 (80084):** \_\_\_\_\_ → **ICD10 (S020xxB):**  
*OPEN FRACTURE OF VAULT OF SKULL WITH OTHER AND UNSPECIFIED INTRACRANIAL HEMORRHAGE WITH PROLONGED (MORE THAN 24 HOURS) LOSS OF CONSCIOUSNESS AND RETURN TO PRE-EXISTING CONSCIOUS LEVEL*      *Fracture of vault of skull, initial encounter for open fracture*





# Policy Overview

## ICD-10 impacts – Mapping Challenges



Default mapping can result in assumptions that may not be

### ICD-10 Procedure Code

### ICD-10 Procedure Term

0X6N0Z0	Detachment at Right Index Finger, Complete, Open Approach
0X6N0Z1	Detachment at Right Index Finger, High, Open Approach
0X6N0Z2	Detachment at Right Index Finger, Mid, Open Approach
0X6N0Z3	Detachment at Right Index Finger, Low, Open Approach
0X6P0Z0	Detachment at Left Index Finger, Complete, Open Approach
0X6P0Z1	Detachment at Left Index Finger, High, Open Approach
0X6P0Z2	Detachment at Left Index Finger, Mid, Open Approach
0X6P0Z3	Detachment at Left Index Finger, Low, Open Approach
0X6Q0Z0	Detachment at Right Middle Finger, Complete, Open Approach
0X6Q0Z1	Detachment at Right Middle Finger, High, Open Approach
0X6Q0Z2	Detachment at Right Middle Finger, Mid, Open Approach
0X6Q0Z3	Detachment at Right Middle Finger, Low, Open Approach

...



# Mapping Challenges

## CMS Lessons from the conversions

### Impact of the Transition to ICD-10 on Medicare Inpatient Hospital Payments

Ronald E. Mills, Ph.D.\*, Rhonda R. Butler, CCS\*, Richard F. Averill, M.S.\*,  
Elizabeth C. McCullough, M.S.\*, Mona Z. Bao, M.A.\*

because the additional information *would be* expected to impact the MS-DRG assignment of the ICD-10 optimized MS-DRGs. It can be anticipated that CMS will begin to optimize MS-DRGs for ICD-10 once ICD-10 coded data becomes available allowing the MS-DRG payment weights to be simultaneously recalibrated.

There have been many misconceptions regarding the use of GEMs. As a translation

# Mapping Challenges

## CMS Lessons from the DRG conversions

applications to a native ICD-10 version of the application. This is how the GEMs were used to create the ICD-10 MS-DRGs. Any attempt to use the GEMs to map ICD-9-CM data to ICD-10 data as opposed to convert an application to a native ICD-10 version of the application is extremely problematic. The use of the GEMs to convert ICD-9-CM coded patient records to ICD-10 for this project was possible only because of two special

For other applications the mapping choices could have differed (e.g., mapping choices can be quite different for an inpatient versus outpatient application). Thus, a universal map is not feasible without a potential loss of accuracy for some applications. The results obtained in this study for MS-DRGs using the Reimbursement Map are best case results. If a specific ICD-10 to ICD-9-CM map developed for another purpose had been used it is



# Policy Overview

## ICD-10 impacts – Policy remediation example

- External bone growth stimulators are intended to provide a non-invasive solution for non-union of fractures.
- The conditions under which the use of a bone stimulator is considered effective, is limited.
- The medical intent of a this policy is to limit the use of external bone growth stimulators to those conditions where there is a reasonable potential for effective resolution of the non-union or the fracture is an acute navicular fracture.

# Policy Overview

## ICD-10 impacts – Policy remediation example

- **Evaluation of the original policy reveals a code definition error**
  - ‘73381’ – Malunion of fracture
  - Translates to [2595] ICD-10 codes
- **The policy allows treatment for any Navicular Fracture**
  - Native ICD-9 definition = [2] Codes
    - GEM ICD-9 to ICD-10 = [2] codes (ICD-9 is the source code)
    - GEM ICD-10 to ICD-9 = [42] codes (ICD-9 is the target code)
  - Native ICD-10 definition = [126] Codes
- **Mapping of ICD-9 Procedure code**
  - ‘9986’ - *Non-invasive placement of bone growth stimulator*
  - Translate to ‘3E00XGC’ - *Introduction of other substance into skin and mucous membranes, external approach*



