Leveraging the Compliance Delay to Optimize Migration

August 22, 2012
The Implementation Date Delay – Opportunity or Challenge?

• Using the “Extra” Year – Planning for Go Live
  ➢ Enterprise Neutrality
  ➢ Testing

• Using the “Extra” Year – Planning for Post-Implementation
  ➢ Value Opportunities

• Q&A
Agenda

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Dealing with the ICD-10 Delay

Yoda – deep in pain or deep in thought about ICD-10?

The proposed 10/1/2014 essentially gave the industry what they were asking for – time. How that time is used can help define project success as well as present challenges. It also provides an opportunity to plan to leverage the data to drive value opportunities.
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A Definition of Neutrality

Neutrality refers to the goal that adoption of ICD-10 does not create negative impact on the State, providers or recipients. Neutrality includes the following focus areas:

- **Budget (Payment) Neutrality**
  - Maintain equivalent total payment, within a pre-defined + / - corridor, at the provider, product and plan level.

- **Member Health Management Neutrality**
  - Maintain care management program financial and health outcome integrity while managing recipient shift due to code translation results.

- **Benefit Neutrality**
  - Maintain member out of pocket and benefit assignment so that translation is transparent to the recipient.

- **Operational Neutrality**
  - Maintain administrative expense, outputs and work products within expected limits.
Payment Neutrality
Affecting all other Dimensions of Neutrality

Outcome Analysis should be modeled based on each State’s experience with application of clinical probability for “new” DRG’s or other payment methodologies.

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<th>RV</th>
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<th>Current $</th>
<th>Future Distribution</th>
<th>Future $</th>
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Determining the distribution profile is critical to modeling reimbursement impact.

Illustrative Example
Neutrality – Next Steps

While the industry, in general, is attempting to define neutrality and find a way to validate neutrality, there are key activities that should be completed:

1. Define the next level of detail of ICD-10 related neutrality definitions.
   - What is the time period in which neutrality is expected?
   - At what operational level will neutrality be defined (i.e., health plan, business segment, LOB, provider)?
   - Is there a + / - corridor to define neutrality?

2. Determine how “orphans” will be handled.
   - If recipients “fall out” of disease management programs, will they be grandfathered in?
   - If recipients benefit calculation changes how will the change be communicated and operationalized?

3. Define the data sources and baseline time period that will be used to determine neutrality.
   - Can the baseline be a rolling period to accommodate seasonality spikes?
   - What sources of data are available to support each specific type of neutrality (i.e., call answer rates, service levels, etc)?

4. Provide awareness to the organization that there are aspects of neutrality dimensions that can’t be controlled.
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Industry Thoughts on ICD-10 Testing

The closest model that can be used to develop an ICD-10 test strategy and plan is the implementation of a core administration system with the following focus areas:

• Neutrality Testing
  • Testing across the five dimensions of neutrality will be required at different points during the development cycle and confirmed through end-to-end testing

• Test Data Creation
  • With over a million potential combinations of scenarios, an automated process will be required to generate test data

• Vendor / Business Partner Testing
  • Testing will be required to validate that the remediated product produces the same result under ICD-10 that it did under ICD-9

• Environment Management
  • Dedicated remediated environment will be required for an extended period

• Test Strategy
  • A comprehensive test strategy is required to include aspects of internal and external testing requirements as well as IT and business remediation through all phases of development and confirmed through end-to-end testing
### Content Testing with Providers

**Key aspects of focused testing with providers**

<table>
<thead>
<tr>
<th>Transaction Testing</th>
<th>Content Testing</th>
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</thead>
<tbody>
<tr>
<td>• Validates that transactions can be received and processed</td>
<td>• Validates the source data from providers</td>
</tr>
<tr>
<td>• Should be considered as part of the overall end-to-end test plan</td>
<td>• Requires coordination with provider partners</td>
</tr>
<tr>
<td>• Focus is on receipt and throughput</td>
<td>• Focus is on claim level DRG grouping</td>
</tr>
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Main message – Content testing with providers is **not** the same as end-to-end testing
Testing To Leverage the Delay – Content Testing

A testing phase focused specifically on provider (content) testing can provide valuable information:

- Test throughput including trading partners or other EDI clearinghouses
- Validates provider readiness to submit ICD-10
- Validates ability of Operations to manage the submission
- Test reimbursement rates to confirm pricing
- Can be used to confirm contract rates
- Allows for development of a potential reimbursement baseline

Key considerations to develop Content Testing:

- Internal applications must be ready to accept and process ICD-10
- Controls and firewalls will be required to protect PHI across submitters
- Analysis will be required to determine target providers to participate
- Provider must be willing and able to participate
- Expect unexplained variances in reimbursement and develop a process to determine root cause
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It’s not too early to start planning for use of the new codes post implementation. Now is the time to define those areas in which the codeset can improve management and monitoring of business performance. Examples include:

Leverage richer member data to provide better opportunities for targeted member outreach for Disease Management and Wellness Programs

Collaborate with providers and payers to improve quality of standard rates for medical procedures

Develop new or revised CM/DM programs for more specific target diagnoses

Enhanced, more detailed coding data will provide increased insight and opportunities to control fraudulent and improper payments
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Laura Corn
Accenture: Insight Driven Health
Cleveland, OH
Phone: +1-216-213-7818
email: laura.corn@accenture.com