

CT SCANNER

ICD-10 Preparation, Answers to Basic Questions

by Laura Nicoletti, M.S.A., C.S.S.B.B.

All HIPAA transactions with dates of service or discharge dates on and after October 1, 2013 must use ICD-10-CM (outpatient) or ICD-10-PCS (inpatient) codes. The responses to these core questions will help guide your preparation.

What is the rationale for ICD-10? The original intent for the ICD system was for worldwide tracking of diseases (as full name implies – *International Classification of Diseases*). The need for more specific codes has become apparent with the development of medical science. The ICD-10 system has a large volume of codes providing a high level of specificity. This allows more precise epidemiological tracking than the current ICD-9 environment.

What is the difference between the structure of outpatient ICD-9 and ICD-10 codes? The table below illustrates changes to outpatient coding.

ICD-9-CM	ICD-10-CM
3-5 characters	3-7 characters
First character is numeric or alpha (E or V)	Character 1 is alpha (all letters except U are used)
Characters 2-5 are numeric	Character 2 is numeric
Always at least 3 characters	Characters 3-7 are alpha or numeric
Use of decimal after 3 characters	Use of decimal after 3 characters
	Use of dummy placeholder “x”
	Alpha characters are not case sensitive

How many new codes will be available in the ICD-10 system? There are currently about 13,000 ICD-9-CM codes and there will be about 68,000 ICD-10-CM codes. There are currently about 3,000 ICD-9-PCS codes that will transition to about 87,000 ICD-10-PCS codes.

What can my organization do to prepare for ICD-10? There are numerous items to address. Here are some key tasks:

- Develop a system-wide communication plan and start relaying information.
- Identify affected business areas, staff, systems, applications and databases.
- Assess impact on documentation, processes and workflow.
- Communicate with business associates to find out how they are preparing for ICD-10.
- Identify impact on coding and billing productivity.
- Identify systems requiring upgrades or replacements and start making plans for addressing the changes.
- Start estimating costs associated with ICD-10 preparation and incorporate in your budget process.

Is there a recommended time frame for preparation? Hospitals should be well underway in assessing organization readiness and communicating to staff about upcoming changes.

Where can I go to get detailed preparation information? The CMS website has information to assist providers in ICD-10 preparation.

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President's Corner

by Joe Pajor, Chapter President

What a Difference 40 Years Makes!



I find it difficult to state the fact that 2012 will mark my 40th year in the healthcare finance arena. As with many in our baby boomer generation, we tend to look back and romanticize our early years with the songs, concerts, TV shows, and events for that era.

However, when it comes to healthcare financial processes, I never find myself fondly reminiscing about those good old years.

So for the younger crowd and to jar the memories of my generation, let me take you back to the finance operations at Meriden Wallingford Hospital in 1972 where I began my career as internal auditor.

- General ledger activity was documented using a NCR-type punch-card system
 - This piece of equipment required that every general ledger transaction be recorded using a huge NCR machine which made a cash register sound every time a transaction was recorded
- All financial reports were prepared on accounting worksheets using pencils
 - Totaled twice using adding machine tapes to insure accuracy
 - Then a secretary typed from the worksheet to present professional-looking statements to the senior management and the Board
 - The typed statements had to be rechecked to insure no typo errors
- Medicare was on a cost-based retrospective basis and the industry complained of inadequate reimbursement since Medicare only covered costs
- The Medicare retrospective cost report was done with worksheets that had to be completed by pencil in order, including a extremely time-consuming and detailed cost apportionment method known as step down
 - One minor change on the final cost report by the CFO, would result in about eight hours continual labor to redo the entire report from start to finish
- There was a Blue Cross cost report required to set payment rates
- Your AR file was comprised of thousands of individualized bills that needed to be added to reconcile to the general ledger AR control figures
 - Follow-up on each account required an individual to pull the paper record, contact the carrier, and note on the paper file what transpired
- To yearly update your fixed asset inventory, one would drive down to Applied Data Processing in North Haven with input sheets to determine yearly depreciation figures
- CHA was located part of first floor of what is now the New Haven Register building at Long Wharf – There was one conference room
- HFMA was AAHA (American Association of Hospital Accountants)
- In the 1980s HFMA changed its name from Hospital Financial Management Association to Healthcare Financial Management Association.
- HFMA meetings were held once a month at the Yankee Silversmith in Wallingford
 - A 3-hour meeting followed with dinner followed with a 3-hour cocktail hour
- Salary budgets were prepared by listing every employee in the hospital on work sheets and then extending the hourly rate per month and cross footing to get budget salaried by cost center
- No personal computers, no e-mail, no voice mail, no cell phones