# Policy Overview

ICD-10 impacts – Policy remediation example

## *Aggregation of codes that represent “Open Fractures of the Femur”*

- **Native ICD-9 definition = [15] Codes**

- GEM ICD-9 to ICD-10 = [44] ICD-10 codes (ICD-9 is the source code)
- GEM ICD-10 to ICD-9 = [270] ICD-10 codes (ICD-9 is the target code)

- **Native ICD-10 definition = [1530] Codes**



# Policy Overview

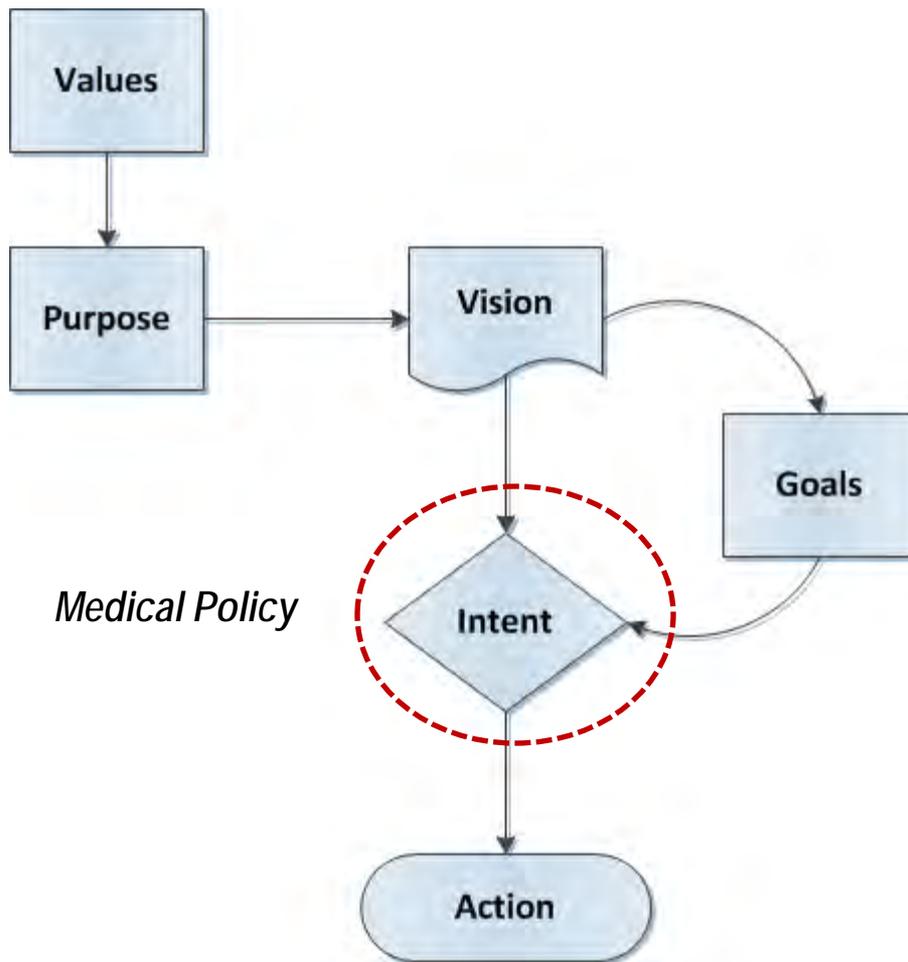
## ICD-10 impacts – Policy remediation example

- **Native ICD-9 definition = [3] Codes**
  - 1 code related specifically to Median nerve injury
  - 2 codes for review related to potential injury
- GEM ICD-9 to ICD-10 = [5] codes (ICD-9 is the source code)
- GEM ICD-10 to ICD-9 = [15] codes (ICD-9 is the target code)
- **Native ICD-10 definition = [33] Codes**
  - 27 codes related specifically to median nerve injury
  - 6 codes related to potential injury (Carpal Tunnel/Median nerve lesion)



