A Game-Plan for ICD-10 Testing: Ensuring Neutrality and Reducing Risk with a Strategic Approach

WEDI Webinar Series: ICD-10 Testing
November 29, 2012
1. Strategic Approach to ICD-10 Testing (Infosys Public Services)
2. ICD-10 Testing - Provider Perspective (Tenet Healthcare)
3. ICD-10 Testing - Payer Perspective (Blue Shield of California)
4. ICD-10 Testing Plans & Approaches (Panel)
5. Summary & Takeaways (Infosys Public Services)
Poll

What organization type are you representing?

- Provider
- Payer
- Clearing House / Third Party
- Vendor / Consultant
Poll

Where are you in your testing efforts?

- Not Started
- Planning
- Internal Testing
- External Testing
Strategic Approach to ICD-10 Testing

Dr. Suman De
Healthcare Consultant & Head of ICD-10
Infosys Public Services
suman_de@infosys.com  |  510-894-9586

WEDI Webinar Series: ICD-10 Testing
November 29, 2012
Consulting & Technology Services Firm

- Healthcare & Public Sector focus, based in Reston VA
- Experience with Healthcare clients across the ecosystem: payers (commercial, blue cross, medicare/medicaid), providers, healthcare services, government healthcare
- Member of WEDI, AHIP, HIMSS, NASCIO, ACT-IAC
- Subsidiary of Infosys (NASDAQ:INFY) with 150,000+ people and clients in 30+ countries

Products & Solutions for Healthcare

- Best practices and solutions to solve healthcare clients’ critical challenges
  - ICD-10 Migration
  - Health Benefit Exchange
  - Accountable Care
  - Healthcare Analytics
  - Mobile Healthcare
  - Social Media for Healthcare

ICD-10 Offerings

- Product + Services for Transition
  - iTransform™ Product Suite
  - Consulting Services
  - Remediation Services
  - Clinical Services
  - Neutrality Analytics
  - Testing Services
  - Training Services

www.infosyspublicservices.com
ICD-10 Testing is Complex and Multifaceted

- Optimization
- Test Data Coverage
- Scenario & Test case planning
- Automation & Acceleration

- Neutrality
- Risk Based Approach
- Business Driven Strategy
- End to End Validation

- Multi-dimensional Approach
- Applicability of Appropriate Test Matrix
- Hierarchical Testing

ICD-10 Testing

Efficiency  Quality

Effective  Coordinated

- Vendor & Partner Co-ordination
- Organizational Synergies
- Environment Readiness
- Timelines
ICD-10 Testing – A Provider’s Perspective
Tenet Healthcare

Gloria Hansen
Senior Director – Patient Management Systems, IS
Tenet Healthcare

WEDI Webinar Series: ICD-10 Testing
November 29, 2012
Tenet Healthcare Corporation is one of the largest investor-owned health care delivery systems in the nation

- 49 hospitals in 10 states
- More than 100 outpatient centers
- 57,000+ employees
- $8 billion net operating revenues
- 515,393 admissions in 2011
- 4 million outpatient visits in 2011
- Corporate office in Dallas, TX
Overall Project Status

ICD-10 Implementation Status

- Kicked off project 1st quarter 2009
  - Created Executive Steering Committee with VPs throughout the organization
  - Created workgroups to address various components of implementation
    - Reimbursement Impact
    - Reporting
    - Clinical Systems
    - HIM/Coding/Compliance/Patient Accounting Systems
    - Training (created in 2012)
  - Workgroups members represent a variety of departments
    - Information Systems, Patient Financial Services/Conifer, Government Programs, Nursing, Compliance, HR, HIM, Clinical Informatics, Quality, Finance and Operations
ICD-10 Implementation Status

- Each Workgroup collected inventory of systems, interfaces, and edits requiring remediation under their umbrella
  - Storing all information on SharePoint
  - Developed vendor surveys to obtain readiness
  - Created a series of questions to reflect current status
  - Generate readiness reports for Executive Steering Committee from SharePoint

