

# ICD-10: Unthought-of Benefits

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# Session Theme

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How can ICD-10

improve your business moving forward

and

in planning future work?

# Ignoring:

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## ▶ Cost

- ▶ Assuming this will happen and it will be paid for
- ▶ Assumptions in actual cost/benefit studies are based in bias views of developers and not universally accepted
- ▶ It will be expensive and traumatic!

## ▶ Societal good

- ▶ Nice when it is your line-of-business
- ▶ Business generally supports it as long as other benefits exist
- ▶ Difficult to quantify

## ▶ Cost/Benefit equation

- ▶ If we can't define cost and a lot is based on indirect benefits how can we consider this?

# Session Flow

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- ▶ **Unthought-of Benefits**
  - ▶ Link to the EHR
  - ▶ P4P
    - ▶ A digression on quality
  - ▶ DRG Precision
  - ▶ Actuarial projection precision
  - ▶ Population projections
  - ▶ Business trends
  - ▶ Impact of US healthcare reimbursement shifts
- ▶ **Concluding Thoughts**

**“Within ten years, every American  
must have a personal electronic  
medical record”**

**President George W. Bush**

**April 26, 2004**





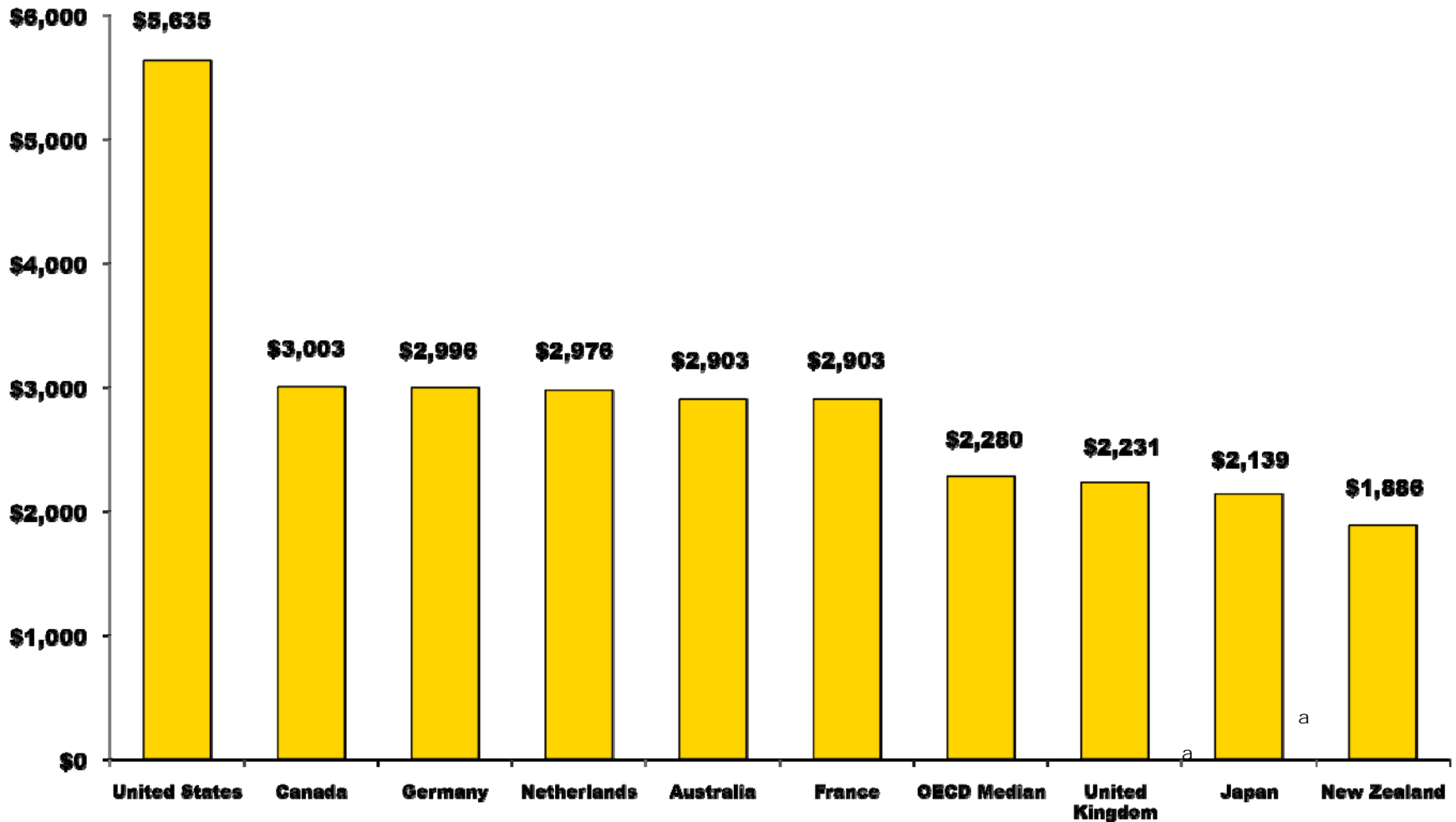
# P4P == Quality?