# Policy Overview

## The Value to Action Model





# Policy Overview

Core values to drive best practices for policies

## Clinically Driven

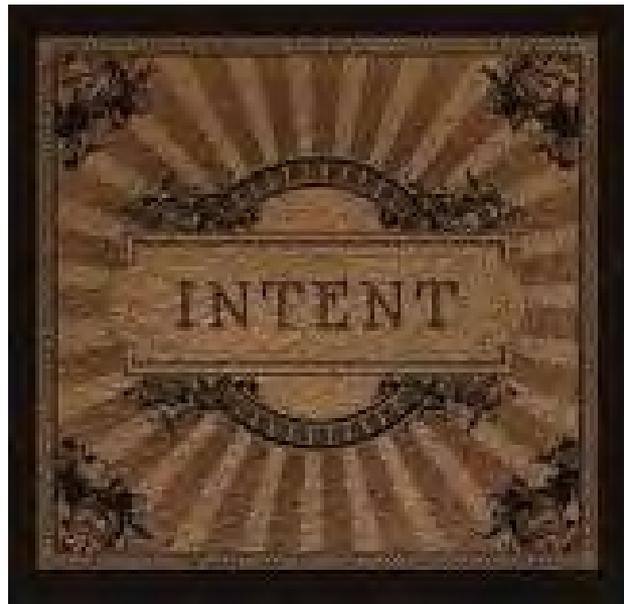




# Policy Overview

Core values to drive best practices for policies

## Clear Intent





# Policy Overview

Core values to drive best practices for policies

# Accessibility





# Policy Overview

Core values to drive best practices for policies

## Understandable

- ① <sup>PO</sup> Polymor Long HV x 1 stat
- ② Structural MD MID
- ③ Fed Plan to BS
- ④ Nels 94% ~~Month~~ Allent
- ⑤ Key out = 75% ~~run~~



