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***Subject: ICD-10 Implementation Readiness
Audit & Management Advisory Services Project 2014-28***

Audit & Management Advisory Services (AMAS) has assessed UC San Diego Health System (UCSDHS) ICD-10 implementation activities as an advisory services project on the approved Fiscal Year (FY) 2013-14 audit plan. This report provides an overview of FY 2013-14 project objectives and achievements during the review period.

Background

The International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) is a revision to the ICD-9-CM system used by physicians and other health care providers to classify and code all diagnoses, symptoms and procedures recorded in conjunction with medical care. ICD-10-CM is published by the World Health Organization (WHO) for internationally tracking morbidity and mortality statistics in a comparable way.

The current ICD-9 coding system consists of approximately 24,000 codes of which approximately 13,000 are diagnostic codes and 11,000 are procedure codes. It can no longer be expanded to accommodate newly discovered diseases or provide additional specificity. In comparison, ICD-10 consists of approximately 155,000 codes (comprised of approximately 68,000 diagnosis codes, and 87,000 procedure codes) and has a flexible coding convention that allows for new procedures and technologies to be incorporated.

In the United States, medical service providers and payers currently use the ICD-9 coding system for billing and reimbursement purposes. As a result, ICD-9 codes have been embedded in manual and electronic health records and associated charge capture and billing systems. To ensure that ICD-9 codes are replaced by the appropriate ICD-10 codes, an evaluation of all affected systems is needed. In addition, physicians, non-physician providers, medical coders and revenue cycle support staff will require ICD-10 training specific to their role in the patient care delivery process.

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In January 2009 the U.S. Department of Health & Human Services (HHS) announced implementation of ICD-10 for all HIPAA¹ transactions starting in October 2013. The implementation date was subsequently extended to October 1, 2014. The “Protecting Access to Medicare Act of 2014,” signed by the President on April 1, 2014, delays ICD-10 implementation to no sooner than October 1, 2015. HHS has yet to announce the date that government payers will require the use of ICD-10.

Anticipating the original October 1, 2013 deadline set by CMS, the UCSDHS initiated an ICD-10 Project Task Force in 2009 to begin the process of assessing systems and resources, and prioritizing required actions. In 2012, a Project Manager was hired to move the project forward in tandem with the phased implementation of the Epic Enterprise clinical and revenue cycle systems. In April 2014, the Project Manager resigned, and project oversight was migrated to an internal Project Management Office (PMO) comprised of subject matter experts from the Epic team, information technology, and operations.

The PMO Steering Committee consists of 11 individuals, including a Project Lead and the IT Project Lead. PMO leadership consists of eight individuals, five of whom are also assigned to a Work Stream Group. PMO members are organized into cross functional teams that focus on evaluating specific work streams. Each team is comprised of a PMO Lead, a Subject Matter Expert (SME), an Operations Lead, Information Systems (IS) Lead, and an Epic Lead. Each team reports its progress to the PMO weekly, and shares that information during a conference call. Using the progress reports, and additional information shared during the weekly conference calls, the PMO prepares a weekly briefing document for the Steering Committee. *Attachment A* provides an overview of the PMO organization.

Audit Objectives, Scope and Procedures

The project objectives were to assess implementation activities, and provide internal control expertise upon request.

AMAS completed the following activities to achieve the project objectives:

- Evaluated various ICD-10 implementation advisory documents prepared by the Center for Medicare and Medicaid Services (CMS) and other external parties;
- Interviewed the former and current ICD-10 Project Managers and selected members of the PMO Steering Committee;
- Reviewed Task Force meeting minutes available on the iShare site for FY 2012-13 and FY 2013-14;
- Obtained the tentative Task Force/PMO budget prepared in fall 2013 and discussed the method for managing expenses related to ICD-10 implementation activities with the Information Services Business Officer;
- Attended the Physician Introductory ICD-10 Training Session on April 3, 2014;
- Reviewed periodic ICD-10 Coding Tips prepared by the Health Sciences Compliance Manager of Billing Compliance;

¹ HIPAA is the Health Insurance Portability and Accountability Act of 1996.

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- Reviewed the Steering Committee Summary for the week ended April 25, 2014; and
- Participated in PMO conference calls and reviewed progress reports.