- Developed multi-year budget
  - Application owners reviewed vendor contracts to determine if regulatory change are included in our contract
  - Reached out to vendors to obtain implementation costs if not covered under the contract
  - Information Systems Directors at each facility provided quotes for the facility supported applications requiring remediation
ICD-10 Implementation Status

- Training
  - Coders have been taking training courses for over a year
  - Identified all employees and employed physicians requiring training
  - Currently evaluating training packages
  - Expect to sign agreement by year end and start training non-coder employees next year

- Communication
  - Publish newsletter to corporate and hospital employees every other month
  - All employees have been granted access to ICD-10 Implementation SharePoint site where project documents are stored

- Testing
  - Conducting all day planning session early December with workgroup members to finalize end-to-end testing plan
  - Test plan will include all business process steps
ICD-10 Project Organization

Tenet Regulatory Project Management Office

- PMO Chair
- Program Manager
- Business Analyst
- Reporting Workgroup

Clinical Workgroup
- 31 Team Members

Reimbursement Impact Workgroup
- 23 Team Members

Reporting Workgroup
- 19 Team Members

HIM/Coding/Compliance/Patient Accounting Workgroup
- 36 Team Members

Training Workgroup
- 15 Team Members

Facility Information Systems Directors
- 49 ISDs

ICD-10 Executive Steering Committee
- 22 Executives
ICD-10 Project Structure

Corporate versus Facility Engagement

- Tenet’s Regulatory Project Management Office (PMO) has overall responsibility for the ICD-10 implementation
  - The majority of our applications are corporate supported
    - Remediation responsibility lies with the corporate information systems sponsor of each application
  - Some of our applications are supported by the hospital or outpatient center
    - The hospital IS Director is responsible for the remediation of those applications
  - Remediation status for both corporate and facility supported is tracked on SharePoint site
  - Remediation status is provided regularly to the Executive Steering Committee
Objective

Objective

- Achieve Overall Financial Neutrality
  - Everyone wants to be in business post compliance date
  - No one wants to see a significant drop or a delay in receiving their revenue
  - We are all in this together
  - Define what financial neutrality means to your organization
    - Not at a claim by claim level
    - Overall neutrality by payer; not just Medicare and Medicaid
    - Timely claims processing
    - Business continuity
    - Goal is to be appropriately reimbursed for services provided per the clinical documentation in the chart
## Challenges/Risks

<table>
<thead>
<tr>
<th>Challenge/Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payers or other trading partners that won’t be ready to test early. Based on</td>
<td>Talk to your trading partners early and often. You cannot control your trading partners behavior but at least let them know your readiness and testing</td>
</tr>
<tr>
<td>our experience with 5010 we have concerns that trading partners won’t be</td>
<td>intentions. We had one payer with so many 5010 issues they provided us with a significant check to cover lost revenue as they addressed their issues.</td>
</tr>
<tr>
<td>ready to test until right before the compliance date.</td>
<td></td>
</tr>
<tr>
<td>Payers or other trading partners that won’t be ready by the compliance date.</td>
<td>Talk to your trading partners to obtain their remediation plan. If there are payers that aren’t ready by the compliance date we will have to closely</td>
</tr>
<tr>
<td>Concern that our data might be mapped in production. Want our claims paid</td>
<td>watch expected reimbursement compared to actual reimbursement and claim denials.</td>
</tr>
<tr>
<td>based on the coding provided which is based on the clinical documentation.</td>
<td></td>
</tr>
<tr>
<td>Challenge/Risk</td>
<td>Mitigation</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tenet has a habit of modifying off the shelf products resulting in “Tenetized” versions of software. Development is often not part of General Availability Release.</td>
<td>Talk to your trading partners to ensure your version is being updated in addition to the general release. Conduct extensive testing to ensure working properly in your environment. Typically we have to fund this type of upgrade as it is not included in the contract.</td>
</tr>
<tr>
<td>Identifying areas of highest payment swing in an effort to prove/disprove financial neutrality for your organization. Need to feel confident with results in order to make business decisions.</td>
<td>Various tools and studies are available in the market to assist with payment prediction. Tenet purchased a tool to assist with this effort and will begin using after the first of the year.</td>
</tr>
<tr>
<td>Systems need to be able to handle ICD-9 and ICD-10 codes beyond the compliance date for rebills, etc.</td>
<td>Testing must ensure both code sets will work post compliance date based on discharge date for inpatients and date of service for outpatients.</td>
</tr>
</tbody>
</table>
ICD-10 Testing

