Slide 1

How Well Are You Conforming to Healthcare Reform?

March 20, 2014

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HEALTHCARE SOLUTIONS

Slide 2

Topics

HIPAA:
- Overview & Key Components
- Concerns & Impact
- Omnibus Rule

Challenges Ahead:
- Meaningful Use:
  - Medicare vs. Medicaid
  - Eligibility Requirements
  - Important MU Dates
- ICD-10
  - Where is ICD-10?
  - ICD-9 vs. ICD-10
  - Cost of Implementation
  - Are you ICD-10 ready?

- **Is outsourcing right for you?**

- **Q & A**

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Slide 3

HIPAA:
The Health Insurance Portability and Accountability Act

What was the purpose for HIPAA?

To establish Federal standards for ensuring the privacy of individually identifiable health information. (Enacted: August 21, 1996)

The original law had three key components:
- Protection from fraud and abuse
- Obtaining new insurance at new job with pre-existing conditions
- Administrative simplification:
  - Electronic transmittal of data for billing purposes (ICD-9-CM; ICD-10-CM; mandated by CMS)
  - Privacy issues related to transmission of clinical data (mandated by DHHS)

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Prior to HIPAA:
Concerns About a Loss of Privacy

Primary Issues of Concern (1999 Survey):
- Unauthorized access to personal information
- Personal information is being shared

Were these concerns unfounded?

- In 1993, the Boston Globe reported that Johnson and Johnson marketed a list of 5 million names and addresses of elderly incontinent women.
- A Michigan based Health System accidentally posted medical records of thousands of patients on the Internet (The Ann Arbor News, February 10, 1999).
- A banker who also sat on a county health board identified people with cancer and called in their mortgages!

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HIPAA: What is Covered?

Personal Health Information (PHI): electronic, written, or oral.

How HIPAA impacted health care:
- Standardized financial and administrative transactions and data elements for transactions. (ICD-9-CM; CPT-4; HCPCS; 5010)
- Mandated the use of unique identifiers for providers, health plans, employers, and individuals receiving health care services. (NPI; EIN; UPIN)
- Expanded the coverage of administrative, physical, and technical safeguards for all electronic and non-electronic protected health information. (HITECH Act)
- Established requirements for covered entities and defined rights specific for each patient.

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HIPAA: Omnibus Rule

What is the "**HIPAA Omnibus Rule**"?

- On January 25, 2013, HHS published the "HIPAA Omnibus Rule", a set of final regulations modifying the HIPAA Privacy, Security, and Enforcement Rules to implement various provisions of the HITECH Act.

What does the Omnibus Rule Include?

- Business Associates (BAs) and subcontractors of BAs of covered entities are directly liable for HIPAA compliance
- Strengthens the limitations on the use and disclosure of PHI
- Expands an individuals rights to receive electronic copies of his/her health information
- Creates an increased and tiered civil money penalty structure for security breaches.

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HIPAA:
Penalties for Security Breaches

The Omnibus Rule formally adopts the following **penalty** scheme for violations of the HITECH Act occurring on or after Feb. 18, 2009:

- For violations where a covered entity **did not know** and, by exercising reasonable diligence, would not have known that the covered entity violated a provision, a penalty of not less than $100 or more than $50,000 for each violation.
- For a violation due to **reasonable cause** and **not to willful neglect**, a penalty of not less than $1,000 or more than $50,000 for each violation.
- For a **violation due to willful neglect** that was **timely corrected**, a penalty of not less than $10,000 or more than $50,000 for each violation.
- For a **violation due to willful neglect** that was **not timely corrected**, a penalty of not less than $50,000 for each violation; the penalty for violations of the same requirement or prohibition under any of these categories may not exceed $1.5 million in a calendar year.

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HHS Announces More Than $1 Million Each in Penalties for HIPAA Security Rule Violations

– The Alaska Department of Health and Social Services Case: Reported the 2009 theft of a USB hard drive possibly containing ePHI of 500 individuals from an employee's vehicle. Under the terms of the resolution agreement, the Alaska Department agreed to pay HHS **$1,700,000** in fines and implement a corrective action plan.

– HHS announced an agreement with Massachusetts Eye and Ear Associates (MEEI), Inc. on Sept. 17, 2012 following the OCR investigation of a breach involving the theft of an unencrypted personal laptop containing ePHI of approximately 3,600 patients. Under the terms of the resolution agreement, MEEI agreed to pay HHS **$1,500,000** in fines and agreed to take corrective action.

