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Five Steps to Better ICD-10 Clinical Documentation

(And why your software depends on it.)

McKESSON

Accurate documentation is vital to a successful ICD-10 transition

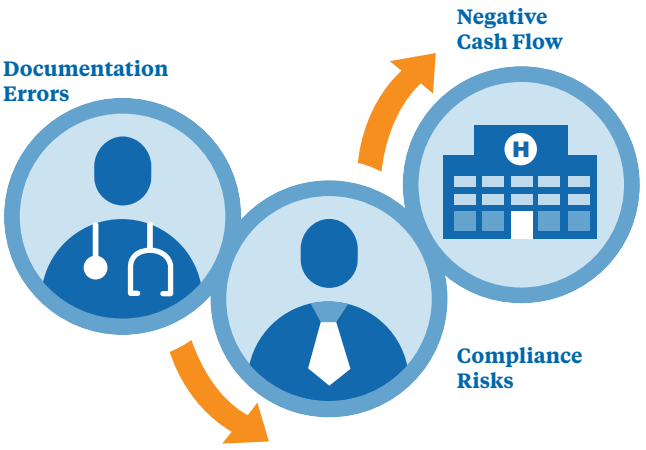
Just for a moment, let's pretend October 1, 2015 has come and gone, and the deadline for ICD-10 compliance is now in effect. You're feeling pretty confident. Early on, you formed a core task team, developed a comprehensive road map and invested in online training for your organization. The software upgrade went well and initial testing helped catch a few coding glitches.

Now, claims are getting paid, but denials have alarmingly increased. The charge lag (number of days from date of service to claim submission) is climbing and cash flow is being negatively impacted. Four months after implementation, you expected a temporary drop in revenues, but you're not seeing any signs of recovery. What happened?

Most likely, it has something to do with physician documentation.

The Documentation Domino Effect

According to a July 2011 *HealthLeaders Intelligence Report*, 60% of respondents expect the transition to ICD-10 to negatively impact cash flow. The number one reason cited—incomplete physician documentation.



Correct coding and reimbursement depend on the documentation entered. If the documentation is incomplete or inaccurate, it can create a domino effect, leading to increased denials, the potential for more audits, compliance risks and negative cash flow.

What's more, all documentation errors can't be fixed with more coders or computer assisted coding (CAC) or even clinical documentation improvement (CDI) software. With 68,000 diagnosis codes and over 79,000 procedure codes, the ICD-10 code set is far more detailed and complex than ICD-9, which means accurate coding will require more thorough patient information.

Successful ICD-10 implementation, therefore, must begin with better documentation.

McKesson has identified five essential steps to help hospitals effectively engage physicians, support clinical documentation improvement requirements, maximize productivity and be fully prepared for a successful ICD-10 transition:

1. **Evaluate current documentation**
2. **Train physicians**
3. **Build a safe testing ground**
4. **Conduct ongoing audits**
5. **Measure impact**

Step 1: Evaluate Current Documentation

Determining whether physicians are including sufficient detail in their documentation is the first step on the road to a successful ICD-10 transition. McKesson recommends a three-step gap analysis to evaluate current readiness:

A) Determine the most frequent types of medical claims submitted
B) Code samples of these claims in ICD-10
C) Identify gaps in the supporting documentation

Such an analysis might focus on the top 25 ICD-9 codes used by an organization, and include a review of the group's current documentation. If gaps are identified in only a few of the 25 areas, training would focus on improving those areas. On the other hand, if gaps are discovered across the board, training would focus on improving two or three each month, rather than trying to improve documentation in all areas simultaneously.

McKesson Business Performance Services offers a customized service that identifies an organization's most commonly used ICD-9 codes, shows coders how to process them in ICD-10, helps identify deficiencies in supporting clinical documentation and then trains physicians accordingly.

Step 2: Train Physicians

Today, when a patient is diagnosed with a hairline fracture to the elbow, ICD-9 coding specifies that a hairline fracture to the elbow was diagnosed and that an X-ray was taken. Using ICD-10, the coder will also need to indicate which elbow, whether this was the initial encounter regarding the fracture and where the mishap occurred.

Where will the coder get this additional information? Once again, from the documentation.

The burden of improving documentation will be borne largely by physicians, and the push to collect the details necessary to satisfy ICD-10 requirements will undoubtedly frustrate some. After all, their primary focus is on patient care, not documentation.

The amount of training required will vary from one organization to another, depending on the type of medicine practiced. For example, obstetrics, orthopedics, cardiology, urology and pediatrics face significant changes under ICD-10, and could require extensive training. Internists and family practitioners also face substantial changes, because they deal with a broader base of patients.

Physician education is done best in a face to face environment. Many physicians do not have the bandwidth to carve out hours in their day or night to take online training. The key is to provide personalized education so physicians can apply the appropriate level of detail based on their documentation. They do not need to be overwhelmed with details about the staggering scope and scale of ICD-10.

Step 3: Build A Safe Testing Ground

The next step in improving clinical documentation is to give physicians and coders a way to hone their skills—a safe testing ground as it were.

As the compliance deadline draws nearer, hospitals may benefit from a dual coding program that enables coders to practice in ICD-10 while generating claims in ICD-9. Such a program can be costly, but the right partner will help you keep costs in check and limit the need to increase staffing.

