

## ICD-10 Delay: The Industry Impact

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Healthcare providers have plenty to worry about in 2014. Providers must attest for Meaningful Use, or else be subject to penalties in the form of Medicare payment adjustments starting in 2015. The Value-Based Modifier program kicks in for small groups of 10 or more professionals, with 2016 penalties for practices that don't report. The Affordable Care Act has made high-deductible plans the norm, resulting in a negative impact to revenue. Not to mention the impact on systems, workflow, and financial planning that each of the above brings.

Given these challenges, most practices have received the recent

news of the ICD-10 extension with relief. A poll by professional services firm KPMG LLP found that fewer than half of respondents had performed basic testing on ICD-10. In a poll of our own clients, the overwhelming majority reported they had not even begun: 1 percent were ready, 5 percent were in progress, and everyone else was planning to "start soon" or reluctant to start until they were certain about the extension.

Industry groups such as the American Health Information Management Association (AHIMA) joined with CMS in taking a "let's get on with it" approach to ICD-10, but the disruption that would have accompanied an October 1 deadline would have been severe. The financial impact could have been make-or-break for small practices, and millions of patients would have been on the phone to providers and insurance companies to learn why their claims were improperly denied.

But even though a mini-catastrophe has been averted, AHIMA and other ICD-10 proponents have a point. It seems as though every recent

government initiative has resulted in delays, extensions, or exceptions, from HIPAA 5010 to the ACA to Meaningful Use hardships. With more than 25 countries already using ICD-10 worldwide, the US continues to fall behind in modernizing its approach to healthcare. Delay means setbacks to programs that depend on information gathering, such as Patient-Centered Medical Home (PCMH) and value-based purchasing. Delay sets up disincentives for compliance with future programs, as providers will see no need for extraordinary efforts in the face of continued procrastination. College students who have learned to code only in ICD-10 will think twice before being proactive in the future. Providers, vendors, and individuals are in a constant state of uncertainty, and the value of planning ahead is diminished.

So what's the takeaway for medical practices? On the positive side, there is no longer a need to absorb the stress and financial impact of a last-minute ICD-10 implementation. With everything else going on in 2014, this could make all the difference for practices

without sufficient cash reserves. On the negative side, Meaningful Use penalties still apply. The 2011 certifications expired on the last day of 2013, and new 2014-certified systems are required for both MU1 and MU2 attesters. This means immediate system upgrades and attestation no later than the third quarter, unless hardship exceptions are granted.

And the takeaway for the industry as a whole? ICD-10 delay was unavoidable, but points to a more fundamental issue. If the US healthcare industry is to modernize, it can't be done all at once. Reforms, incentives, and penalties should be

spaced out over a period of years to avoid an undue burden on providers and patients alike. We need a gradual revitalization, not shock therapy.

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