Operational Versus Financial Neutrality Testing

- Testing will be unique for this project
  - Normal operational testing to ensure our clinical and business processes have been thoroughly tested and that our systems have been correctly remediated
  - Financial neutrality testing also needs to occur to determine the financial impact on the implementation to your organization
Operational Testing

Approach to Operational Testing

- Be prepared for external testing as early as possible
  - Complete internal development and test thoroughly
  - Best practice is to conduct end-to-end testing using the same path used in production
    - Test through our three clearinghouses since that is the way we connect to our payers for claims processing
    - Will not be conducting individual testing with each payer
    - Test directly when that is the way we exchange EDI transactions with vendors
    - Will include all business and documentation processes from scheduling or pre-registration through expected reimbursement
  - Expect to finalize testing plan by early 2013
    - Dependent on readiness of clearinghouses
Approach to Operational Testing

- Conduct comprehensive external testing with trading partners
  - Very concerned about lack of readiness for external testing with 5010 implementation
    - Dependency on trading partners that were not ready to test until very late 2011
    - Collaborate with trading partners
    - Talk to your trading partners to learn their testing plans and time frames
  - Need to test early in order to have time to react to findings
    - Difficult to test with so many trading partners if everyone waits until the last minute
    - All trading partners are going to have to be ready to test early in order for this to work well across the industry
    - Ensure systems can handle both ICD-9 and ICD-10 codes appropriately
  - Expect to start external testing in late 2013
Neutrality Testing

Approach to Neutrality Testing

- Identify areas of highest financial impact
  - Determine biggest potential payment swings
  - Test out various scenarios to determine financial impact
    - DRG based scenarios
    - Non-DRG based scenarios
  - Identify lines of business with biggest impact
  - Focus on physician training in those areas to ensure documentation is adequate
  - Purchased a reimbursement simulator to assist with determining payment swings
  - Notify hospitals and physicians of findings
Neutrality Testing (cont’d)

Approach to Neutrality Testing

- Code records in ICD-9 and ICD-10
  - Group accounts to determine DRG assignment
  - Determine if your current documentation is adequate for ICD-10
  - Determine if your coders are ready for ICD-10
  - Review results and compare expected reimbursements

- Collaborate with trading partners to protect interests
  - Include financial neutrality language in contracts with large payers to protect both parties
Testing Prioritization

Schedule Testing Activities

- Talk to your trading partners
  - Determine who you plan to test with and find out when they will be ready
  - Prioritize testing based on volume and financial impact
  - Include all testing dates in your overall testing plan
  - Prepare for external testing by completing internal development and testing as early as possible
  - Conduct external testing as soon as trading partners are ready to allow time to make corrections identified during the testing phase

*If you haven’t started communicating with your trading partners, start now!*
Right Sized Neutrality Testing for ICD-10 - Payer Perspective
Blue Shield of California

Maureen Craig
ICD-10 Program Director
Blue Shield of California

WEDI Webinar Series: ICD-10 Testing
November 29, 2012
California’s third largest health plan
- Founded in 1939, headquartered in San Francisco, California
- 3.3 million members, 4300 employees
- Member of the Blue Cross Blue Shield Association
- Not-for-profit