CT SCANNER

Connecticut Chapter — Healthcare Financial Management Association

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Co-Editors:

- Janet F. Roemer, FHFMA roemerjf@att.net
- John A. Roemer, FHFMA roemerja@att.net

Staff:

- Cassandra Mitchell mitchellc@uchc.edu
- Marko Pavela marko.pavela@ynhh.org
- Laura A. Nicoletti laura.nicoletti@danbury.org
- Timothy Cleary timothy.cleary@greenwichhospital.org
- Jacqueline Gibbons jacqueline.gibbons@ynhh.org

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CT HFMA New Members

We extend a sincere welcome to the following individuals who have chosen to join the Connecticut Chapter of HFMA. We hope our new members will contact one of the Chapter Officers or Directors with any questions they may have and also let us know if they have an interest in becoming involved or participating on one of our committees.

Ginger Betti

Director, Patient Financial Services
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Chief Finance Officer
VNA

Education Calendar

Dates	Calendar of Events	Where	Time
March 24, 2011	Evolving Your Charity Care & Bad Debt	Water's Edge, Westbrook, CT	9:00 a.m. - 3:00 p.m.
April 11, 2011	Mini LTC	Marriott CT, Rocky Hill	8:00 a.m. - 3:30 p.m.
April 11-15, 2011	Medicare Boot Camp	Courtyard Marriott CT, Cromwell	8:00 a.m.
April 22, 2011	Board Teleconference Meeting		8:00 a.m.
April 27, 2011	Corporate Compliance	CHA, Wallingford, CT	9:00 a.m. - 2:30 p.m.
May 15-17, 2011	Leadership Training Conference	New Orleans, LA	(800) 252-4362
May 23, 2011	CT HFMA Golf Tournament	Fox Hopyard, East Hadem, CT	11:30 a.m.
May 24-25, 2011	Region 1 Annual Healthcare Conference	Mohegan Sun. Uncasville, CT	see HFMA website
June 10, 2011	CT HFMA Annual Meeting	Hartford Marriott, Farmington, CT	11:30 a.m. - 6:30 p.m.
June 26-29, 2011	HFMA Annual National Institute	Gaylord Palms Orlando, FL	see HFMA website

President's Corner

Continued from page 2

- A secretary would take phone messages on a message memo pad, would be able to take shorthand, and be proficient in the use of white out
- Correspondence was usually prepared using carbon paper to keep a record of the original
- There was one copier in the entire hospital where you had to bring originals down to be queued up for making copies (if you had copies made within four hours, that was unbelievable)
- On the day the monthly board packet was being copied and prepared, there was no other copy making allowed
 - As I compare the amount I accomplish on a given day today with e-mails, Excel documents, computer access, etc., I think I can safely say that what I accomplish in one day today, probably would be the equivalent of two weeks of efforts back then.
 - Imagine a day today in your career with no pc, no voice mail, and no copiers. Most of us would not know what to do! But I do miss the reimbursement cash flow.

Would You Like More Information?

Certification

Contact:
Bill Wollman
bwollman@evergreenendoscopy.com

Sponsorship

Contact:
Susan Prior
Sprior@VantagePointconsult.com

Interested in joining?

Contact:
Todd Thiesfeldt
tthiesfeldt@slbcpc.com



ICD-10 Preparation, Answers to Basic Questions

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ration. This includes suggested timelines by phases and detailed checklists. This information is available by accessing <http://www.cms.gov/ICD10>.

In closing, the consequences to poor ICD-10 preparation are likely to be significant. The outcomes of inadequate planning will include delays in claims processing, increased claims rejections, improper payments, coding backlogs, compliance issues and decisions based on inaccurate data. The end result will be cash flow problems. Providers need to engage in a thorough, timely program of ICD-10 preparation. Doing this will reduce financial risk.

