ICD-9 to ICD-10: A Look Back

Tracking the changes in the transition
May 2016

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Our Methods

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The transition from ICD-9 to ICD-10. What has the impact been on hospitals and physicians? While providers have spent millions of dollars and innumerable hours in preparation to date, the financial outcome has been a mystery until now. AppRev, a healthcare business intelligence provider, decided to conduct its own survey of hospitals to study how the changeover has affected them individually.

AppRev's founder and CEO, Seth Avery, shared preliminary results of the study at a well-attended session of the Healthcare Financial Management Association Region 5 Annual Dixie Institute in Nashville on March 21, 2016. In the panel session, Mr. Avery and professionals from several healthcare backgrounds shared their experiences

Using a simple set of metrics developed in collaboration with several of their hospital customers, AppRev looked at the impact that the conversion has had on practice denial rates. The company has collected financial data from both the last three months under ICD-9 and the first three months under ICD-10, allowing hospitals and providers to analyze their performance as compared to the experiences of a larger group.

Seth Avery is President and CEO of AppRev, a healthcare business intelligence company that provides revenue cycle solutions for hospitals and physicians. Mr. Avery has over 25 years of experience with government, for-profit and not-for-profit healthcare providers, and is a frequent speaker on topics such as denials management, the ICD-10 transition, ICD-10 implementation, charge capture and strategic pricing.

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One challenge of a benchmarking study like this is finding a set of variables that hospitals will agree can be captured consistently. Hospitals count denials in a number of ways, which can present a challenge in comparing apples to apples. AppRev incorporated the data from approximately 40 hospitals participating to date to arrive at the following results:

ICD-9			ICD-10		
July	August	September	October	November	December
228	222	226	224	220	216

Days Cash on Hand:
The average for days of cash on hand showed almost no changes in any individual hospitals or on average.

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ICD-9			ICD-10		
July	August	September	October	November	December
$108,876	$114,071	$118,870	$122,567	$114,820	$112,463

Discharged Not Final Billed (DNFB) in Charges:
The numbers showed a small spike in October then returned to their pre ICD-10 levels by December. Many experts had expected a large backlog in the new coding to increase the DNFB, but hospitals in the survey group seemed to be well prepared for the coding requirements. Several hospitals commented that they pushed as much of the coding and billing through in September to 'clear the decks' for October and the arrival of ICD-10, which might account for a smaller spike than was expected.

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ICD-9			ICD-10		
July	August	September	October	November	December
7.90	7.95	6.35	8.85	7.79	7.90

Discharged Not Final Billed (DNFB) in Days:
Net Days in A/R - Net days in accounts receivables showed no material change throughout the period for the reporting hospitals.

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Authorization (percentage of initial denials, number of denials): *Authorization denials showed little change. This reflected cooperation between providers and payers in transitioning denials that were originally granted in ICD-9 and allowing them to still be valid after October 1st.*

George Vancore, Senior Manager of Delivery Systems at Blue Cross Blue Shield of Florida, presented with Mr. Avery at the Dixie meeting told the participants that Florida Blue had decided to allow authorizations obtained under ICD-9 to "flow through" their system after October 1st.

