

ICD-10 Implementation Cost Prediction Modeling Tool

Definitions

The model assumes that the transition to ICD-10 will affect four areas: coding; revenue cycle, non-IT project management, and IT. There are other areas that could be impacted but are not in the scope for this model. The information below details how each of these areas may be affected.

CODING

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| Coder Training | Existing coders need to be trained to use ICD-10. |
| Coder Recruitment | It is expected that the transition to ICD-10 will aggravate the coder shortage. Consequently, providers will need to recruit coders more frequently. |
| Coder Compensation | If there is a coder shortage, coder salaries should increase. |
| Coder Productivity | Coder productivity will decrease during the transition phase (2012-13) due to training. To make up for lost productivity, it is assumed users will rely on outsourced coders. After 2013, productivity will decrease because coders need more time to code a chart (e.g., more codes to review, codes are less familiar). It is assumed providers will make up for the productivity shortfall by hiring more in-house coders. |
| Coder Accuracy | Coding errors will increase with ICD-10 during the initial period. In this model, it is assumed that this inaccuracy can be reflected in decreased productivity (see above), but the model can be altered to create a separate line item for accuracy. |
| Coding IT | It is assumed that coders will continue to use existing coding tools (e.g., encoder, abstract), but there will be costs associated with upgrading those tools to accommodate ICD-10 codes. |
| Clinical Documentation Training | ICD-10 demands more rigorous clinical documentation. In some cases, ICD-10 will not allow codes to be submitted without certain items being specified in the documentation. If physicians are not trained to provide the proper documentation, coding could be lowered or withheld. |

REVENUE CYCLE

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| Staffing | Additional resources may be required to manage both the completion of processing ICD-9 formatted claims as well as processing ICD-10 formatted claims until work volume resumes normal practices |
| Slower Collections | Collections may be slowed initially because of software or procedure confusion, as well as by significantly increased denials. Over time, this process should speed up as procedures and submissions improve |
| Lower Collections | Collections are likelier to be lower initially because of higher denial rates (due to more submission errors) and over time, due to lower reimbursements that payers are expected to negotiate. |

PROJECT MANAGEMENT

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| Non-IT project mgmt | Hospitals will typically require additional staffing to manage the ICD-10 implementation process. Larger |
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IT

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| Gap analysis and planning | Providers will inventory their systems and determine which ones require changes and what changes they need. |
| Software | There are several components to new software: upgrades, replacements, and new applications. Most HIS and other key programs will be served with upgrades. Some programs, such as discontinued or hard-to-maintain software, may be replaced or discontinued themselves. A number of providers are looking to new software, such as computer-assisted coding and clinical data improvement programs, to improve productivity and accuracy of the coding and billing process. This model disregards costs that would normally be incurred for such changes (e.g., routine upgrades) and focuses only on the incremental cost due to ICD-10. |
| Hardware | Some software upgrades or additions may require new hardware. This hardware may be due to increased software requirements. It might also be due to desires to set up staging, training, or backup that had not existed previously. |
| Implementation/Testing | Implementing upgrades and applications requires manpower for implementation and training. |
| Interfaces | Interfaces will need to change to accommodate the new ICD-10 requirements. It is expected that most of these changes will occur prior to the Go Live Date. |