Notable “Firsts”
- First health plan in the country to propose a plan for universal healthcare coverage (2002)
- First health plan in the country to launch an accountable care organization that guaranteed customers no rate increase in the first year, and delivered on that promise. (2010)
- First health plan in country to cap income at 2% of revenue and promise to return the difference to customers and the community. Returned $475 million. (2011)

BSC’s mission is to ensure all Californians have access to high-quality health care at an affordable price
ICD-10 at Blue Shield of California

- PMO resides in Health Care Services (business department)
  - Formed September 2010
  - Governance, budget, reporting, controls, projects oversight
  - Shared services to the projects, including Program Testing

- Remediation projects are owned by the impacted business areas
  - Shared accountability between program-projects
  - 17 projects matrixed to PMO
  - 3 claims systems
  - One pricing platform
  - 250+ provider contracts containing ICD’s
  - Scant use of DRGs
Project testing occurs as part of systems remediation. After Q2 2013, program level testing will be the bulk of the work remaining through the compliance date.

**Project Testing Areas**
- Unit Test
- System Integration Test
- User Acceptance Test
- Vendor Testing (if ready)
- Performance Test

**Program Testing Areas**
- Neutrality Testing
- Vendor Testing
- Provider Testing
- Business Process Testing
- Pre-launch Regression Testing

**Shared:**
- QA resources
- Environments
- Test data
- Test cases
- Dependency management
Program Testing Approach

**WHY**
- objectives
  - Risk-based
  - Established for each test area
  - Measureable
  - Traceable

**WHAT**
- scope
  - Governance structure
  - Highly impacted claims/codes
  - Test cases
  - # test runs
  - Results thresholds
  - Test data generation method & volume

**HOW**
- executable plan
  - Provision environments
  - Entry criteria
  - Perform test runs
  - Apply governance process to the results
  - Results reporting (int & ext)
  - Exit criteria
**Why - Neutrality Test Objectives**

- **ICD-10 Neutrality**
  - Evaluate and maintain the variance across the four aspects (financial, benefit, clinical and operational) of neutrality within acceptable limits.

  - **Financial Neutrality**
    - Payment
      - Payment to provider is consistent due to changes or modifications in Provider Reimbursement/Contracts, Custom Code Groups
    - Revenue
      - Changes in adjusted risk scores affecting government programs revenue as well as overall organizational performance that hit capex is within acceptable limits
  - **Benefit Neutrality**
    - ICD9 and equivalent ICD10 codes result in same member coverage with no increase in member premium or out of pocket expense
  - **Clinical Equivalency**
    - The use of ICD-9 or equivalent ICD-10 code should define the same characteristics of patient care, meet the same medical necessity outcome and maintain the number of member enrollment in different care management program at normal level
  - **Operational Stability**
    - Deviations of performance indicators and servicing metrics such as call volume, claims adjudication throughput, time taken to configure benefits; claims first pass rate etc. is within the acceptable limits
What - Scope and Estimates

1. Domain
   - Business Process
     - ICD10 impacts
       - Level of impact

2. Claims Analysis identifies list of priority items to be tested (risk-based)

3. Derive number of scenarios

4. Derive number of test cases

5. Test design effort
   - Test prep effort
   - Test execute effort

6. Derive resource plan
# How - Testing Timeline

<table>
<thead>
<tr>
<th>Test Type</th>
<th>Design</th>
<th>Prep</th>
<th>Execute</th>
<th>Q4 2012</th>
<th>Q1 2013</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
<th>Q1 2014</th>
<th>Q2 2014</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Process Testing</td>
<td>11/1/2012</td>
<td>12/31/2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TPS</td>
<td>1/1/2013</td>
<td>3/31/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facets</td>
<td>1/1/2013</td>
<td>12/31/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neutrality Testing</td>
<td>1/1/2012</td>
<td>1/31/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wave 1</td>
<td>2/1/2012</td>
<td>3/31/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wave 2</td>
<td>11/1/2013</td>
<td>1/31/2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor Testing</td>
<td>1/1/2013</td>
<td>6/30/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provider Testing</td>
<td>1/1/2013</td>
<td>2/28/2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Regression Testing</td>
<td>6/1/2014</td>
<td>8/30/2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Neutrality Testing Governance