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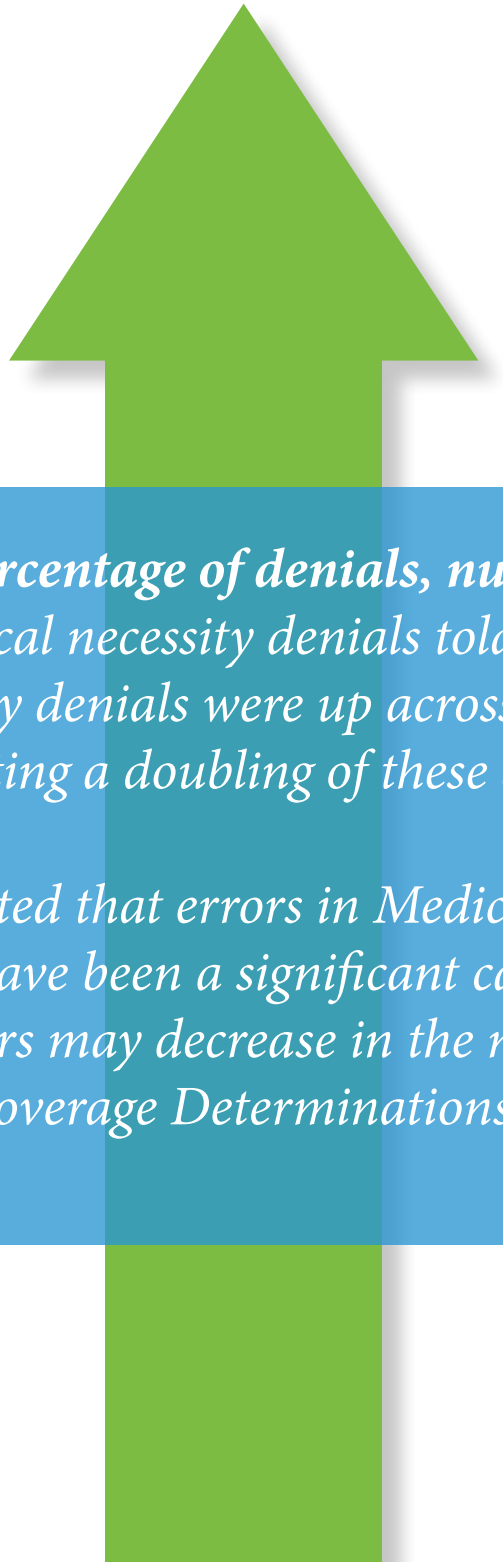

Medical Necessity (percentage of denials, number of denials): *The results of the medical necessity denials told an entirely different story. Medical necessity denials were up across the board, with several hospitals reporting a doubling of these denials.*

Many providers indicated that errors in Medicare National Coverage Determinations may have been a significant cause of the rate increase. Those numbers may decrease in the near future. Additional problems with Local Coverage Determinations may also be a short term cause.

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In conclusion

After reviewing all data and speaking to participating providers, AppRev has determined that the impact of the ICD-10 transition is not fully known at this time. More data is needed, especially considering several factors that will influence each individual hospital or provider's experience in the coming year: changes in benefits in January 2016 may impact the outcome; CMS requirements for increased specificity will be implemented in October 2016; and variations in payer edits may change. In addition, payer denial behavior can vary from state to state, and the Medicare Administrative Contractors (MACs) tend to be regional in their operation.

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For More Information

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Due to the variety of factors affecting data in the coming year, ***AppRev will continue this study throughout 2016 and report quarterly results.*** Doing so will provide a more comprehensive scope of the impact of ICD-10. AppRev would like to increase the sample size and potentially even report by state and hospital size. A separate study focused on physician data is also a possibility, with an interest in comparing the physician's experience with that of the hospital's.

Any interested hospitals or providers are welcome to participate in the study. The more participants, the better the results! A limited amount of information is required of participants, and all responses will be kept confidential. The quarterly analysis will continue to be made available to all participants and shared through a number of HFMA presentations, webinars, on AppRev's website and upon request.

Interested parties can find the participation form on AppRev's website at http://apprev.com/icd10-study.php. For a direct copy of the survey form or for further assistance, please contact Laura Sulak, AppRev Marketing Specialist, at lsulak@apprev.com.

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About Us

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AppRev is a privately held Healthcare Business Intelligence company based in Temple, Texas, that provides services and technology to more than 80 hospitals throughout the United States and Bermuda.

AppRev delivers results through services and technology that allow hospitals and clinics to improve revenue cycle performance. The company's solutions are provided via web delivered Service Supported Software™ and include Charge Accuracy, Denials Intelligence, ICD-10 Metrics, Pricing Analytics, Pricing Transparency using the Market Advantage Price Lookup Tool, CDM and DSH services.

All AppRev solutions employ ongoing measurement of revenue cycle improvements and can be tailored to meet customer-specific requirements.

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