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- ▶ US behind many industrial nations in quality measures
  - ▶ Non-homogenous population
    - ▶ Inherent racial differences?
  - ▶ Quality measures vary by
    - ▶ Insurance status
    - ▶ Access to care
    - ▶ Socioeconomic status
- ▶ Pay for Performance (P4P)
  - ▶ Current – process
    - ▶ If you have this did you do that?
  - ▶ ICD-10 precision envisions a quality tied future
    - ▶ If you did this did you have that good OUTCOME?

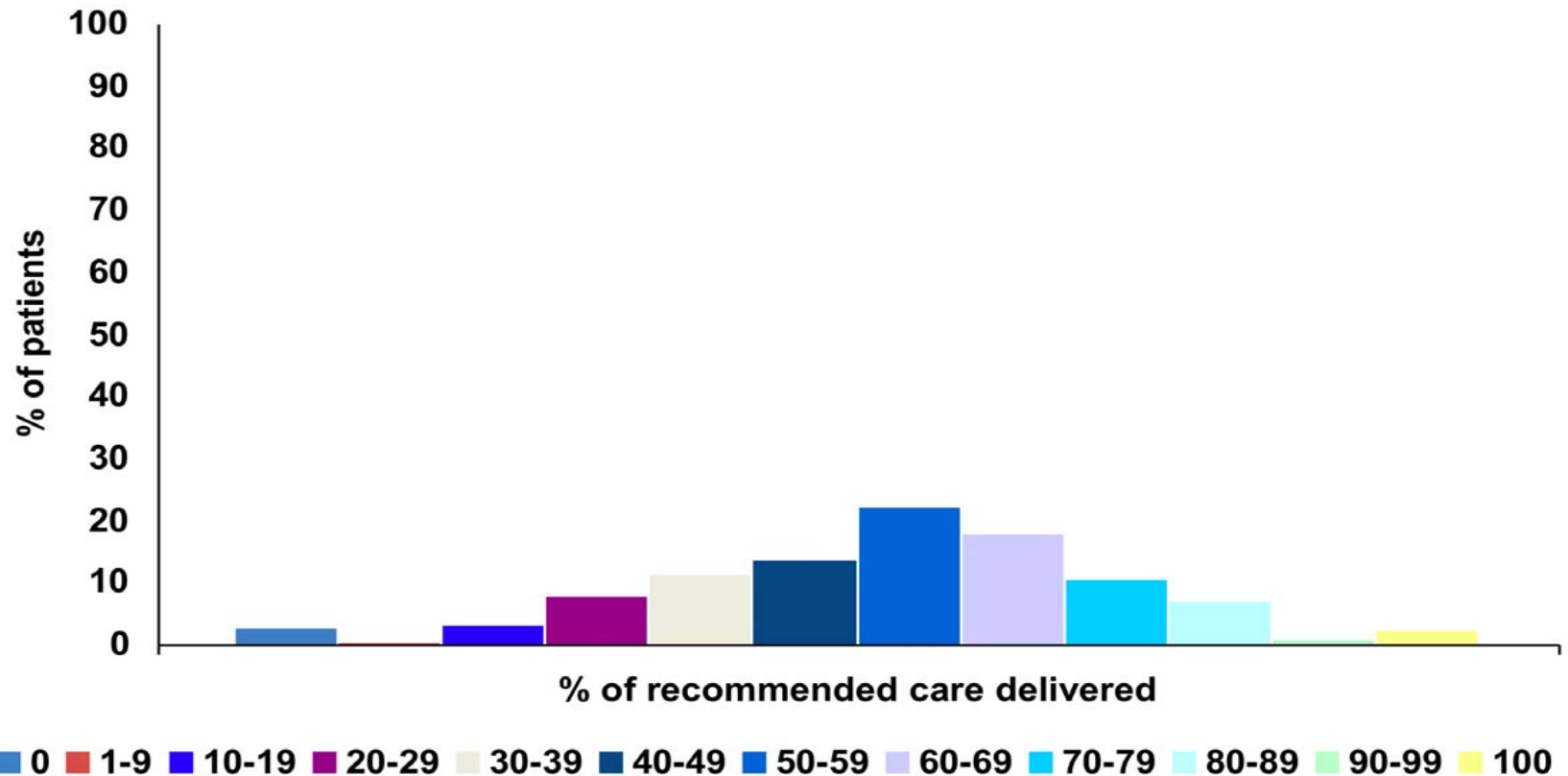
# Digression: Why harp on quality?