## A Risk Management Approach

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exec Decision Makers</td>
<td>Approve risk boundaries</td>
</tr>
<tr>
<td>Steering Committee</td>
<td>Recommend approval of risk boundaries, Accept/Reject risk if outside of boundaries</td>
</tr>
<tr>
<td>Program Drivers</td>
<td>Establish thresholds, Triage escalation point</td>
</tr>
<tr>
<td>Program Neutrality Task Force</td>
<td>Educate drivers, Establish test objectives, scenarios and cases, Create triage process, First point of triage escalation</td>
</tr>
<tr>
<td>Program Neutrality Test Team</td>
<td>Execute tests, Establish test environments and data, Drive triage process</td>
</tr>
</tbody>
</table>
Right-sizing Strategies

- Create a centralized Program-wide testing initiative
  - Treat it like a project, with a PM, budget and adherence to PMO controls
  - Centralized program testing v. dispersed in the projects or business areas reduces project management overhead and encourages efficiency (e.g., reuse of claims analysis results, test data)
- Use a risk-based testing approach to continually prioritize and limit testing scope, leverage governance process to ensure scope is controlled
- Quantify financial and operations neutrality risk in dollars, headcount, throughput
  - Use this as a decider for what and how much to test
- Consolidate and combine test cases and test runs to hit multiple test objectives
  - Ops and payment neutrality objectives can be achieved in the same test
- Cost-justify the acquisition of clinically coded 10 claims for test data
- Selectively test with Providers
  - Consider financial and operational risk, readiness, relationship as factors
  - Alternatively, share payment neutrality and claims throughput results
# Provider Risk Assessment

<table>
<thead>
<tr>
<th>Readiness</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactive high volume partners and ACOs</td>
<td>Volume hospitals without contract remediation</td>
<td>Financial risk without partnership</td>
<td></td>
</tr>
<tr>
<td>Small Hospitals, Physicians with proactive IPA or Hospital help</td>
<td>Medium Hospitals</td>
<td>IPAs requiring Contract remediation</td>
<td></td>
</tr>
<tr>
<td>Non-Network and Out of Area providers</td>
<td>PPO contracted providers without associations</td>
<td>Specialists</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Impact</th>
<th>Low</th>
<th>Medium</th>
<th>High</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Cost of testing with more providers</th>
<th>Quantified financial risk; risk to reputation; risk to provider relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost to buy clinically coded 10 data</td>
<td>Risk of using home-grown data that does not reflect provider coding behavior; feasibility and timeliness of partnering with BSC Providers to code 10 test data</td>
</tr>
<tr>
<td>Cost to build and maintain dedicated test environments</td>
<td>Complexity and cost of coordinating access to company-wide shared test environments</td>
</tr>
</tbody>
</table>
Poll

Who is your primary partner for external testing?

- Providers
- Payers
- Clearing Houses
- Other
Have you connected with your trading partners to coordinate testing timelines and planning?

- Yes
- No
Summary & Takeaways

- Assess your partner community - Type, Transactions, Volume, Business Priority, Readiness, Timelines, Risk, Options, etc.

- Define the communication protocol, SLAs and escalation process for investigation of issues raised in testing

- Identify & benchmark the tolerance limit of the metrics to be verified with respect to neutrality and its types

- Establish robust governance to provide the right strategic directions to your neutrality testing

- Align with Provider partners to obtain and test neutrality with the real world coded ICD-10 data to minimize risk of coding pattern variance