# UnitedHealthcare
## New Lessons Learned and Readiness for Implementing ICD-10

Ross Lippincott, Vice President
Regulatory Implementation Office (RIO)
UnitedHealthcare

23rd Annual HIPAA Summit
March 18, 2015

# ICD-10 Impact

## About UnitedHealth Group

Named World's **Most Admired Company** by *Fortune* in 2011–2014

Ranked **14th** of the Fortune 500

**$130.5 Billion** FY14 revenue

More than **85 Million** individuals served worldwide

### UnitedHealthcare

Health care coverage and **benefits**:

- Employer & Individual
- Medicare & Retirement
- Community & State
- Military & Veterans
- Global

**Helping people live healthier lives**

### OPTUM™

Information and technology-enabled health **services**:

- Technology solutions
- Intelligence and decision support tools
- Health management and interventions
- Administrative and financial services
- Pharmacy solutions

**Helping make the health system work better for everyone**

***ICD-10 implementation across all UnitedHealth Group business segments:***

- Impacts over 450 internal systems and applications.
- Required execution of over 140,000 internal test cases to verify system and business rule accuracy and neutrality.

# ICD-10 – Guiding Principles

## UnitedHealthcare is committed to the following:

### Full regulatory compliance:

- Systems will accept new ICD-10 transactions (while continuing to accommodate ICD-9 coded claims for service dates prior to the regulatory compliance date) without data mapping or transformation.

### Performing extensive internal testing to verify predictable processing outcomes:

- **Clinical Integrity:** Ensure alignment with industry code mapping and consistent clinical review decisions.
- **Benefit Neutrality:** Ensure transparent benefit administration for members and providers across both code sets.
- **Revenue Predictability:** Perform internal analysis and collaborate with selected external providers to assess the impact of ICD-10 code selection on DRGs.

### Collaborate and perform external testing with facilities, physician groups and other business partners including:

- Testing with selected facilities to identify areas at risk for unpredictable results and define strategies to improve the accuracy and predictability of production transaction outcomes.
- End-to-end testing to verify transaction compliance, accuracy and predictable payment results.

### Support health care providers in their readiness efforts:

- UnitedHealthcare has a dedicated communication effort to advise providers on ICD-10 preparation steps and to provide resource materials.
- Communicate testing lessons learned, mitigation strategies and readiness recommendations to our providers via portals and other communication channels.

# Payer–Provider Collaborative Testing

UnitedHealthcare

**UnitedHealth Group has been testing with providers since 2013 and continues to capture and apply lessons learned.**

## 2013-2014

### Phase 1: ICD-10 Coding & DRG Shift Analysis

Manual Facility-Payer test effort to practice ICD-10 coding of key Dx categories to evaluate code assignments that may generate an ICD-9 to ICD-10 DRG shift.

- 12 Regional Facility Providers, multiple locations.
- Sample of 100-300 ICD-9 adjudicated claims for each provider (covering all DRG categories).
- Analysis included over 4,000 claims.
- Facility staff assigned ICD-10 codes using original medical records.
- Compared DRGs assigned to the paid ICD-9 claim against the ICD-10 coded test claim.
- Claims with DRG shifts were jointly analyzed by Facility and UnitedHealthcare/OptumInsight certified coders.

## 2014

### Phase 2: "End-to-End" Transaction Pilots

ICD-10 coded claims from providers were processed through production-like business flows (in test environments) to:

- Confirm system readiness and transaction processing through provider, claim intermediaries and payer.
- Validate processing accuracy.
- Identify potential payment variations between ICD-9 and ICD-10 coded claims.
- Test partners included Facilities, Professional, Lab, Behavioral service providers and CMS.
- Providers coded claims in ICD-10 and submitted 837 files through clearinghouse(s).
- Claims were processed and DRG and payment variances were collaboratively reviewed.

## 2015

### Phase 3: "End-to-End" Claim Processing & Payment Test

Complete "End-to-End" testing with facility and physician test partners to validate transaction accuracy through:

- Provider 837 generation.
- Clearinghouse edits.
- Application of ICD-10 codes in payer claim processing rules, business and clinical edits, including:
  - Member benefit plans
  - Provider contracts
  - Authorization processing

Testing will identify payment neutrality variances:

- ICD-10 coded claim results are compared to original paid ICD-9 claims.
- Claim report and 835s are returned to provider.
- DRG and payment variances are collaboratively reviewed.