# Health Care Spending per Capita 2003 Adjusted for Differences in Cost of Living



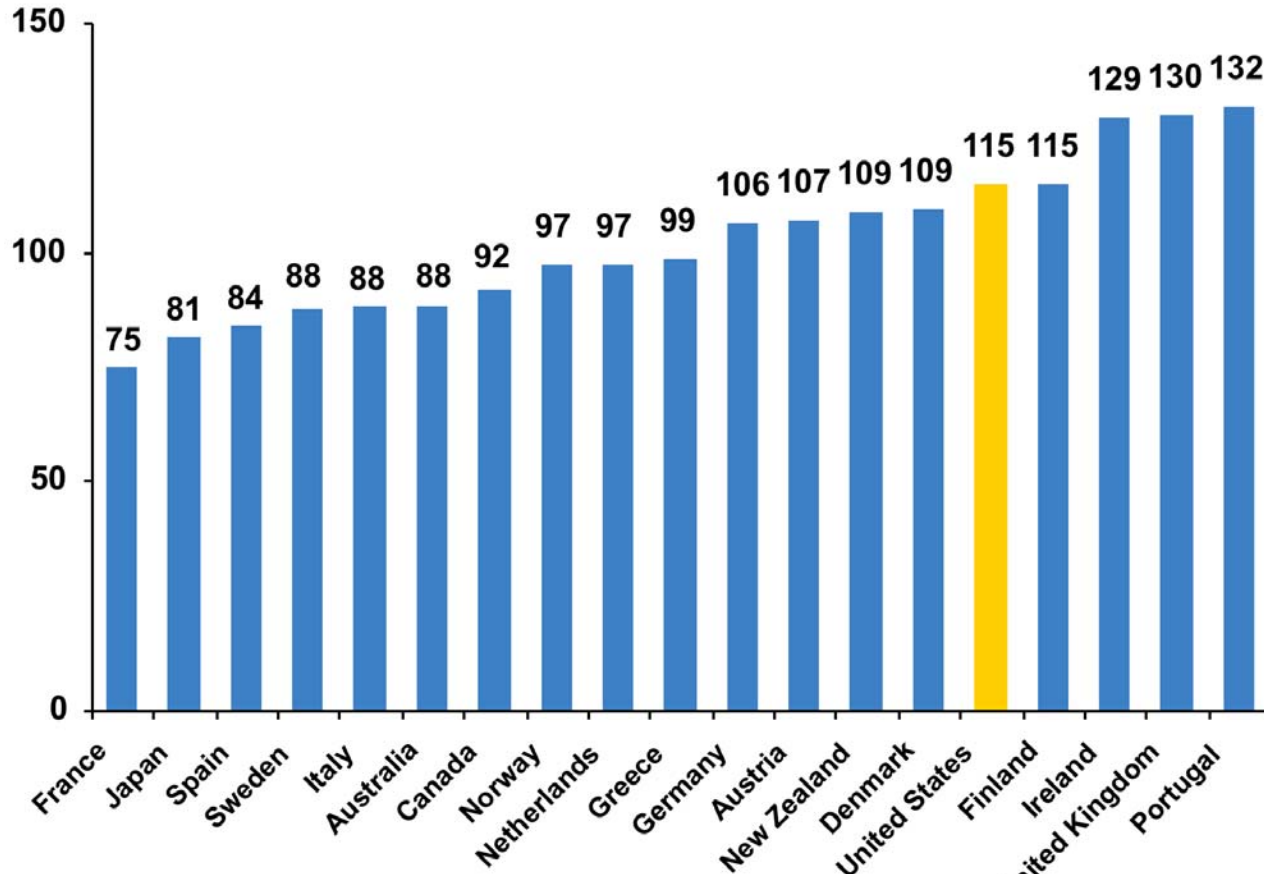
# Perfect Care Delivered: 2.5% Patients

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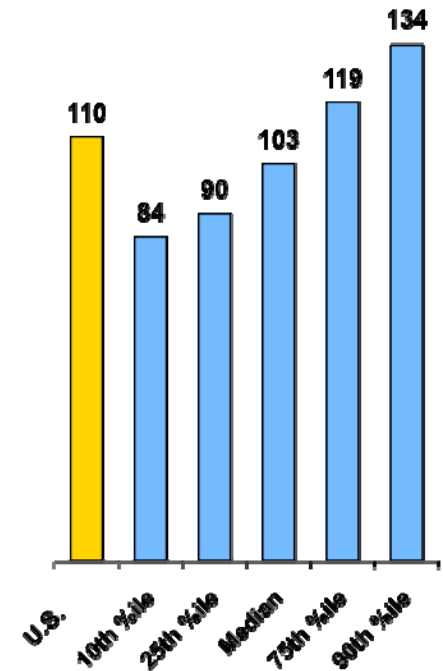