# Policy Overview

Core values to drive best practices for policies

## Single Point of Truth

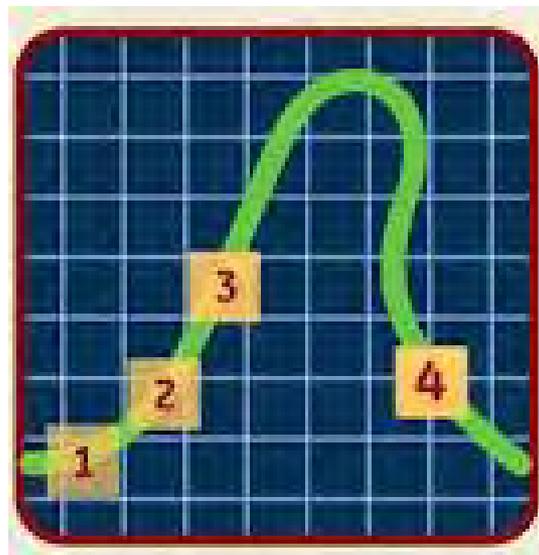




# Policy Overview

Core values to drive best practices for policies

## Traceable





# Policy Overview

Core values to drive best practices for policies

## Clear Governance





# Policy Overview

Core values to drive best practices for policies

# Collaboration





# Policy Overview

Core values to drive best practices for policies

# Accurately Implemented

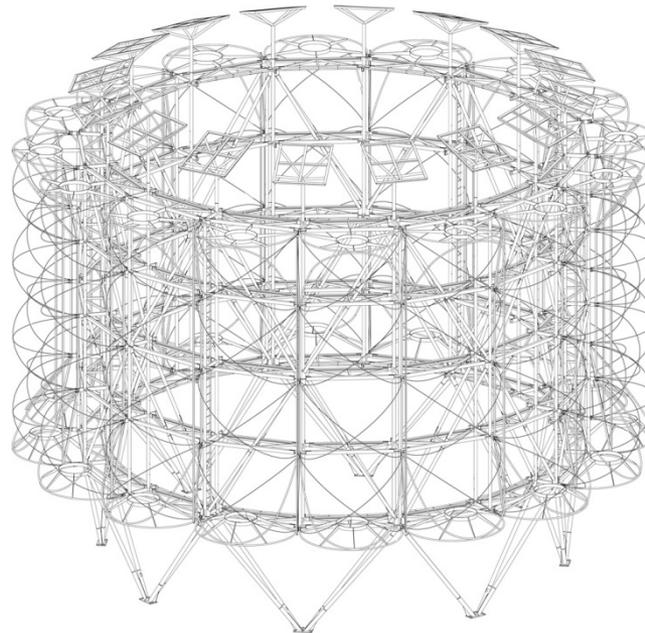




# Policy Overview

Core values to drive best practices for policies

## Stable Structure





# Policy Overview

Core values to drive best practices for policies

## Efficient





# Policy Overview

Core values to drive best practices for policies

# Tested





# Policy Overview

Core values to drive best practices for policies

---

# Monitor Impact





# Planning and Analysis

## Preparing for Change – Why Change?





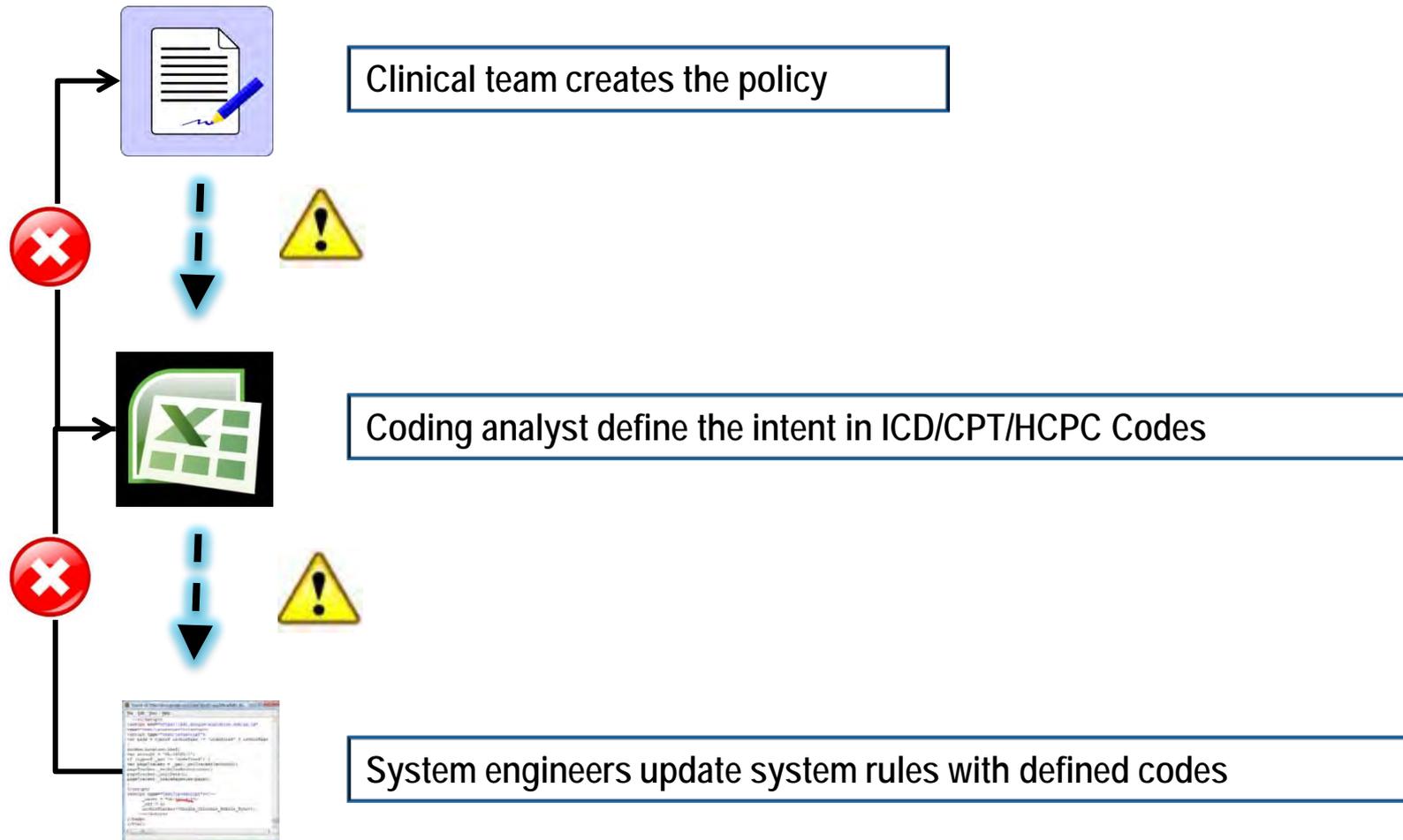
# Planning and Analysis

## Preparing for Change – Why Change?

- ICD-10 will require a redefinition of many services and conditions relative to policies
- Health care reform and value based purchasing models are changing the nature of healthcare payment
- For most organizations there has been a dis-connect between organization values and actions as defined by policies

# Planning and Analysis

## Preparing for Change – The current reality





# Planning and Analysis

## Preparing for Change – Why Change?



- ***Everyone may be doing “their job” well, but is “the job” getting done?***
- ***Does the end result represent the organizational values?***



# Planning and Analysis

## Preparing for Change – Key Questions

- **How will ICD-10 impact current and future policies?**
- **Are currently policies:**
  - Accessible?
  - Understandable?
  - Medically driven?
  - Consistent?
- **Is the intent of the policy clear?**
- **Are the impacts of the policies known?**
- **Is implementation consistent with the intent?**