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Are You HIPAA Compliant?

How do you know?

- Has a risk analysis been completed?
- Are you currently tracking IS activity as it relates to HIPAA requirements?
- Who is your assigned security official?
- Do you have policies and procedures in place that address security incidents?
- What is your ePHI contingency plan?

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Challenges Ahead

Meaningful Use & ICD-10

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Challenges Ahead: Meaningful Use

Medicare EHR Incentive Program:	Medicaid EHR Incentive Program:
Run by CMS	Run by your state Medicaid Agency
Maximum incentive amount is $44,000	Maximum incentive amount is $63,750
Payments over 5 consecutive years	Payments over 6 years, does not have to be consecutive.
Payment adjustments will begin in 2015 for providers who are eligible but decide not to participate.	No Medicaid payment adjustments
Providers must demonstrate meaningful use every year to receive incentive payments.	In the first year providers can receive an incentive payment for adopting, implementing, or upgrading EHR technology. Providers must demonstrate meaningful use in the remaining years to receive incentive payments.

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Meaningful Use:
Eligibility Requirements For Professionals

- Incentive payments for eligible professionals (EP) are based on individual practitioners.
- Each EP may qualify for an incentive payment if they can successfully demonstrate meaningful use of certified EHR technology.
- Each EP Is only eligible for one incentive payment per year.

EP – Medicare Incentive	EP – Medicaid Incentive
Doctors of Medicine or Osteopathy	Physicians (MDs, DOs)
Doctor of Dental Surgery or Dental Medicine	Nurse Practitioner
Doctor of Podiatry	Certified Nurse-Midwife
Doctor of Optometry	Dentist
Chiropractor	PA who furnishes services in a Federally Qualified Health Center of Rural Health Clinic that is lead by a PA.

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Meaningful Use:
Important 2014 EHR Participation Dates

- **March 31, 2014 at 11:59 pm ET:** Attestation deadline for Medicare eligible professionals for the 2013 program year

- **September 30:** End of 2014 fiscal year and end of the 2014 reporting period for eligible hospitals

- **November 30, 2014 at 11:59 pm ET:** Attestation deadline for Medicare eligible hospitals for the 2014 program year

- **December 31:** End of 2014 calendar year and end of the 2014 reporting period for eligible professionals

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Meaningful Use:
It's Not too Late to Participate!

- **For Medicare participants**, who first demonstrate meaningful use in 2014, the potential incentive is a maximum of $24,000, to be earned over the next 3 years. Physicians practicing in a Health Professional Shortage Area (HPSA) are eligible for an additional 10%.

First Year of Use	Total	2011	2012	2013	2014	2015	2016
2011	$44,000	$18,000	$12,000	$8,000	$4,000	$2,000	$0
2012	$44,000	$0	$18,000	$12,000	$8,000	$4,000	$2,000
2013	$39,000	$0	$0	$15,000	$12,000	$8,000	$4,000
2014	$24,000	$0	$0	$0	$12,000	$8,000	$4,000
2015 & on	$0	$0	$0	$0	$0	$0	$0

Payment Year & Incentive

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Challenges Ahead: ICD-10

ICD-10

It

Changes

Everything!

KEEP CALM ICD 10 IS COMING!

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Where is ICD-10?

- Some 25 countries currently ICD-10 for reimbursement and resource allocation in their health system:

  - Australia (1998-1999)
  - Canada (2001)
  - China (2002)
  - France (2005)
  - Germany (2000)
  - Korea (2008)
  - Nordic Countries (Sweden, Denmark) (1994-1997)
  - South Africa (2005)
  - United Kingdom (1995)
  - Thailand (2007)
  - Dubai (2012)

- January 1, 1999 – U.S. implemented ICD-10 for mortality (death certificates).
  - ✓ The only industrialized country **not** using ICD-10, for morbidity reporting.

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What changes come with ICD-10?

ICD-9-CM	ICD-10-CM
3-5 Digits	3-7 Digits
Approximately 13,000 Codes	Approximately 68,000 Codes
First digit may be alpha (E or V) or numeric, digits 2-5 are numeric	Digit 1 is alpha; Digits 2 & 3 are numeric; Digits 4-7 are alpha or numeric (alpha digits are not case sensitive
Limited space for adding new codes	Flexible for adding new codes
Lacks detail	Very specific
Lacks laterality	Has laterality
Difficult to analyze data due to non-specific codes	Specificity improves coding accuracy & richness of data for analysis
Codes are non-specific and do not adequately define diagnosis needed for medical research	Detail improves the accuracy of data used for medical research
Does not support interoperability because it is not used by other countries	Supports interoperability & the exchange of health data between other countries & the U.S.