Volunteer

by Steve Vargo, President-elect

The current Chapter year will come to a close on May 31. With the beginning of the new Chapter year the plans and goals to improve the services offered to our members will commence. Some of these plans have been finalized but many still need to be completed.

One of the key ingredients to the successful coordination of the services we offer is the assistance of the members who volunteer. We all know from our work lives that a couple of extra hands on a project helps it go much smoother. Each of our committees also have many projects going and extra volunteers make all the difference in how easily these projects are accomplished.

The committees we have in place are:

Program – develops and executes the educational sessions offered

Membership – recruitment and retention of members and communication of the value of HFMA

Sponsorship – obtains sponsor to offset the costs of programs and operations

Newsletter – communicates Chapter information and industry news to the members

Website – updates and enhances the Chapter's website to offer the most current information

Certification – a resource for members who want to earn the coveted FHFMA status

Scholarship – establishes the criteria and reviews and selects the best applications for award

Special Events – plans and coordinates non-educational events such as the annual golf tournament

Social networking – plans and coordinates various events to bring our membership together

The Chapter website lists the Chairs of each of these committees who you should contact to volunteer to be a member of that specific committee. If you would like to be involved, but do not have a specific committee on which you want to volunteer, please contact me or Joe Pajor and we will be happy to discuss where your involvement would be of the most value for the Chapter and your career.

Committee participation does not require a tremendous and constant effort. Most committees have a few conference calls throughout the year and each member will work on a specific project which would occur during a defined period of time. If you think the your work schedule, which might involve year end close, cost reports, budget development, would prohibit you from volunteering, we have need for specific projects throughout the year so when your work schedule is not as hectic there would be a project on which you can assist.

I hope that each of you will plan to make a difference and volunteer to participate in one committee this upcoming year.



hfma region 1
healthcare financial management association

Early Birds: Register on/before March 31 and save \$100

Healthcare reform is the key theme for the healthcare industry in 2011. Now more than ever, the HFMA Region 1 Tenth Annual Healthcare Conference provides the perfect setting to provide you with the information and tools you need to help your healthcare organization plan for the challenging period ahead. Four education tracks are offered focusing on Revenue Management, Senior Executives, Payment and Reimbursement, and Hospital-Physician Relationships.

Richard L. Clarke, DHA, FHFMA, President and CEO of HFMA, will welcome participants with remarks on *Stepping Up To Healthcare Reform*. The keynote address will be presented by Dr. Peter Senge, author of the book *The Fifth Discipline: The art and practice of the learning organization*. He is a senior lecturer at the System Dynamics Group at MIT Sloan School of Management, and co-faculty at the New England Complex Systems Institute. The conference kicks off with a Golf Tournament, hosted by the Connecticut Chapter, at the Fox Hopyard Golf Club in East Haddam, CT, on Monday, May 23, 2011. For more information on the Golf Tournament contact Donna Lewis (donna.k.lewis@us.pwc.com) or Eric Wetherell (eric.wetherell@us.pwc.com).

A reunion dinner is scheduled for the evening of May 24 for all Past Presidents and current Presidents serving a Region 1 Chapter. (This dinner is by advance invitation only).

Attendance at the Region 1 Healthcare Conference has more than doubled since its inception and Region 1 has won four HFMA Yerger Awards for collaboration in planning the conference. Suggestions from prior participants help shape and guide the conference agenda and make it a truly member-driven educational experience. A new track on redefining the relationship between hospitals and physicians was introduced at the 2010 conference and it is being included again in the 2011 conference. This track addresses critical issues in hospital-physician alignment, planning strategy for developing Accountable Care Organizations (ACOs) and information technology strategy and systems implementation.

The conference's proximity to *Mystic Country* provides family entertainment, whether it's bonding with Mystic Aquarium's Beluga whales, touring a New England winery, or simply spending a day at Olde Mystic Village and the Seaport. Additionally, major shopping outlets are close by. All of these venues are only 20 minutes away from the Mohegan Sun Hotel. Available at the Hotel are a spa, indoor pool and exercise rooms as well as the Kidsquest entertainment area.