# Phase 1:
# ICD-10 Coding and DRG Shift Results

- Analysis included over 4,000 claims.
- Compared previously paid ICD-9 Facility claims to newly coded ICD-10 claims to identify potential DRG Shifts.
- MS-DRG grouper v31 was used to assess both claim sets.
- Valid shifts were measured after coding issues were reviewed with providers and any agreed upon coding or test submission errors were resolved.
- 4.2% of claims generated a valid DRG shift.
  - Slightly more than half (2.3%) shifted to higher paying DRGs.
  - 1.9% shifted to lower DRGs.
- Some claims that generated a valid shift indicated possible issues with the draft MS-DRG grouper. UnitedHealthcare escalated to CMS to address in future DRG releases.

| Phase 1 - DRG Shift Results | % of Total |
|---|---|
| Claims with DRG Shift (pre-review) | 16% |
| Variance between v28 and v31 grouper | 6.5% |
| Coding Errors | 5.3% |
| Valid DRG Shift | 4.2% |
| **Claim Results – After Joint Coding Review** | |
| Claims with no Valid DRG Shift | 95.8% |
| Claims with Valid DRG Shifts | 4.2% |
| Shift to higher DRG | 2.3% |
| Shift to lower DRG | 1.9% |

# Phase 1:
# ICD-10 Coding and DRG Shift Results

UnitedHealthcare

## Conclusions

- Most DRG variances (6.5%) were due to explainable differences between the MS-DRG v28 grouper (applied to ICD-9 base claims) vs. the later v31 version (applied to ICD-10 test claims).

- 5.3% of claims varied due to inaccurate provider coding. Examples include:
  - Invalid codes.
  - Improperly sequenced codes.
  - Improper usage of codes.
  - Coding that did not follow industry-standard guidelines.

- Root causes for provider coding issues included:
  - Errors due to manual claim coding/submission (“spreadsheet”) process.
  - Contract coders were used by some providers.
    (facility coding staff not yet trained in 2013 – early 2014)
  - Coders inexperienced with ICD-10 code set.
  - Insufficient data in historical medical records to support ICD-10 code specificity.

# Phase 2:
# 2014 End-to-End Pilot Test Results

UnitedHealthcare

## Professional and Laboratory Claim Results

- 2014 testing included some Professional and Laboratory claims to:
  - Verify capability to accept and process claims through an end-to-end, production-like process involving all claim transaction parties. (provider, claim intermediaries, payer)
  - Assess impact of medical policies and other claim edits.
  - Verify benefit plan neutrality.
- Services are not reimbursed based on ICD diagnosis codes.
- However, approximately 2% of test claims generated different payment results due to ***variations in the CPT/procedure codes*** assigned to original ICD-9 vs. ICD-10 test claims. As with inpatient claims, procedure code variations included:
  - Additional or fewer CPT codes entered on ICD-10 vs. ICD-9 claim.
  - ICD-9 codes were not accurately translated to ICD-10's by coders.

# Testing: Lessons Learned

- UnitedHealth Group verified the capability to successfully perform end-to-end exchange and processing of ICD-10 coded claims with multiple providers and claim intermediary partners.
- DRG variances for facility test claims dropped significantly between 2013 and 2014 test phases, potentially due to improved coder training and provider “practice” with other ICD-10 test initiatives.
- Most DRG variances identified in recent inpatient claim testing were due to inconsistent or incorrect assignment of new ICD-10 PCS codes.
- As expected, results from Professional and Lab testing confirmed a low risk of payment variation between ICD-9 paid and ICD-10 test claims. Payment differences were due to variations in assignment of CPT codes.

# Provider Readiness: Lessons Learned

The **continuum of provider readiness** is varied:

most are in the "*ICD-10 education and awareness" phase;*
the next biggest group are in the stage of *"active implementation";*
a few have completed their ICD-10 efforts and are looking for data/information in order to move their practice a step ahead.

## Lessons Learned

- Don't assume all providers are at a specific state in the process.
- Stratify education to ensure providers at every level can benefit and utilize the information provided.
- Although somewhat counter-intuitive, the ICD-10 experience has clearly demonstrated that delays do nothing to spur action. Maybe the most often cited reason for a delay is that it will "provide more time for the industry to prepare" however, in the real world, the delayed initiative is often "prioritized down" to account for other more pressing and time sensitive projects that are ongoing.
- Take the experience from ICD-10 and apply to future initiatives.
- A very important function the office manager plays is acting as the practices' air-traffic controller landing issues within the practice at the right time when the office is ready to take on the challenge.
- A strong office manager is your best ally. Trust, partner and support office managers and they will drive the process to compliance.