# Mortality Amenable to Health Care

International Variation



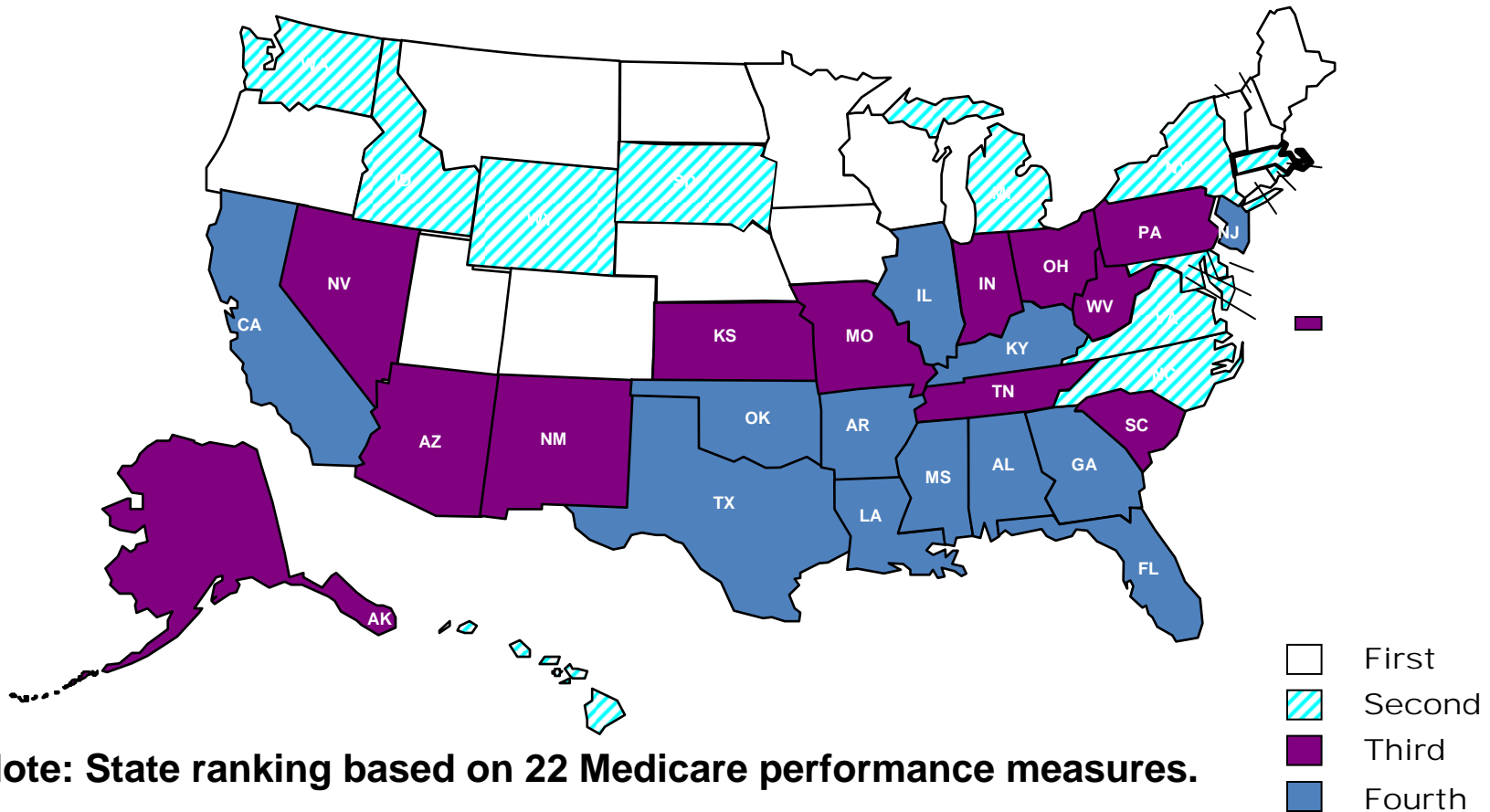
State Variation, 2002



- Countries' age-standardized death rates, ages 0–74; includes ischemic heart disease.
- Data: International estimates—World Health Organization, WHO mortality database (Nolte and McKee 2003); State estimates—K. Hempstead, Rutgers University using Nolte and McKee methodology.



# States Vary in Quality of Care 2000 - 2001



**Note: State ranking based on 22 Medicare performance measures.**

Source: S.F. Jencks, E.D. Huff, and T. Cuerdon, "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998–1999 to 2000–2001," *Journal of the American Medical Association* 289, no. 3 (Jan. 15, 2003): 305–312.

# Variation in Practice

## Breast Cancer Screening -- Medicare

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Traverse City, MI	50.1%
Fort Lauderdale, FL	41.8%
Birmingham, AL	32.0%
Columbia, SC	19.6%

Dartmouth Atlas of Healthcare 1999

# Back to ICD-10

# DRG Precision

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“The technologies included in the DRGs are identified by ICD–9–CM procedure codes. ICD–10–PCS allows the use of DRG definitions that better define new technologies and devices, and that could be refined to take advantage of their additional specificity through more detailed descriptions. This critical lack of space for new procedures and conditions is one important consideration for proposing to adopt ICD–10–CM and ICD–10–PCS.”