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Who Does ICD-10 Affect?

- Administrative Staff
- Clinicians
- Coders
- Billers
- Collections Staff
- PROVIDERS will be heavily involved
- Payers
- IT Department

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Costs to Implement

In October 2008, the Nachimson Advisor Study resulted in a "landmark" paper that estimated the costs of implementing ICD-10 on the clinical level:

	Small Practice	Medium Practice	Large Practice
2008 Estimated Costs	$83,290	$285,195	$2,728,780
2014 Estimated Costs	$56,639 - $226,105	$213,364 - $824,735	$2,017,151 - $8,018,364

Factors that contribute to the difference in estimated cost:
– Cost to purchase or upgrade software (2014 certified EHR technology) (CEHRT)
– Tasks that were not recognized as critical in 2008 (e.g. testing)

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Costs to Implement

2008 Total Cost Summary:

	Small Practice	Medium Practice	Large Practice
Education:	$2,405	$4,745	$46,280
Process Analysis:	$6,900	$12,000	$48,000
Changes to Superbills:	$2,985	$9,950	$99,500
IT Costs:	$7,500	$15,000	$100,000
Increased Documentation Costs:	$44,000	$178,500	$1,785,000
Cash Flow Disruption:	$19,500	$65,000	$650,000
Total:	$83,290	$285,195	$2,728,780

The last two being the biggest cost factors!

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How will you approach ICD-10? Proactive vs. Reactive

Have you considered the following?

– EHR/EMR/PMS ICD-10 ready
– Clinician and Staff training
– Implementation strategy
– Conducted a risk assessment
– Prepared for the financial impact
– Communication & Awareness
– Internal/External testing

I'll think about that tomorrow.
GONE WITH THE WIND

The time to act is NOW!

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The Impact – Are you ready?

Possible systems and applications affected:

↳ Billing systems
↳ Electronic health record system
↳ Encoding software
↳ Registration/Scheduling systems
↳ Accounting systems
↳ Decision support systems
↳ Utilization management systems
↳ Quality management systems
↳ Test ordering systems
↳ Performance measurement systems
↳ Medical necessity software
↳ Disease management systems

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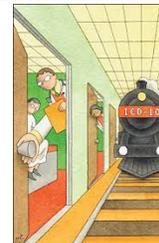
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The Impact – Are you ready?

You really need to know where you are now in order to manage through, and survive, challenges like ICD-10

What metrics are currently impacting your accounts receivables?

↳ DSO (Days Sales Outstanding)
↳ Average Days to get a Claim out the Door
↳ Rejection and Denial Rates
↳ Cash Collection to Gross or Net Revenue Percentages
↳ Write Off/Adjustment Rates
↳ Bad Debt Rates
↳ Percentage unreimbursed claims over 90 Days

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The Impact – Are you ready?

What implemented steps and measures are currently being used to manage new initiatives/processes?

• Supportive testing data
• Tools & Checklist in place
• Risk analysis Data

Are you simply measuring by the level of stress you and your staff are feeling?

There's a ICD-10 Code for that – F41.1

Generalized, Anxiety Disorder

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Start Now…

Top 3 Questions You Should Be Asking:

1. What processes need to be modified now with respect to patient flow and the current workflow?
2. Review of the budget – Does it allocate for additional resources to cover possible upgrades, training; and does it allow for the financial impact due to reduction of productivity and payer issues?
3. Has a practice plan and timeline for ICD-10 role out been identified and communicated with the staff which clearly define roles, tasks, etc.?

Are you ready for ICD-10?

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Is Outsourcing your best Option?

Why that may be true:

- Staff need to stay focused on daily tasks and patient care
- Admin staff plates are already full with little time left for new projects
- You may not have anyone with the required level of experience or understanding
- Getting ahead of these new changes will cost you more if you try to do it "when you have time"

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Who is SergeMD?

- **Local Company**
  - Memphis (Training Center)
- **We offer client centered Information Technology Solutions and Services locally and throughout the region.**
  - IT Services
  - Healthcare Consulting (PM/EHR/EMR)
  - Revenue Cycle Management
- **Our purpose is to transform how healthcare is delivered through offering a wide range of expertise and cost-effective solutions with a promise of high quality services.**

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