The conference brochure with complete details has been mailed to all Region 1 members. If by chance you did not receive yours, visit the Massachusetts-Rhode Island Chapter website (<http://www.ma-ri-hfma.org/>) to download a brochure and register. When you review the brochure you will see the conference volunteers have provided educational and vendor opportunities in response to your requests.

Please contact the HFMA Region 1 office at (781) 647-7004 or e-mail at HFMAReg1@camihq.com if you have any questions about the conference or your registration.

We look forward to seeing you there!

Save the Date!

Friday, June 10, 2011

**CT HFMA Annual Meeting
Hartford Marriott, Farmington, CT**

Registration information will be out in April

Brief preview of the event:

Keynote TBA

Deputy Commissioner of Public Health and Special Advisor to Governor Malloy, **Jeannette DeJesus** will speak.

A very special panel of CFOs from Connecticut, including:

Kevin Gage – CFO, Stamford Hospital

Lugene (Lou) Inzana – CFO Lawrence & Memorial Hospital

Patrick (Pat) McCabe – CFO Bridgeport Hospital

The Event will begin at 11:30 a.m. with lunch and vendor fair. Presentations will begin at 12:30 p.m. and end at 5:00 p.m. followed by a cocktail and hors d'oeuvres reception.

Pricing: HFMA Member – \$125

Non-Members – \$150

Table of six (organizations only) – \$600

Sponsorship opportunities for lunch and the cocktail reception

CONNECTICUT GOLF OUTING



COME JOIN THE FUN!!!

Become part of the kickoff to the Region 1 HFMA's Annual Healthcare Conference at Mohegan Sun Casino on May 24 and 25, 2011. The Connecticut Chapter is holding its Golf Outing on **Monday May 23, 2011** at the prestigious **Fox Hopyard Golf Club** in East Haddam, Connecticut, a short drive from Mohegan Sun. Fox Hopyard is one of Connecticut's finest courses and promises to be an exciting event.

Sign up early as last year's tournament was Sold Out!

For More Information Call

Donna Lewis
Office: (860) 241-7025
Fax: (813) 741-7354
donna.k.lewis@us.pwc.com

Eric Wetherell
Office: (860) 241-7168
Fax: (813) 329-7747
eric.wetherell@us.pwc.com

Event Details

- Scramble Format
- Shot Gun Start
- Prizes for Gross and Net plus closest to the pin and longest drive
- Fee of \$225 per Golfer Includes:
 - Lunch
 - Golf with cart
 - Roving refreshment cart
 - Cocktail hour, Reception
 - Driving Range /Practice Facility

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- EVENT SPONSOR
- TEE SPONSOR

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Call for details

Schedule of Events

- 11:30 am - Registration / Lunch
- 12:30 pm - Golf Play Begins
- 6:30 pm - Cocktail Hour, Awards & Prizes

Fox Hopyard G.C.
1 Hopyard Rd.
East Haddam, CT
860.943.1903
golfthefox.com

Registration Form

Return With Check Payable To:

Company _____
 Address _____
 Phone _____ Fax _____
 Email _____
 Players Name _____ Handicap # _____
 1. _____
 2. _____
 3. _____
 4. _____

I can't make the tournament but will attend the Reception (must be registered for Annual Conference)

Please Check One

Visa Card Holder's Name: _____
 MasterCard Card #: _____
 Discover Expiration Date: _____
 American Express Signature: _____

HFMA Conn. Chapter
 c/o Eric Wetherell
 185 Asylum St. Ste 2400
 Hartford, CT 06103

Proposed Value-Based Purchasing Program

Section 3001 of the Patient Protection and Affordable Care Act of 2010 requires CMS to implement a value-based purchasing program. The primary purpose of the program is to assess hospital performance and distribute VBP payments based on quality measures, calculation of scores and patient outcomes. The foundation of the VBP program are the quality measures that CMS selects to report hospital performance. Hospitals that do well on quality measures that relate to clinical processes and their patients' experiences, as well as those that improve their performance on the measures, will get higher payments under the program. The higher a hospital's performance or improvement during a performance period for a fiscal year, the higher the hospital's value-based incentive payment for the fiscal year.