For example, McKesson's early-adoption program provides dual coding without the need for added staffing. McKesson brings in their own certified coders to review documentation, such as surgical or patient notes, and then translate the information into ICD-10-CM codes. Documentation deficiencies can be quickly identified, gaps are noted, and any additional specificity required to support the level of care is provided.

Step 4: Conduct Ongoing Audits

It's important to continue training for several months following ICD-10 implementation. As physicians and coders make the transition and get back into their daily routines, it's easy to fall back into old habits and start repeating past mistakes.

The best safeguard against reverting back to old habits is ongoing documentation and coding audits. Whether conducted monthly or quarterly, audits provide immediate feedback to physicians and coders about documentation and accuracy, as well as, identify any areas where additional training may be required.

Selecting a coding partner with a strong compliance program can provide hospitals and physicians with the regular audits, analysis and reporting to help mitigate risks related to ICD-10.

For example, one thing to watch for is a tendency to submit claims that include "unspecified" ICD-10 codes. The Centers for Medicare and Medicaid Services (CMS) announced clarification on the role of unspecified codes in May of 2013. According to CMS, providers can use general codes when more specific codes are not supported by the clinical diagnosis.

Case Study: Improving Coding Accuracy

Comanche County Memorial Hospital, located in Lawton, Oklahoma, needed to improve coding accuracy, obtain timely chart reviews and get up-to-date compliance information. McKesson provided a review of the group's current documentation.

Results included:

- **95% coding accuracy**
- **Increased collections**
- **Improved group coding & documentation compliance**

"After the first meeting at the first clinic, word got out with the other doctors and we had heavy physician participation. It was phenomenal. The physicians felt the McKesson representatives were extremely knowledgeable and professional, and it was clear they could bring value."

— Director of Practice Management and Business Services

Calculating Productivity and Cash Flow Impact

Example:
XYZ Medical Group

Treating 60,000 patients a year, with an annual net collection of $6 million.

Pre-ICD-10 Metrics:

Monthly volume	5,000
Number of Coders	2
Volume per Coder per Month	2,500
Monthly Net Collections	$500,000
Net Collections per Volume	$100

Period	Productivity Impact	Volume Required	Volume Coded	Monthly Backlog	Cumulative Backlog	Cash value of Backlog
Before ICD-10	0%	5,000	5,000	-	-	-
Month 1	-60%	5,000	2,000	(3,000)	(3,000)	**$300,000**
Month 2	-50%	5,000	2,500	(2,500)	(5,500)	**$550,000**
Month 3	-35%	5,000	3,250	(1,750)	(7,250)	**$725,000**
Month 4	-15%	5,000	4,250	(750)	(8,000)	**$800,000**
Month 5	-5%	5,000	4,750	(250)	(8,250)	**$825,000**
Month 6	-2%	5,000	4,900	(100)	(8,350)	**$835,000**
Month 7	0%	5,000	5,000	-	(8,350)	**$835,000**

The example above shows coder productivity will drop an estimated 60% and will return to full levels by the seventh month. This assumption is based in part on Canadian data. Return to 100% productivity in the seventh month is arbitrary. These numbers assume no overtime or additional coding resources.

Access the ICD-10 Impact Estimation Tool at McKessonCanHelp.com.

Even so, frequent use of unspecified codes can trigger audits, as lack of specificity runs counter to what many payers perceive to be the whole purpose for transitioning to ICD-10.

Step 5: Measure Impact

The final and perhaps most important step toward improving ICD-10 documentation and compliance is measuring its financial impact within your organization.

Obviously, initial expenditures will increase as investments are made in training programs, technology upgrades and other areas. Then, if you have not already considered working with a coding partner, additional ICD-10-related costs may arise after the October 1, 2015 deadline.

Conducting a benefit-cost analysis helps hospitals and physicians account for the investments made and the amount of monetary gain realized. By measuring how clinical documentation improvements impact productivity, compliance and cash flow, hospitals are able to demonstrate the complete financial benefit to physicians and the organization.

Making a Successful Transition

To recap, implementing ICD-10 is all about the documentation. While there is no single magic bullet, documentation is key and so are your physicians. Make sure the plan you have laid out will fully prepare you to make a successful transition and includes the steps outlined.

You should also consider the resources you will need to accomplish the task now and in the future. Hospitals that take the right approach and work with an experienced coding and compliance partner can make the transition to ICD-10 efficiently and cost effectively.

McKesson offers a comprehensive coding and compliance program, which serves as an extended business office for your current staff. With over 500 certified coders, McKesson offers experience in almost every specialty so that you can focus on the hospital and allocate resources where needed.

To find out how McKesson can help you make an efficient, cost-effective ICD-10 transition, please visit www.McKessonCanHelp.com. Or email ICD-10Ready@mckesson.com.

About McKesson Business Performance Services

Part of McKesson Corporation, which is currently ranked 14th on the FORTUNE 500, McKesson Business Performance Services helps hospitals and physicians thrive in the new health care environment. Our teams of revenue cycle, coding and compliance experts bring deep-rooted experience and comprehensive expertise to help our customers achieve better financial performance.