Final ICD-10 Rule



# DRG Precision

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- ▶ Inpatient payment based on a fixed collection of procedures for a diagnosis (DRG)
  - ▶ Procedure mix and reimbursement recalibrated yearly
  - ▶ “Twist and turns” from co-morbidities, institution status effect payment
- ▶ Increased ICD-10 precision envisioned to:
  - ▶ More precisely defined procedures in a DRG
    - ▶ Less edge effect to a higher paying DRG
  - ▶ Better defined co-morbidities
- ▶ DRG for outpatients?
  - ▶ Better tie to P4P
  - ▶ Encounter based payment
  - ▶ Tie to “medical home”

# ICD-10 and Initial DRGs Goals

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- ▶ Using ICD-9 or ICD-10 results in the same patient having the same DRG
  - ▶ Clinically equivalent
  - ▶ Definition manual will have same look and feel
- ▶ Will provide General Equivalence Mappings (GEM)
  - ▶ ICD-10-CM to/from ICD-9-CM
  - ▶ ICD-9-CM to/from ICD-10-PCS
- ▶ Prototype Maps and DRGs in ICD-10 are available
  - ▶ [http://www.cms.hhs.gov/ICD10/01m\\_2009\\_ICD10PCS.asp#TopOfPage](http://www.cms.hhs.gov/ICD10/01m_2009_ICD10PCS.asp#TopOfPage)
  - ▶ Final versions will be published in Federal Register for comment before implementation

▶ **No commitment on how long cross-walk to ICD-9 will remain**  
For more details see:  
[http://www.cms.hhs.gov/ICD10/Downloads/CMSICD10update\\_508ver.pdf](http://www.cms.hhs.gov/ICD10/Downloads/CMSICD10update_508ver.pdf)

# Example of Increased DRG Precision

**DRG985 INFLAMMATORY  
 BOWEL DISEASE W MCC**  
**DRG386 INFLAMMATORY  
 BOWEL DISEASE W CC**  
**DRG387 INFLAMMATORY  
 BOWEL DISEASE W/O  
 CC/MCC**  
 PRINCIPAL DIAGNOSIS  
 5550 Reg enteritis, sm intest  
 5551 Reg enteritis, lg intest  
 5552 Reg enterit sm/lg intest  
 5559 Regional enteritis NOS

Is replaced by

**DRG985 INFLAMMATORY      BOWEL DISEASE W MCC**  
**DRG386 INFLAMMATORY      BOWEL DISEASE W CC**  
**DRG387 INFLAMMATORY      BOWEL DISEASE W/O CC/MCC**

Principal Diagnosis

K5000 Crohn's disease of small intestine without complications  
 K5011 Crohn's disease of small intestine with rectal bleeding  
 K5012 Crohn's disease of small intestine intestinal obstruction  
 K5013 Crohn's disease of small intestine with fistula  
 K5014 Crohn's disease of small intestine with abscess  
 K5018 Crohn's disease of small intestine with other complications  
 K5019 Crohn's disease of small intestine with unspecified complications  
 K5010 Crohn's disease of large intestine without complications  
 K50111 Crohn's disease of large intestine with rectal bleeding  
 K50112 Crohn's disease of large intestine intestinal obstruction  
 K50113 Crohn's disease of large intestine with fistula  
 K50114 Crohn's disease of large intestine with abscess  
 K50118 Crohn's disease of large intestine with other complications  
 K50119 Crohn's disease of large intestine with unspecified complications  
 K5080 Crohn's disease of both small and large intestine without complications  
 K50811 Crohn's disease of both small and large intestine with rectal bleeding  
 K50812 Crohn's disease of both small and large intestine intestinal obstruction  
 K50813 Crohn's disease of both small and large intestine with fistula  
 K50814 Crohn's disease of both small and large intestine with abscess  
 K50818 Crohn's disease of both small and large intestine with other complications  
 K50919 Crohn's disease of both small and large intestine with unspecified complications