# Planning and Analysis

## Preparing for Change – Why Change?

- **Is there a single point of truth?**
- **Are there consistent standards?**
- **Is there the right focus on the right policies?**
- **Are there opportunities for automation?**



# Implementation

Effecting change for a better policy roadmap

---





# Implementation

Effecting change for a better policy roadmap

- **Better information to understand the specifics of patients conditions and the services to maintain or improve those conditions.**
  - Risk and severity
  - Classification of conditions
  - Co-morbidities
  - Complications
  - Etiology/causation
  - Anatomic detail
  - Disease Stage
  - Healing Level



# Implementation

Effecting change for a better policy roadmap

- **The improved information in ICD-10 allows policies to more accurately and efficiently:**
  - Represent the policy intent based on the best medical evidence
  - Communicate that intent to downstream processing systems
  - Recognize services or conditions that require intervention based on incoming claims
  - Incorporate new detail around services and conditions to fine-tune the policy
  - Increase the level of automation by recognizing detail that may now require a query of the provider
  - Identify opportunities for new policies that would have been problematic to implement under ICD-10



# Implementation

Governance – It starts at the top

---

## ■ Resources

- People, Time, Training and Tools

## ■ Empowerment

- Providing the authority to succeed

## ■ Oversight

- What needs to get done? Is it happening?

## ■ Coordination

- Breaking down silos. Synchronizing efforts

## ■ Contingencies

- What if?

