



## Planning for Side Effects of ICD 10 Implementation – An ounce of prevention is worth a pound of cure

In addition to planning for the actual implementation of the new ICD-10 system by Oct. 1, 2014, healthcare providers should also plan for the likelihood of delays and disruptions in reimbursement from payers and the impact on their cash flow. You should anticipate that the transition will not proceed as smoothly as testing has indicated and therefore, make plans now for how to bridge the cash flow gap so you can pay your employees, rent, suppliers and other expenses during the transition.

### Top Five Ways to Prevent a Cash Flow Crisis



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#### For more information

With proper planning, you can mitigate the effects of payment disruption and delays. Please contact your Edelman advisor or the author of this advisory if you need assistance in forecasting working capital, projecting cash flow reserves, securing better financing options or if have other questions on how to avoid a cash-flow crisis in the face of ICD-10 implementation.

1. **Identify options with your bank** - You should have enough cash reserves to keep your practice operational for one to three months. Talk to your bank now about extending your credit line.
2. **Contact payers** – Engage in candid discussions with your primary third party payers and work together to identify shared goals to minimize disruption to coding processes. Ask them if they have a contingency plan in place in the event of a disruption and how they will help providers avoid a cash flow emergency.
3. **Practice billing efficiency ahead of time** – Doctors, coders and staff should understand the new processes three to six months in advance. Coders should start coding in both ICD-9 and ICD-10 for the most common diagnostic codes and providers should start documenting to ICD-10 standards as soon as possible.
4. **Manage receivables aggressively** - Start now to minimize bad debt and reduce denied payments. In addition, explore opportunities to accelerate days in accounts receivable. Also, identify best practices and procedures for collecting copayments and deductibles at the time of the patient visit.
5. **Control expenses** – Negotiate new terms with key suppliers for a balanced payment plan and aggressively manage inventory levels of various supply accounts as well as identify other cost-cutting measures for all other operating expenses.

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