# of ICD-9-CM codes - 4

# of ICD-10-CM codes -  
28

# DRG Map Plan: Find and Replace

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## Find

- ▶ For ICD-9 codes in MS-DRG list with ICD-10 codes

## Replace

- ▶ Convert the ICD-9 code to ICD-10 code(s) in GEM
- ▶ Review any automated assignments
- ▶ Keep underlying DRG assignment logic

## Present State:

	Diagnosis	Procedure	Total
# unique lists in DRGs	~200	~300	~500
Codes in MDC 6 lists auto-replaced	99%	91%	95%
Auto-replaced codes modified after clinical review	1%	9%	5%

# Actuarial Projection Precision

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- ▶ Crude Healthcare Cost Model
  - ▶ Service cost for administering program
  - ▶ Projection of actual population healthcare costs
  - ▶ Success depends on
    - ▶ Keeping service cost in line (most likely good)
    - ▶ Projection healthcare costs well so they are meet from income
- ▶ Actuarial risk
  - ▶ Precision of the math dependant on the the precision of data
    - ▶ Increased in ICD-10
  - ▶ Precision of business decision dependant on level of risk in actuarial projection
    - ▶ Should be better projection with ICD-10

# Population Projections

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- ▶ Future is projected from the past
  - ▶ Present past is the parents of the “boomer” generation
    - ▶ Acute disease successfully treated yielding to chronic conditions
- ▶ Need to project the future of the boomer generation
  - ▶ Acute disease limited
- ▶ Chronic disease progression the future
  - ▶ Cancer as a chronic disease
  - ▶ Surgery versus drugs in cardiovascular disease
- ▶ Projections of aggressive intervention

# Business Trends

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- ▶ Patient specific treatments
  - ▶ Are benefits of patient specific drugs worth the cost? Stem cells?
- ▶ More technology
  - ▶ Will advanced diagnostic techniques allow earlier intervention preventing costly effects from chronic disease?
  - ▶ Will robotics decrease the long-term cost of interventions?
- ▶ How can we reduce the cost of chronic medicine with lifestyle interventions?
- ▶ When do we cross the line to palliative care?
- ▶ Better project healthcare costs
  - ▶ When bottom-line is impacted unpredictably, business screams

# Impact on US Healthcare Reimbursement Shifts

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- ▶ We will decrease the cost of healthcare
  - ▶ Decreasing rate of increase is no longer the main option
- ▶ We will increase real healthcare quality and pay to get it
  - ▶ P4P
  - ▶ HIT Investments
  - ▶ Universal coverage to reduce disparities of some form
- ▶ Current private insurance system will survive
  - ▶ Will we have a base plan with private augmentation?
  - ▶ 20+% of surgery in the UK is private pay
  - ▶ What will be private insurance role?
    - ▶ Improved availability of services and providers (no wait?)
  - ▶ Recent announcement on possible change in handing pre-existing conditions indicative of compromises coming

# Concluding thoughts

# The road less travel on?

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- ▶ ICD-10 is happening
    - ▶ PCS is truly needed
    - ▶ CM will allow better business projections
  - ▶ You need better business data
    - ▶ Healthcare is under tremendous stress
    - ▶ Without good data we will make the wrong decisions as we put healthcare under more stress with the aging boomers
  - ▶ Handled right, the juice is worth the squeeze!
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# Possible Transition Paths

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## ▶ IT Related

### ▶ Plan for this happening again – it will!

- ▶ Design new data schema and use tooling that will allow future change without major cost

### ▶ Simplest part of the transition

## ▶ Business planning

### ▶ ICD-10 will change your business thinking and structure

- ▶ Set high-level cross-section groups to identify impact areas to optimize

### ▶ Use those reports to set appropriate groups empowered to set change strategies

## ▶ Remember – effective benefits from ICD-10 transition will only come if you think outside of



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