
NAVIGATING THE REGULATORY MAZE

Recognizing the risks associated with an increasingly complex regulatory environment, providers are heading off potentially devastating fallouts by allocating time, attention, and capital to compliance efforts.

Even as they make major investments in care delivery changes and absorb reimbursement cuts, providers are having to devote scarce resources to complying with ICD-10, RACs, HIPAA, Stark, and numerous other regulations and enforcement efforts.

Many of these regulations promise to protect patients, as well as providers and payers, from fraud, data breaches, or other unintended harm. Others are designed to enhance transparency around quality and costs or improve clinical and claims reporting.

It's hard to argue with these goals. But the devil is in the details, as they say, especially for providers that have to ensure that they dot every "i" and cross every "t" to avoid potential financial penalties associated with noncompliance.

The answer, according to the providers in this section, is preparation and vigilance.

CASE STUDY: PREPARING FOR ICD-10

When Deborah Beezley, director of health information management at St. Anthony's Medical Center in St. Louis, invited hospital managers to a meeting about a new medical coding system, she knew how to get their attention.

Her message: Healthcare providers that do not adopt the new coding system by Oct. 1, 2013, will be unable to submit claims or receive payments from government or private payers.

"It was one of those situations where I sent an email out and people listened," she says.

Everyone invited to that December 2010 kickoff meeting for St. Anthony's implementation of the ICD-10 coding system showed up, and the hospital is now nearly through the first of a four-phase, three-year roadmap to hit the 2013 deadline.



> COMMON APPROACHES

While the four case studies in this section focus on divergent regulatory requirements, some commonalities can be found in the providers' approaches.

- > Driving compliance in a top-down fashion with senior leaders providing visible and frequent support
- > Focusing on how a regulation coincides with the provider's quest to improve quality and reduce costs
- > Devoting dollars, staff, and time to the compliance effort
- > Collaborating directly with regulatory or enforcing agencies, when necessary, to determine the most appropriate response
- > Studying how the regulation is being enforced—and how other providers are being affected
- > Enlisting key stakeholders from service lines, departments, and units affected by the regulation in developing a multidisciplinary compliance approach
- > Developing organization-specific policies and procedures, training materials, and other tools to help ensure compliance
- > Using risk analysis and root-cause analysis to determine how the organization may be at risk of noncompliance—and/or determine targeted corrective actions to decrease the likelihood of repeat problems

With all the other changes in the healthcare industry in the next few years, it is unfortunate timing that America's diagnostic and procedure classification system must be overhauled at the same time. But the deadline has been postponed repeatedly, and knowledgeable providers know better than to expect additional delays.

The ICD-10 medical coding system, endorsed by the World Health Organization in 1990, has already been implemented by virtually every other industrialized nation. The United States has continued to use ICD-9, but that system is running out of numeric capacity to expand and can no longer adequately support the information needs of today's healthcare system.

The ICD-10 system has more than 68,000 medical codes, compared to about 13,000 in the current ICD-9 coding system. But the scope of implementing ICD-10 is far greater than simply mastering new codes; the new system will affect a vast array of financial and operational processes, requiring careful preparation by a wide group of stakeholders.

That is why St. Anthony's CFO John Skeans advises hospital leaders to realize this issue cannot be postponed. "If you haven't begun the process of planning and implementation for ICD-10, begin now and expect to be playing catch-up."

GETTING STARTED

Beezley’s first step—almost a year ago—was to create a 10-page executive summary designed to educate St. Anthony’s senior leaders about the importance and scope of the ICD-10 implementation.

Those top leaders are key to maintaining the visibility of the ICD-10 project as an organizationwide priority. “During regular monthly manager meetings and leadership retreats, they continue to mention and discuss this project as a critical milestone that has to be met,” says Beezley.

CFO Skeans monitors the ICD-10 project’s progress on a monthly basis and ensures that Beezley’s team has the support it needs from senior leadership.

The purpose of the kickoff meeting for about 45 senior leaders and managers was to engage the support of leaders in meeting the 2013 deadline. Just because the coding change has been anticipated for decades does not mean it was on everyone’s radar screen. “It was really amazing to me how many ancillary and support department directors were unaware of the change that was coming,” says Beezley.

“It became one of those big eye-openers for our facility.”

St. Anthony’s ICD-10 steering committee includes representatives from all departments that will be affected by the coding change, including patient accounting, risk management, information services, and clinical operations (see the exhibit on this page).

Beezley asked each department head to assign individuals to the steering committee who have experience in change management and understand revenue cycle issues.

Among other things, the steering committee ensures that several overarching considerations are being addressed.

Managing information system resources. Like many hospitals, St. Anthony’s is adopting a new electronic health record (EHR) this year, which is obviously a top priority for IT staff. Adopting the ICD-10 coding system will also require significant IT support, so planning ahead is essential to ensure staff resources are available.

Capital and operational budget for ICD-10 conversion.

St. Anthony’s goal is to have the ICD-10 conversion budget in place by December 2011. In addition to IT costs associated with the conversion, Skeans is budgeting for a long list of internal costs, including

- Staff training
- Extra labor costs (e.g., temporary staff) to support coding staff while they are being trained and gaining experience with the new codes
- Legal costs involved in updating vendor contracts to ensure they comply with the new coding system
- Updated encoding software
- Costs of modifying information services systems to accommodate new code sizes
- ICD-10 coding books and resources, such as anatomical software or charts, that coders will need to code with greater specificity

“These costs equate to additional expenses at the same time we are experiencing decreased reimbursement,” he says.

ICD-10 STAKEHOLDERS AND TASKS



* DMAIC = Define, Measure, Analyze, Improve, and Control

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Education and training. Because the new codes are more numerous and more specific, medical coders are likely to need additional basic education about anatomy, physiology, pharmacology, and surgical procedures in addition to training on the new codes.

In addition, physicians and nurses will need to be trained to provide more specific documentation to support the new codes. Other staff requiring job-specific ICD-10 training include those in the patient financial services, patient access, scheduling, compliance, and legal departments.

Data reporting and exchange. Medical codes underlie many data-driven functions and reporting, such as business intelligence and decision support, performance metrics, claims billing, clinical research projects, and tumor registries, says Beezley. “A personal concern that I have is how the ICD-10 conversion is going to affect reports and outside data transfers,” says Beezley. Thus, St. Anthony’s ICD-10 steering committee is paying close attention to ensure that the coding conversion does not jeopardize any ongoing data collection, analysis, and reporting.

ENGAGING STAKEHOLDERS

While those hospitalwide concerns are being addressed, Beezley is systematically going department to department to help managers think through how the ICD-10 implementation will affect all aspects of their operations.

During hour-long interviews with about 25 departments that use medical codes, Beezley is asking a series of questions designed to uncover specific ICD-10 to-do items related to training, software conversions, internal and external reporting, and budget needs. Responses are recorded in a detailed spreadsheet that will be used to create the work plan for a smooth conversion to the new system.

“This is a good time to stress one-on-one with each department what exactly is needed to implement ICD-10,” she says. “People are beginning to understand the critical nature of this initiative, and we are gaining tremendous input into what we need to accomplish to ensure a successful conversion.”