Conclusion and Supporting Comments

Based on our assessment of project management activities and supporting documentation, we concluded that the ICD-10 implementation project is appropriately staffed and financially supported. The PMO achieved several key milestones during this review period. Project resources continued to focus on the successful completion of the following critical tasks:

- The original ICD-10 Task Force was transitioned to the PMO model to continue to take advantage of in-house expertise in UCSDHS operations and the Epic Enterprise platform and functions.
- The entire structure of the Epic diagnosis database has been converted to accommodate ICD-10 compatible diagnosis terms, which is essential for the Epic "Diagnosis Calculator" tool to operate.
- Treatment plans and diagnosis groupers have been modified to allow IMO imports to update and/or fix records automatically when maintenance loads are performed.
- UCSDHS Medical Coders have received ICD-10 training.
- Medical Coders maintain their knowledge of ICD-10 codes and improve their coding efficiency by performing dual coding of charges in ICD-9 and ICD-10 of hospital and professional charges. Dual coded professional charges are used for quality control analysis, and will be part of further coordinated testing with government payers.
- Approximately 15 physician training modules have been purchased from 3M and are being reviewed and tested. Each online training module is specific to a medical specialty, and covers the coding and terminology changes in ICD-10 that affect that specialty. In addition, the project team is developing instructional material internally regarding use of the Epic "Diagnosis Calculator" tool.

The HHS delay of the ICD-10 deadline provides an opportunity to implement Epic in clinics that have not yet converted. Because non-Epic clinics must use manual paper-based charge capture processes, the conversion to ICD-10 will involve additional work to map manual processes and reviewing manual encounter forms to ensure that they are correctly translated to ICD-10.

We appreciate the cooperation and assistance provided by ICD-10 PMO personnel during the review. Because this report does not include recommendations, a management response is not required. We will continue to support this project through the remaining test, validation, and go-live readiness phases. A new project will be opened to document advisory service work performed in FY 2014-15.

UC policy requires that all draft audit reports, both printed and electronic, be destroyed after the final report is issued. Because draft reports can contain sensitive information, please either return these documents or destroy them at this time.

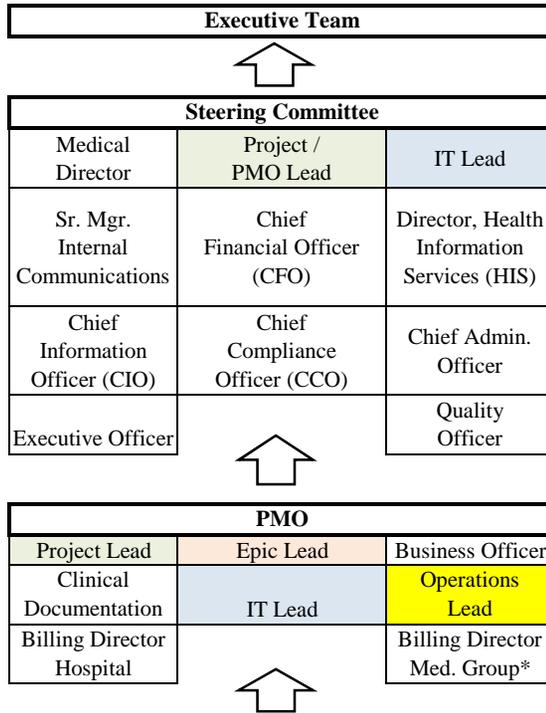
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If you have any questions regarding this report, please call me at (858) 534-1334.

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ICD-10 Implementation Readiness
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 Project Management Office (PMO) Framework
 Attachment A



Work Streams	Physician Communication & Training	Staff Training & Education	Coding/Billing Hospital	Coding/Billing Pro Fee Billing + Paper Forms	Managed Care	Technical	User Access	Organizational Communication	External Affairs
	PMO Lead	PMO Lead	PMO Lead	PMO Lead	PMO Lead	PMO Lead	PMO Lead	PMO Lead	PMO Lead
Roles	Operations Lead	Operations Lead	Operations Lead	Operations Lead	Operations Lead	Operations Lead	Operations Lead	Operations Lead	Operations Lead
	IS Lead	IS Lead	IS Lead	IS Lead	IS Lead	IS Lead	IS Lead	IS Lead	IS Lead
	Epic Lead	Epic Lead	Epic Lead	Epic Lead	Epic Lead	Epic Lead	Epic Lead	Epic Lead	Epic Lead

Notes: Unique colors indicate overlapping roles/duties assigned to the same person.
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