## ■ Vision

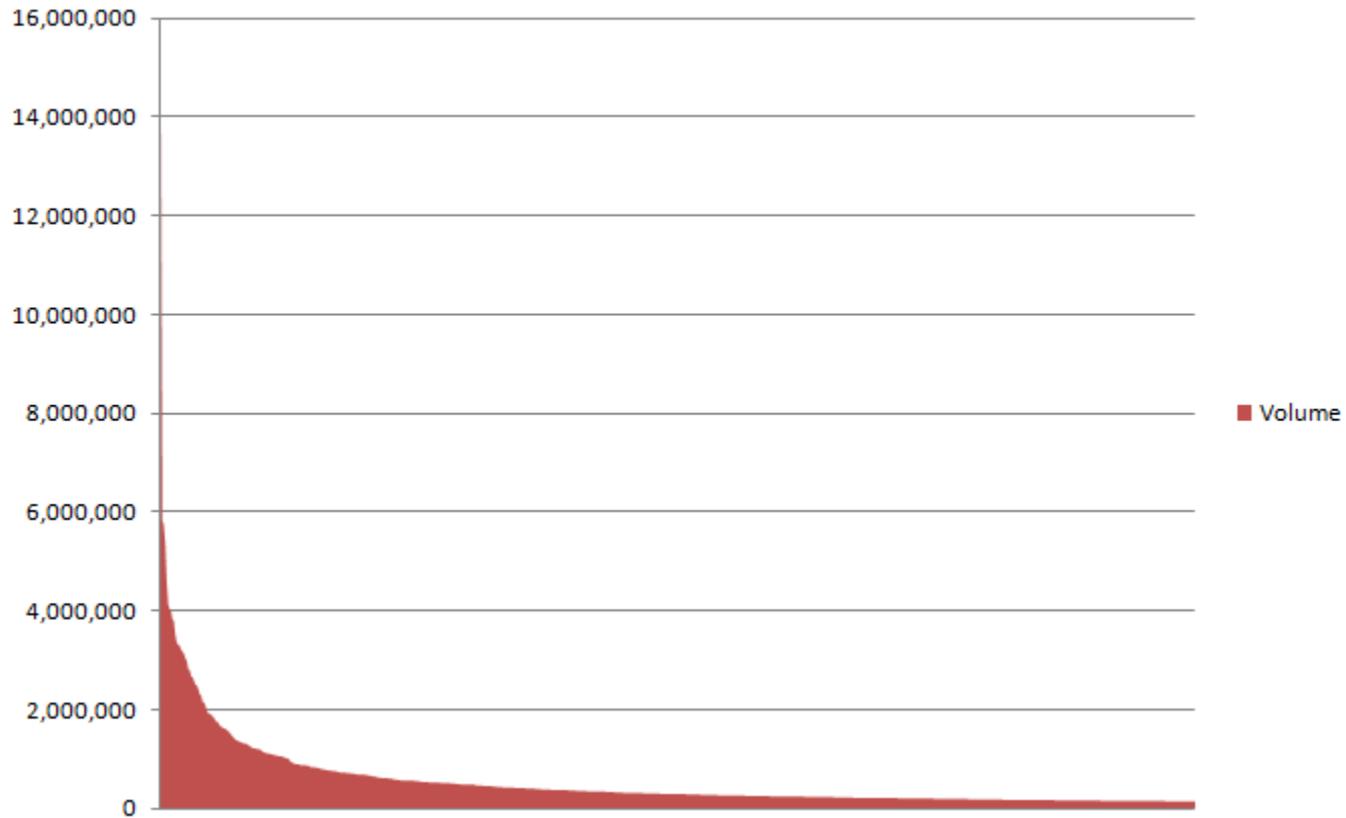
- The road map for leveraging ICD-10



# Implementation

## Data Analysis

### Volume of ICD-9 Diagnosis Code Instances



- **5% of codes account for 70% of volume of code instances in the data set.**



# Implementation

## Data Analysis – Inpatient Diagnosis

- **Analysis of 3 years of inpatient payer data for ~ 1million lives:**
  - Only 28% of the 14,432 possible ICD-9 diagnosis codes were ever used
  - 3% of the possible codes accounted for 80% of billed charges
  
- **Top 5 charge categories\*:**
  - 17.5% = Diseases of the circulatory system
  - 13.8% = Diseases of the musculoskeletal system and connective tissue
  - 9.7% = Injury and poisoning
  - 8.9% = Diseases of the Digestive System
  - 8.8% = Neoplasms

\* AHRQ Clinical Classification System level 1 categories (based on primary diagnosis)



# Implementation

## Data Analysis – Inpatient Procedures

### ■ Analysis of 3 years of inpatient payer data for ~ 1million lives:

- Only 43% of the 3,859 possible ICD-9 procedure codes were ever used
- 8% of the possible codes accounted for 89% of billed charges

### ■ Top 5 charge categories\*:

- 21.7% = Operations on the cardiovascular system
- 19.5% = Operations on the musculoskeletal system
- 14.4% = Operations on the digestive system
- 13.1% = Miscellaneous diagnostic and therapeutic procedures
- 9.1% = Obstetrical procedures

\* AHRQ Clinical Classification System level 1 categories (based on primary ICD-9 Procedure)

# Implementation

## Data Analysis – Code Complexity

- **1.4%** of billed charges were related to claims where the primary diagnosis code (ICD-9) required more than one ICD-10 code for mapping purposes
- **7.6%** of billed charges were related to claims where the primary procedure code (ICD-9) required more than one ICD-10 code for mapping purposes
- **23%** of billed charges were related to claims where the primary diagnosis code (ICD-9) mapped to one ICD-10 code, but there was more than one choice in the GEM mapping.
- **85.3%** of billed charges were related to claims where the primary procedure code (ICD-9) mapped to one ICD-10 code, but there was more than one choice in the GEM mapping.



# Implementation

## Data Analysis – Impacts to key business functions

- Codes may impact other functions that don't directly relate to billing but may have a significantly impact on other business areas such as:
  - Quality measures
  - Case mix
  - Severity adjustments
  - Hospital acquired conditions
  - Fraud, waste and abuse detection
  - Contracting scope
  - Capitation and carve-outs



# Implementation

## Example policy remediation

- Chelation therapy is a recurring area of questionable treatment that is used by some providers as a “mill” to go after substantial premium dollars.
- There is little clinical evidence that the use of chelation therapy for the treatment of “general malaise” , “cardiac disorders” and a host of other conditions offers any value to the patient.



# Implementation

## Example policy remediation

- The medical intent of this example medical policy
  - Pay for claims for “chelation therapy” services to conditions related to “heavy metal toxicity”
  - Pend claims for review for certain specific conditions where chelation therapy may be beneficial depending on the nature of these conditions on at a patient level
  - Deny payment for claims that do not fit the criteria for payment or for review.



# Implementation

Standards to implement best practices

---

- Example: Policy Template
- Example: Policy remediation using the template
- Example: Code set definition template



# Testing

## Testing the System and the Business

- Test cases should be designed to evaluate the policy intent from both the business and technical perspective.
- Key questions to answer:
  - Was the intent of the policy clearly defined?
  - Where the codes that relate to that intent accurate (validated)?
  - Do processing rules -
    - Allow payment where appropriate?
    - Deny payment where appropriate?
    - Flag claim for review where appropriate?
  - From a business perspective was the result of policy implementation as expected?
  - Do manual process based on the policy occur as expected?
  - Do other downstream systems ( i.e. Fraud, Waste and Abuse) behave as expected?

# Questions

---