The program applies to Medicare payments under the Inpatient Prospective Payment System for inpatient stays at more than 3,000 acute-care hospitals, and to payments for discharges from October 1, 2012 on. CMS has proposed a "performance period" that begins July 1, 2011 and ends March 31, 2012 for the FY 2013 hospital value-based purchasing payment evaluation. In future years, CMS anticipates using a full year as the performance period.

CMS is attempting to reward healthcare providers and suppliers for the quality of care they provide by tying a portion of their Medicare payments to their performance on quality measures. The transition of these initiatives to value-based purchasing is intended to transform Medicare from a passive payer of claims based on volume of care to an active purchaser of care based on the quality of services its beneficiaries receive.

CMS will evaluate a hospital's performance during an identified performance period based on achievement or improvement relative to performance standards established for the program. Hospitals that achieve certain performance standards during this performance period or that improve their performance over prior performance during a baseline period would receive incentive payments for discharges occurring on or after October 1, 2012.

For each of the proposed clinical process and patient experience of care measures that apply to a hospital for FY 2013, CMS proposes that a hospital would earn 0-10 points for achievement based on where its performance for the measure fell within an achievement range, which is a scale between an achievement threshold and a benchmark. With regard to the improvement score, CMS proposes that a hospital would earn 0-9 points based on how much its performance on the measure during the performance period improved from its performance on the measure during the baseline period. Finally, CMS would calculate a Total Performance Score (TPS) for each hospital by combining its scores on all of the measures within each domain, multiplying its performance score on each domain by the proposed weight for the domain, and adding the weighted scores for the domains.

CMS proposes to notify each hospital of the *estimated* amount of its value-based incentive payment for FY 2013 through its QualityNet account at least 60 days prior to October 1, 2012. CMS proposes to notify each hospital of the *exact* amount of its value-based incentive payment on or about November 1, 2012.

By statute, the aggregate hospital value-based purchasing payments across all hospitals must be funded through a reduction in base operating DRG payments for each discharge, which will be 1% in FY 2013, rising to 2% by FY 2017.

Notes from the Co-Editor

As we prepare to enter another Chapter year in June, I encourage all my fellow members to step up and help this Chapter continue its journey to improve the organization and the benefits it brings to its members. I have been a member of HFMA now for 34 years and have been a member of four different Chapters.



When Janet and I joined the Connecticut Chapter four years ago we made a conscious decision to try to support to the organization through our voluntary efforts. I hope we have made some positive contributions and encourage you to get involved and help your fellow professionals in HFMA.

As we worked on putting this newsletter together, I wondered why is it so hard to get information from our members to fill in the pages and make this a newsletter we can all be proud of. We are in desperate need of articles and stories. If you, or the facility that you work at, have stories, events or Best Practices that could be beneficial to your fellow members please write them up and send to Janet Roemer at roemerjf@att.net. Another benefit of writing articles for the newsletter is that you earn Founders Points for your submissions. We do need more members willing to write articles.

If you have never been to an ANI, I strongly recommend you consider it this June. Orlando is one of my favorite sites as I have taken my family with me many times and let them enjoy the city while I'm in classes. When I first started in HFMA I went for about 10 years straight and the knowledge you can gain from the sessions there is incredible. It is also a very good social networking opportunity and a chance to have some fun all rolled into one trip. Don't get me wrong — I have gone recently also but not every year anymore.

We also have the Annual Meeting on June 10 which is being planned at the Hartford Marriott (Farmington, CT) — another great opportunity for education and networking (see page 6).

John Roemer

Editorial Policy

The statements and opinions appearing in articles are those of the authors and not necessarily those of the CT HFMA Chapter, or the editor. The editor reserves the right to edit material and accept or reject contributions, whether solicited or not. All correspondence is assumed to be a release for publication unless otherwise indicated.

Article Submission

CT Scanner encourages submission of material for publication. Articles should be typewritten and submitted electronically to the editor by the deadline listed below. The editor reserves the right to edit, accept or reject materials, whether solicited or not. HFMA Founders Points are granted for any articles published in the *CT Scanner*.

June/July Newsletter

Deadline for Submission: June 24, 2011

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